

Financial Reporting Council

Minutes of a meeting of the FRC Board held on 10 February 2022 at 10:00 at the FRC Office, 8th Floor, 125 London Wall EC2Y 5AS

PRESENT:	John Coomber Sir Jan du Plessis Sir Jon Thompson Sir Ashley Fox Hannah Nixon Ruwan Weerasekera David Willis	Non-Executive Director and Senior Independent Director Chairman CEO (to item 17) Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
IN ATTENDANCE:	Francesca Carter Alex Kuczynski Tara Trousdale Miranda Craig Kate O'Neill Elizabeth Barrett Andrew Twomey Katie White Alex Cummins Rebecca Major Zarif Tas	Company Secretary General Counsel and Executive Director, Corporate Services (to item 17) Finance Director (items 5.4 & 6) Director of Strategy and Change (items 6 & 7.1) Director of Stakeholder Engagement and Corporate Affairs (item 6 & 7.1) Executive Counsel and Executive Director, Enforcement (item 8) Casework Supervisor (item 8.1) Forensic Accountant (item 8.1) Lawyer (item 8.1) Information Lawyer (item 14) Paralegal (item 14)
APOLOGIES:	Angela Cha Clare Thompson	Non-Executive Director Non-Executive Director

1. WELCOME AND OPENING OF THE MEETING

- 1.1 The Board noted, that as previously agreed, the meeting would be chaired by John Coomber.
- 1.2 John Coomber welcomed the new Non-Executive Directors to the meeting.
- 1.3 The Directors noted that the meeting was quorate and the meeting was opened.

2 DECLARATIONS OF INTEREST

- 2.1 The five new appointed Directors of the Board had made formal declaration of interests to the Company Secretary in line with the FRC's Code of Conduct and conflicts of interest policy. The impact of these interests on their work with the FRC would be kept under review.
- 2.2 The Board noted that on 3 January 2022 Hannah Nixon had been appointed as Chair of the Single Source Regulations Office (SSRO). The appointment had been considered and approved by the People Committee with input from the CEO. The Board noted due consideration had been given to the potential conflict of interest with regards to enforcement matters and how this would be managed.
- 2.3 Sir Jan du Plessis declared an interest in relation to investigations referenced in the quarterly report from the Executive Director of Enforcement.

- 2.4 Following discussion it was agreed that it would be appropriate to review the approach to declarations of interest and restrictions with regards to Committee memberships in due course.
- 2.5 No other new declarations of interest were made in connection with items of business on the agenda. The Board noted that, in respect of previously declarations of interest, redactions had been made as appropriate.

3 MINUTES AND MATTERS ARISING

- 3.1 The minutes of FRC Board Meeting held on 1 December 2021 were approved as an accurate record of the meeting.
- 3.2 The Board reviewed the matters arising log. The list of decisions taken by email was noted and the decisions listed were ratified.

4 REPORT OF THE SENIOR INDEPENDENT DIRECTOR

- 4.1 John Coomber reported on external and internal meetings that he attended since the 1 December meeting and highlighted key themes and topics that had been discussed.
- 4.2 The Board agreed to appoint Sir Jan du Plessis as a member of the FRC People Committee effective 10 Feb 2022.

5 CEO'S REPORT

- 5.1 The Board received an update from the CEO.

Strategic Alignment

- 5.2 The Board considered a report which responded to its request for a clearer alignment of the FRC strategic objectives, work programmes and strategic risks. The Board welcomed the report and analysis that had been undertaken. On the recommendation of the executive the Board agreed to amend strategic objective 5 (as published in the Strategy, Plan & Budget 2022-25) to state that the transformed organisation would be a 'high performing' regulator and agreed the recommended changes to the Principal Risks.
- 5.3 The Board noted that the executive had identified additional information that could be collected, in addition to the publicly reported performance/delivery measures, to measure progress and impact against the FRC's objectives and the extent of change. The Board supported the collection of the additional information that had been identified.

Management Information and KPI pack

- 5.4 The Board reviewed the Q3 Management Information and KPI pack which provided an update on progress against KPIs and, budget and the status of the FRC's principal risks. Following detailed consideration of the pack, a number of suggestions were made in respect of the pack's content and presentation of the data. Discussion also included consideration of the KPIs and whether, more aspirational targets should be developed for future years.

6 ARGA FUNDING

- 6.1 The Board considered a report that outlined a proposed approach to the funding of the Audit, Regulation and Governance Authority (ARGA) which had been developed after high level discussion with BEIS. The Board noted that the approach, which would put ARGA funding on a statutory footing, broadly mirrored the approach of the FCA funding model.

- 6.2 Discussion included consideration of the impact of the proposals on the various potential funding groups and the legislative process necessary to establish ARGAs statutory funding and the associated risks.
- 6.3 The Board approved the proposed principles and approach to the funding of ARGAs and delegated approval of the planned publication of the consultation document to Sir Jon Thompson.

7 TRANSFORMATION PROGRAMME

- 7.1 The Board considered a report on the work of the Transformation Programme and the FRC's response to the recommendations arising from the Kingman review, the CMA's market study and the Brydon review, together with organisational changes associated with establishing ARGAs. The Board discussed assumptions regarding the legislative timetable and Government Response, the evolving risk environment and next steps. It was agreed that an additional, more detailed paper would be brought to the Board in due course outlining the FRC's non-legislative priorities and plans for implementation.

8 ENFORCEMENT

- 8.1 The Board received a presentation from members of the Enforcement Division which outlined the different stages of an enforcement investigation and what work is undertaken at each stage. The presentation highlighted challenges that might be faced during an investigation, differing levels of cooperation from the firms, interactions and information sharing with other Regulators and legal privilege restrictions.

Quarterly report from the Executive Director, Enforcement

- 8.2 The Board considered a report that provided an update on the activities of the Enforcement Division and the status of active investigations.

9 REPORT FROM THE CONDUCT COMMITTEE CHAIR

- 9.1 The Board noted confirmed minutes of the Conduct Committee meeting held on 14 December 2021 and draft minutes of the meeting held on 25 January 2022.

10 REPORT FROM THE SUPERVISION COMMITTEE CHAIR

- 10.1 The Board noted draft minutes of the meeting held on 14 December 2021 meeting.

FRC as Competent Authority

- 10.2 The Board noted that, under the Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR), the FRC is the designated UK Competent Authority for audit with ultimate responsibility for the public oversight of statutory auditors and the fulfilment of tasks provided for in the Audit Regulation. The Board noted that the Supervision Committee at its meeting on 14 December 2021, had considered a detailed report which evidenced the fulfilment of these responsibilities and was satisfied that the FRC continued to discharge its responsibilities as Competent Authority for Audit in full. The Board noted the report and the assessment of the Supervision Committee.

11 REPORT FROM THE AUDIT & RISK COMMITTEE CHAIR

- 11.1 The Board noted draft minutes of the Audit & Risk Committee meeting held on 6 December 2021.

Effectiveness of the FRC's risk management framework and Internal Controls

- 11.2 The Board considered a report from the Audit & Risk Committee on its assessment of the FRC's risk management and internal controls framework. There followed a discussion on the FRC's

approach to risk management and internal control and relevant standards to which the FRC must adhere as a public body. The Board also noted the 2020/21 GIAA Annual Opinion and Report.

- 11.3 The Board noted the opinion of the Committee that the FRC’s internal control environment was currently effective. It welcomed that the Committee would monitor progress of the Executive’s plans to develop and improve the risk management and control environment throughout the year.

12 FROM THE REGULATORY STANDARDS AND CODES COMMITTEE CHAIR

- 12.1 The Board noted an oral report of the Regulatory Standards & Codes Committee meeting held on 9 February 2022.

13 REPORT FROM THE PEOPLE COMMITTEE

- 13.1 The Board noted draft minutes of the People Committee meeting held on 1 December 2021.

14 TRAINING

- 14.1 The Board received an introductory training session on GDPR and the Freedom of Information Act 2000, including in respect of the responsibilities of the Non-Executive Directors as qualified persons (s36).

15 FORWARD PLAN

- 15.1 The Board noted the forward plan.

16 AOB

- 16.1 Sir Jan du Plessis reflected on the observations he had made during his first meeting. He thanked John Coomber for chairing Board meetings in the absence of a Chair and thanked Hannah Nixon and Ruwan Weerasekera for their commitment since they had been appointed.
- 16.2 There was no other business.

17 PRIVATE SESSION

- 17.1 The Board met for a private discussion without members of the Executive present.

Date of Next Meeting

Thursday 31 March 2022 at 9am.

Signature:

Date:.....