

Financial Reporting Council

**Minutes of a meeting of the FRC Board held on 12 May 2022 at 09:00 at the FRC Office,
8th Floor, 125 London Wall EC2Y 5AS**

PRESENT:	Sir Jan du Plessis Sir Jon Thompson John Coomber Angela Cha Sir Ashley Fox Hannah Nixon Clare Thompson Ruwan Weerasekera David Willis	Chairman CEO Senior Independent Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
IN ATTENDANCE:	Francesca Carter Alex Kuczynski Kate O'Neill Miranda Craig Tara Trousdale Elizabeth Barrett Anna Byrne	Company Secretary General Counsel and ED, Corporate Services Director of Stakeholder Engagement and Corporate Affairs (item 6) Director of Strategy & Change (items 6 and 7) Finance Director (item 7) Executive Counsel and ED, Enforcement (item 8) Committee Secretary (minutes)

1. WELCOME AND OPENING OF THE MEETING

- 1.1 The Chair noted that the meeting was quorate and the meeting was duly opened.
- 1.2 The Chair thanked the Directors for their attendance and engagement at the Board dinner on the evening of 11 May 2022.

2 DECLARATIONS OF INTEREST

- 2.1 The Board noted the table stating directors' relevant previously declared interests. This table would be maintained as a rolling reference document by the governance team and made available through Board IQ.
- 2.2 No new declarations of interest were made.

3 MINUTES AND MATTERS ARISING

- 3.1 The minutes of FRC Board Meeting held on 31 March 2022 were approved as an accurate record of the meeting.
- 3.2 The Board reviewed and noted the matters arising log.
- 3.3 The Board noted Ms Carter's resignation as Company Secretary of the Financial Reporting Council Limited and of the UK Accounting Standards Endorsement Board Limited. The Company Secretary role had been offered to another individual who had accepted and was due to take up the post at the beginning of August 2022.



4 CHAIR'S REPORT

Stakeholder meetings

- 4.1 The Chair provided the Board with a summary of the themes arising from his meetings with key external stakeholders over the previous few months, which had included meetings with the Secretary of State, members of the Audit Committee Chairs' Independent Forum (ACCIF) and senior personnel from major audit firms. The Chair reported that these meetings had been constructive and insightful and that there was strong support overall for the audit reform programme and for the FRC's approach to delivering that reform.

Schedule of Matters Reserved to the Board.

- 4.2 The Board approved an updated Schedule of Matters Reserved to the Board. The Board noted that it delegates its role under the Audit Enforcement Procedure and the Accountancy and Actuarial Schemes to the Conduct Committee. Options for how investigation decisions may be retained by the Board or referred up to the Board by the Conduct Committee Chair are set out in a guidance document.

5 CEO'S REPORT

- 5.1 The Board received an update from the CEO on the activities of the executive, management performance over the year and key strategic and emerging issues.

Development of sustainability standards in the UK

- 5.2 Members of the Executive had met with representatives at BEIS to discuss the government's future plans for setting sustainability standards in the UK, including the endorsement of standards issued by the new International Sustainability Standards Board (ISSB). The Board noted the newly identified risk that stakeholders' expectations regarding the FRC's role in this area could not be satisfied under the current standard setting arrangements.

AQR 2021/22 inspection results

- 5.3 The Board received a high-level summary of the projected results of the 2021/22 Audit Quality Review inspection results. The annual public Inspection and Monitoring Reports on each of the main firms and one cross-firm report would be drafted by the AQR and AFS teams. The Board would consider the central qualitative and quantitative messages arising from the results at its July meeting, ahead of publication in the summer.

Management information pack

The Board noted the management information pack provided.

Other business

- 5.4 The Board was pleased to note the FRC Finance team had been awarded "Team of the Year Award" at the Government Finance Function and Internal Audit Awards and passed on its congratulations to Ms Trousdale and her team.

6 TRANSFORMATION PROGRAMME

- 6.1 The Board received an oral report on the work of the Transformation Programme and the potential timeline for the issuing of the Government response paper ("the GR"), the placement of a Bill, drafting of legislation and the progression of the FRC's internal work in preparation for the establishment of ARGAs.



- 6.2 The Board discussed risks to the effective delivery of the audit reform programme. It also received an update on the FRC's planned engagement with stakeholders regarding the GR, including FRC staff, once the GR was published.

7 ARGA FUNDING

- 7.1 The Board noted and provided feedback on proposed principles for the future funding of ARGA.

8 EXECUTIVE DIRECTOR, CASES REPORT

- 8.1 The Board received a quarterly report from the Executive Director, Enforcement. The Board noted that the Sanction and Costs Hearing following the Tokyo Tribunal liability hearing would be held on 12 and 13 May and that there was likely to be considerable public interest in the Hearing outcome.
- 8.2 The Board was provided with an update on enforcement investigations whose KPIs fall due in the coming year, including the likely attainment of the published two-year KPI for those investigations.

9 REPORT FROM THE CONDUCT COMMITTEE CHAIR

- 9.1 The Board noted the confirmed minutes of the Conduct Committee meeting held on 22 March 2022 and the draft minutes of the meeting held on 28 April 2022.

10 REPORT FROM THE SUPERVISION COMMITTEE CHAIR

- 10.1 The Board noted the draft minutes of the meeting held on 22 March 2022.

11 REPORT FROM THE AUDIT & RISK COMMITTEE CHAIR

- 11.1 The Board received an oral report from the Audit & Risk Committee chair of the meeting held on 11 May 2022. The Committee had received the annual compliance report for 2021/22, and a review on the adequacy of FRC's internal control systems and had conducted a deep dive into the Corporate Services divisional risk register.

Compliance with the Regulators' Code

- 11.2 Descriptions of the FRC's work aligned with the principles of the Regulators' Code would be added to the FRC website.

Use of FRC's reserves

- 11.3 The Audit & Risk Committee was due to receive a paper from the Finance Director on the circumstances and process in which the FRC may apply to the BEIS to access the FRC's financial reserves.

2021/22 Annual Report and Accounts

- 11.4 The Board was provided with initial draft of the 2021/22 Annual Report and Accounts, including the external auditor's draft opinion. The Board agreed to provide general feedback on the Annual Report to the Comms Team in due course.

12 REPORT FROM THE REGULATORY STANDARDS AND CODES COMMITTEE CHAIR

12.1 The Board noted draft minutes of the Regulatory Standards & Codes Committee meeting held on 27 April 2022.

13 FORWARD PLAN

13.1 The Board noted the forward plan.

14 AOB

FRC oversight responsibilities in relation to the UKEB

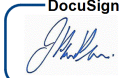
14.1 The Board reviewed a draft internal report on the FRC's oversight responsibilities in relation to the UK Endorsement Board. It also considered an initial draft of the required public report to the Secretary of State on how the FRC had discharged its responsibilities in overseeing the UK Endorsement Board's due process during the 2021/22 financial year. The Board provided some feedback on the draft public report and agreed a final report should be published in due course.

14.2 No further business was discussed.

Date of Next Meeting

Thursday 30 June 2022 9am – to approve Annual Report and Accounts
Wednesday 6 July 2022 2pm

These minutes are an accurate record of the meeting held on 12 May 2022.

DocuSigned by:

D00EBEB1F07A441.....
Jan du Plessis, FRC Chair

11 July 2022
.....
Date