



# Financial Reporting Advisory Board Paper

## HMT update on FRAB effectiveness review

<b>Issue:</b>	An update from HM Treasury's on the FRAB Effectiveness Review undertaken by the NAO and presented to the Board in March 2024, the paper sets out where recommended actions have been completed and where work is still required.
<b>Impact on guidance:</b>	N/A
<b>IAS/IFRS adaptation?</b>	N/A
<b>Impact on WGA?</b>	N/A
<b>IPSAS compliant?</b>	N/A
<b>Interpretation for the public-sector context?</b>	N/A
<b>Impact on budgetary regime and Estimates?</b>	N/A
<b>Alignment with National Accounts</b>	N/A
<b>Recommendation:</b>	For the Board to note and comment.
<b>Timing:</b>	Ongoing

### Background

1. FRAB's Terms of Reference states that it will undertake a review of its effectiveness at least once every three years. The Board's most recent effectiveness review was published in March 2024. The NAO undertook their review of the Board's effectiveness between September and October 2023, for reference, the review can be seen in paper FRAB 156 (11-A).

### Effectiveness Review Findings and HMT response

2. HM Treasury welcomed the NAO's findings. We agreed that the Board is well Chaired and that Members are engaged and collegiate with the appropriate skills and experiences. The Board continues to be transparent and engages effectively with external stakeholders.
3. HM Treasury have provided an update below on how responses to the main recommendations have been progressed since the review was presented to the Board last year.

	Recommendation	HMT update
1.	In consultation with HM Treasury, the Board should consider whether there is scope to clarify or expand its terms of reference.	<a href="#">Updated Terms of Reference</a> were agreed with the Board at the June 2024 meeting, these are published on the FRAB website. Members are welcome to raise any comments on the ToR at any time.  HMT assessment: complete.
2.	The Board should consider how it can arrange proportionate annual evaluations in consultation with HM Treasury and update the Board's terms of reference if appropriate.	HM Treasury proposed including an annual agenda item for the Board to discuss its performance and areas for improvement, in addition to the cycle of Effectiveness Reviews. Going forward HMT proposes that this is a standing agenda item at the March Board meeting and has added this to the forward plan.  HMT assessment: in progress.
3.	The Board should consider preparing a stakeholder analysis and engagement strategy. This should be re-assessed on a timely basis, and explore how the Board can achieve greater outreach, and how best to use stakeholders to influence and inform its work.	Rather than developing a standalone engagement strategy, HM Treasury recommends that stakeholder engagement is a standing item in the Board's annual evaluation discussion.  HMT assessment: in progress.
4.	The Board should review its evaluation processes to ensure it identifies key learnings from its work and can easily apply these to its future work.	HM Treasury proposed including a regular agenda item for members to share reflections and learning from the implementation of any standards/accounting changes that have been recently implemented. Going forward HMT proposes that this is a standing agenda item at the March Board meeting and has added this to the forward plan.  HMT assessment: in progress. We have been particularly mindful of this for the IFRS 16 PIR.
5.	The Board should consider how it can provide tailored learning and development opportunities for new and existing members.	Board members are welcome to attend meetings of the Sustainability Sub-committee, the Relevant Authorities Working Group, or the Users and Preparers Group to see how these operate and discuss specific areas of interest with members.  HMT assessment: in progress.

6.	Working with the Nominations Committee, as part of succession planning, the Board should consider:  a. the package of skills and experience required to meet future challenges  b. what approaches it can take to secure a sufficiently diverse membership	The Nominations Committee met in April 2024; Board skills and experience and succession planning were discussed, and feedback was provided to the Board at the June 2024 meeting with some changes also made to the ToR as part of their update.  HMT assessment: complete.
7.	The Board should consider drawing up contingency plans to cover any key absences, for example the Chair.	HM Treasury proposed the nomination of a vice-Chair who can step in for the Chair when not available. This was completed late in 2024 with Jenny Carter (FRC) taking on the role as Vice-Chair with a term that initially expires in November 2026.  HMT assessment: complete.
8.	The Board should ensure the number and length of meetings is reviewed at reasonable intervals alongside the best use of sub-committees and working groups. The review should take account of future demands likely to be made on the Board.	HM Treasury welcomes feedback from the Board on the frequency and length of meetings and will build this into future planning. The forward plan is now presented to each meeting as part of the strategy, action plan and risk register. The initial plan is for more papers to be issued when complete to give more time for review rather than waiting for all papers to be complete ahead of issue.  HMT assessment: complete.
9.	The Board should actively consider the balance of each agenda and – where possible – streamline board papers so members have enough time in advance of meetings to digest the material.	As above, HM Treasury welcomes feedback from the Board on the balance of agendas and the number of Board papers for meetings. The forward plan is now presented to each meeting as part of the strategy, action plan and risk register.  HMT assessment: complete.
10.	The Board should explore the potential for opportunities for members to develop chemistry and share knowledge outside of formal meetings.	HM Treasury welcomes feedback from the Board on how they would prefer for members to share knowledge outside of formal meetings. We will also pick this up with the new FRAB Chair.  HMT assessment: in progress.

### Next Steps

- This update is presented to the Board in June 2025, HM Treasury would welcome comments from Board members on any of the recommendations and updates/responses.