

**Financial Reporting Council
Minutes of a meeting of the FRC Board held by teleconference on 18 March 2020**

PRESENT: Simon Dingemans Chairman
 David Childs Non-Executive Director
 John Coomber Non-Executive Director
 Keith Skeoch Non-Executive Director
 Sir Jon Thompson CEO
 Jenny Watson Non-Executive Director
 Dame Julia Unwin Non-Executive Director

APOLOGIES: Olivia Dickson Non-Executive Director
 Nick Land Non-Executive Director

IN ATTENDANCE: Francesca Carter Board Secretary
 Elizabeth Barrett Executive Counsel (Items 7 and 12)
 Tara Trousdale Head of Finance (Item 8)
 Mark Babington Deputy Director of Audit Policy (Item 12)
 Miranda Craig Director of Strategy & Change (Item 12)
 Paul George Executive Director, CG&R (Item 12)
 Joyce Grant Technical Accounting Director (Item 12)
 Claire Lindridge Acting Director, AFMAS (Item 12)
 Malcolm Miller Case Director, CRR (Item 12)
 Andrew Meek Acting Director, AQR (Item 12)
 David Rule Executive Director, Supervision (Item 12)

1. QUORUM AND OPENING OF THE MEETING

- 1.1 The Chairman noted the meeting was quorate and opened the meeting. It was noted the Directors had agreed in writing to reduce quorum to five members until the membership was up to full complement.
- 1.2 Apologies were noted from Olivia Dickson and Nick Land, both had provided written comments.

2 DECLARATIONS OF INTEREST

- 2.1 The Board noted that the Nominations Committee had considered and supported the following external appointments. Keith Skeoch appointment as Chair of the Investment Association to take effect on 1 May 2020 and Julia Unwin’s proposed appointment as Chair of the Governing Body of York St John University.
- 2.2 No other new declarations of interest were declared.

3 MINUTES AND MATTERS ARISING

- 3.1 The Board approved the minutes of the Board meeting of 29 January for publication.
- 3.2 The matters arising log was reviewed and noted.

4 CEO REPORT

- 4.1 The Board noted an oral report from the CEO on actions being taken by the FRC in response to the Covid-19 virus both in terms of supporting those regulated by the FRC and enabling the FRC to continue to operate. The Board also noted an update on progress in implementing changes to the management structure agreed in November.

- 4.2 The Board approved the appointment of Francesca Carter as Company Secretary from 19 March 2020 and resolved that Francesca Carter be appointed the sole officer of the UK Endorsement Board from 19 March 2020.
- 4.3 On the recommendation of the Remuneration Committee the Board agreed proposed 2019/20 pay awards for eligible members of the Executive Committee.

5 CHAIRMAN'S AGENDA

- 5.1 Deputy Chair and Non-Executive Director recruitment. The Chairman reported the Deputy Chair and Non-Executive Director recruitment exercises had been delayed pending approval from BEIS.
- 5.2 Committee appointments. The Board noted a number of short-term Committee appointments were necessary to enable the Board Committees to continue to operate whilst Board membership was reduced pending the recruitment process. On the recommendation of the Nominations Committee the Board agreed the following appointments:
 - i. John Coomber as Chair of the Audit Committee from 1 April 2020 to 30 June 2020.
 - ii. Olivia Dickson as a Member of the Audit Committee from 1 April 2020 to 30 June 2020.
 - iii. Jenny Watson as Chair of the Remuneration Committee and a member of the Nominations Committee from 1 April 2020 to 30 June 2020.
 - iv. Julia Unwin as Chair of the Codes & Standards Committee from 1 April 2020 to 30 June 2020.

The Board also agreed:

- v. An extension to Liz Murrall's term as a member of the Codes and Standards and Chair of the Corporate Reporting Council from 15 May 2020 to 30 June 2020.
- vi. The reappointment of David Childs as Chair of the Conduct Committee and member of the Nominations Committee from 1 May 2020 to 31 December 2020, subject to the Secretary of State approving an extension to David's appointment as a member of the FRC Board.

6 REPORT FROM THE CONDUCT COMMITTEE CHAIRMAN

- 6.1 Reports from previous meetings. The Committee noted confirmed minutes of the 11 February 2020 meeting and an oral report of the 10 March meeting.
- 6.2 Registering third country auditors – amendments necessary in preparation for EU Exit. On the recommendation of the Conduct Committee the Board agreed:
 - i. Amendments to the Eligibility Criteria for publication on the FRC website.
 - ii. Amendments to the FRC Directions on the Registration of Third Country Auditors in the United Kingdom during the implementation period (to 31 December 2020)
 - iii. Amendments to the FRC Directions on the Registration of Third Country Auditors in the United Kingdom post the implementation period (from 31 December 2020)
 - iv. To delegate to the Acting General Counsel the ability to make any necessary amendments to the criteria to accommodate any changes to the date of the end of the implementation period.

7 REPORT FROM THE EXECUTIVE DIRECTOR, ENFORCEMENT

- 7.1 The Board noted a report on the main activities of the Enforcement Division and progress of current cases. The Board noted that consideration was being given to the appropriateness of the existing Enforcement KPIs and that revised KPIs would be presented to the Board for approval in due course.

8 FRC STRATEGY AND BUDGET 2020/21

- 8.1 Sir Jon Thompson reported 11 responses to the consultation had been received. Respondents broadly supported the FRC's approach to its transition to ARGA and acknowledged the need for

additional resources. Respondents had requested more detail in certain areas, including on the new supervisory approach, the organisational structure, and the budget, the final document had been updated accordingly.

8.2 The Board approved the FRC Strategy and Budget 2020/21 document for publication on 23 March

9 GOVERNANCE REVIEW – CONSULTATION¹

9.1 The Board considered a consultation document on amendments to the FRC’s regulatory procedures necessary to implement changes to the Governance structure that were agreed in January to take effect from 1 July 2020. The Board noted a consultation on more substantive changes to the Audit Enforcement Procedure was in development and would be presented to the Board later in the year.

9.2 The Board agreed the consultation package, subject to comments provided by the Conduct Committee, and agreed to delegate approval of the final amended package for publication to the Chair and Acting General Counsel.

10 ISAE 3000 CONSULTATION ON ADOPTION

10.1 The Board considered a recommendation that the FRC adopt ISAE 3000 as the basis for a UK standard applicable to assurance reporting. The Board noted ISAE 3000 has been used as the basis for the development of other specific FRC assurance standards and the executive, and Audit and Assurance Council, are satisfied that the prospective ISAE (UK) 3000 provides an appropriate standard for the conduct of other assurance engagements. Compliance with the prospective ISAE (UK) 3000 would be mandatory only for such types of engagement the FRC specifies in the public interest, with voluntary application to other assurance engagements permitted.

10.2 The Board approved the issue of a consultation document proposing ISAE (UK) 3000 based on adoption of the international standard for a 60-day consultation period.

11 REVISIONS TO STANDARDS ON INVESTMENT REPORTING (SIRS)

11.1 The Board noted a summary of changes made to the SIRs in response to consultation and to reflect the changes to Prospectus Regulation Rules that became effective in 2019.

11.2 The Board approved the issue of SIRs 1000-5000 (revised) and the issue of SIR 6000 *Investment Reporting Standards Applicable to Public Reporting Engagements on Quantified Financial Benefits Statements* (new). The Board also approved the issue of the Feedback Statement and Impact Assessment.

12 TRANSFORMATION PROGRAMME

12.1 The Board noted a report that provided an update on progress in developing a transformation programme encompassing the recommendations of the Kingman, Brydon and CMA reviews and sought views on a number of policy issues under consideration.

12.2 The Board welcomed the approach to the programme and noted the latest timetable. The Board discussed and provided views on a number of policy positions including various recommendations from the Brydon review, operational separation, minimum standards for Audit Committees, auditor appointment and resignation, corporate failure and transparency.

¹ Secretary’s note – In light of Covid-19 a subsequent decision was taken by the Board to defer implementation of the new governance structure to 1 January 2021 and to issue the consultation referenced at paragraph 9 in the Autumn.



13 FORWARD PLAN

13.1 The Board noted the forward plan.

14 AOB

14.1 The Board

14.2 There was no other business.

Date of Next Meeting

Wednesday 20 May 2020 at 10am.

Signature:
Simon Dingemans – Chairman

Date:.....