

# Independent Review of the Financial Reporting Council

## Advisory Group Meeting – 26 November 2018

### Summary Minutes

#### Those present:

Sir John Kingman  
Lucinda Bell  
Mark Burgess  
John Cridland  
Simon Fraser  
Amelia Fletcher (by telephone)  
Sir Peter Gershon  
Mary Keegan  
Nikhil Rathi

#### Apologies:

Teresa Graham  
Anne Richards

#### Secretariat:

Sanu de Lima  
Claire Hardgrave  
Chris Thresh

---

<b>1</b>	<b>Welcome and Apologies</b>
	Sir John welcomed everybody to the meeting. Apologies were noted. Comments had been provided in advance by those unable to attend.
<b>2</b>	<b>Minutes of the last meeting</b>
	The minutes of the last meeting were agreed.
<b>3</b>	<b>Update</b>
	Sir John gave a verbal update following recent meetings, including with the head of the Dutch regulator.
<b>4</b>	<b>Auditor appointments and setting of fees</b>
	<p>The Group considered a paper on auditor appointments, and the views of respondents. Around 30 responses had been received by the Review.</p> <p>The Group noted that if there were to be any change, it was essential that shareholders retained their right to vote on (and reject) an auditor's appointment.</p> <p>A wide range of issues were discussed, including:</p> <ul style="list-style-type: none"><li>• The rationale for change;</li><li>• The role of audit committees;</li></ul>

	<ul style="list-style-type: none"> <li>• The nature of relationships between auditors and companies, and the need for independence, challenge and scepticism;</li> <li>• Practical issues regarding auditor appointment, including the impact of constrained choice and company knowledge;</li> <li>• The scope of companies that might be included;</li> <li>• Evidence of any problems regarding auditor fees;</li> <li>• The question of non-audit service provision;</li> <li>• Whether a change to the current arrangement would undermine board accountability; and</li> <li>• The need for a continuing relationship to monitor issues post-appointment.</li> </ul> <p>Assumptions, options, alternatives and counter-arguments were considered.</p> <p>Sir John explained the next steps, and format for submission of his views. He made clear that in replying to the Secretary of State he would be expressing his personal views, not those of the Group.</p>
<b>5</b>	<b>Update on Report</b>
	<p>Draft chapters for the report would be circulated to the Group shortly, and comments were invited.</p> <p>The Group discussed developments in thinking on a number of issues that had been subject to further work. Those included on internal controls, transparency, the role of the FRC's board, the FRC's international reach, corporate reporting review work, and the FRC's role in relation to local audit and the NAO.</p> <p>The Group's views were noted by the secretariat.</p>
<b>6</b>	<b>AOB</b>
	<p>No further meetings of the Advisory Group would be held, and Sir John thanked all members for their time and contributions.</p>