



Financial Reporting Advisory Board Paper

FRAB Effectiveness review, strategy, action plan and risk register - update

Issue:	Following the Boards effectiveness review in October 2020, a recommendation was made for the questionnaire developed for the review to be used as a framework for group discussion on the operation of the Board and its performance on an annual basis. The Board provided comments on the content of the questionnaire after the November 2021 meeting, where it was subsequently issued for completion by 21 st January 2022. The results of the annual review are now being shared along with an updated Board strategy, action plan and risk register previously shared at the June 2021 meeting.
Impact on guidance:	N/A
IAS/IFRS adaptation?	N/A
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public-sector context?	N/A
Impact on budgetary regime and Estimates?	N/A
Alignment with National Accounts	N/A
Recommendation:	The Board is invited to comment on the effectiveness review results, updated strategy, action plan and risk register and forward work programme.
Timing:	Ongoing

Detail

1. Following the Board effectiveness review in October 2020, one accepted recommendation was for the Board to complete an annual “lighter touch” exercise to consider the operations and performance of the Board.
2. In response to the Board effectiveness review in November 2020, a strategy, action plan and risk register were developed and shared at the June 2021 Board meeting. This has been updated accordingly since then.
3. The Board forward work programme has been updated in light of the action plan discussions and other matters arising since and is now shared with the Board (Appendix 2).

FRAB Effectiveness review – summary of findings

4. Following the Board effectiveness review in October 2020, one of the recommendations was for the Board to complete an annual high level effectiveness review on the operations and performance of the Board.
5. A draft version of the questionnaire was shared at the November 2021 meeting and comments invited from members prior to completion to ensure key issues were included in the questionnaire.
6. Following comments from members on the content of the questionnaire in December 2021, an updated questionnaire was circulated and responses requested by the 21st of January. In total, feedback was received via completed questionnaires from seven FRAB members.
7. Overall, feedback from members was generally positive with recognition of improvements to board effectiveness since the last review in October 2020.
8. A summary of the key findings is provided below, along with examples of actions since the last effectiveness review.
9. A more in-depth summary table and chart of results included within the separate document- **Appendix 1**.
10. Summary findings:
 - a) Most feel that strategic planning is effective – *(An enhanced forward look is incorporated in the action plan plus a summary forward look over the successive three meetings is brought to each meeting for consideration)*
 - b) Progress has been made addressing recommendations from the original effectiveness review – *(The Board and secretariat has worked to address each recommendation the Board accepted)*
 - c) Mechanisms exist for learning from past successes and failures – *(Detailed matters arising are brought to each meeting; the Board has considered post implementation reviews e.g. on IFRS 9 and 15 and the success of the impact of financial reporting measures in response to the pandemic to support preparers)*
 - d) Minutes reflect sufficient level of depth of discussion - *(the secretariat has increased the level of detail as a result of feedback from the effectiveness review in 2020)*
 - e) Support for new members is good – *(An induction pack has been introduced; a series of member training provided from relevant authorities; induction slides on the public sector reporting framework is provided on appointment with invitation to discuss with the secretariat; introductory discussion with the Chair)*
 - f) Members can express views
 - g) The Board has the right blend of expertise and skills
 - h) Some members agreed the frequency and duration of meetings is reasonable, whilst some had strong views that meetings are too long and would like to see shorter and more frequent meetings
 - i) A lack of diversity and succession planning – *(the Board previously agreed that the Nominations Committee will take forward as part of succession planning. Some members coming to the end of their second term were asked to consider likely successors)*
 - j) Little opportunity for informal discussion and getting to know other members – *(Consideration of arrangements for future meetings to form part of discussion to allow for more opportunities for discussion).*

11. Included within Appendix 1 is also a summary of recommendations and Board responses since the FRAB effectiveness review, which has been updated up until February 2022.

Suggested points of discussion:

- Are there any further comments from members on the questions set out within the questionnaire or on the results?
- Which areas from the results, does the Board consider appropriate to focus on to improve effectiveness further?
- What other actions, not already identified, could the Board take to improve its effectiveness?

FRAB Strategy, action plan and risk register

12. The Board developed a strategy, action plan and risk register as part of the accepted recommendations from the effectiveness review in 2020.
13. These were last brought to the Board in June 2021. The action plan has since been updated accordingly. Please refer to separate document - **Appendix 2**.
14. For efficient use of the Board's time, a summary forward look has been brought to the Board at each meeting.
15. The updated action plan reflects more detailed analysis of future areas for the Board's consideration, distilled according to member responsibility along with suggested timeframes of being brought to the Board.

Question for FRAB:

- Does the Board agree the updated strategy, action plan and risk register? Please provide any further comments.
- Would the Board value sight of the action plan at each meeting or retain a summary document with an in depth look at the action plan on an annual basis?

31st March 2022

Appendix 1

2021-22 Effectiveness review results

See separate paper

Appendix 2

Updated action plan, strategy and risk register

See separate paper

Appendix 3 - FRAB Forward Work Programme

1. The FRAB forward plan is the provisional work programme for the next three FRAB meetings.
2. The forward plan has been updated in light of discussions at the March board meeting and provides a summary of the items from the Board action plan (Appendix 2)
3. There may be additional items added to the agendas, and some agenda items may be deferred or deleted as required (see tentative items in Appendix 2).
4. Board members are invited to advise the secretariat at any point ahead of meetings of items to add or update to the agenda.
5. Members are also invited to comment on the attached forward plan.

FRAB 2022/23 WORK PROGRAMME - PROVISIONAL AGENDA ITEMS		
FRAB 147 June 2022	FRAB 148 November 2022	FRAB 149 March 2023
BEIS consultation on audit and corporate governance reform	WGA 2020-21 progress update	2021-22 Best Practice Report
IPSAS 42 - Proposed wording on treatment of social benefits in FReM	IFRS 17 implementation update	FRAB effectiveness review feedback and discussion
Progress against the Government Financial Reporting Review	Timeliness of reporting and Issues coming through from 21-22 reporting cycle – as needed	WGA progress update
Discount rates – Financial Instrument rate	FReM 2022-23 in year update and FReM 23-24	IFRS17 implementation update
WGA 2020-21 progress update	Nominations Committee succession planning arrangements	IFRS Interpretations Committee summary of announcements
Thematic review – valuation for non-investment asset	CIPFA/LASAAC Code + any possible interaction with proposals to help timeliness of reporting if needed	IFRS Issued but not yet effected and narrow scope amendments
FRAB annual report	Redmond review update and timeliness in local government reporting measures	Board and Nominations Committee terms of reference review
IFRS 17 implementation update	Member and sector updates including from the Devolved Administrations on the 21-22 reporting cycle	CIPFA/LASAAC Code + any further interaction with proposals to help timeliness of reporting if needed
Timeliness of reporting and Issues coming through from 21-22 reporting cycle and any additional guidance needed	DHSC GAM - notice of pre consultation version	Member and sector updates including from the Devolved Administrations on the reporting cycle
User Preparer Advisory Group update	Thematic review – valuation for non-investment asset	DHSC GAM post consultation version
IFRS 9 - review application of adaptation for guarantees where were valued at 12 month ECL and need to transition to lifetime ECL	User Preparer Advisory Group update	User Preparer Advisory Group update
IFRS Interpretations Committee summary of announcements	Relevant Authority Working Group update	Relevant Authority Working Group update
Member and sector updates including from the Devolved Administrations on the 21-22 reporting cycle	IFRS Interpretations Committee summary of announcements	FRAB - Sustainability Sub Committee update
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