



Financial Reporting Council

# **Responsibilities of the Chair, Senior Independent Director, Chief Executive/Chief Accounting Officer (CEO) and NEDs**

20 September  
2023

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## Chair

In addition to the responsibilities of all NEDs, the Chair will be responsible for:

1. Leading the Board in a manner in line with the guidance and agreements in place with the Department for Business and Trade ('DBT'), Treasury and the Cabinet Office whilst protecting the integrity of the FRC and its independence as a regulator.
2. Developing an effective governance structure for the FRC to ensure timely and clear decision making alongside appropriate supervision of the activities of the Executive.
3. Ensuring the composition and development of the Board is diverse and appropriate in its mix of skills and capabilities to support the effectiveness of the FRC.
4. Developing and maintaining succession plans for the Board and Committees .
5. Ensuring the Board has access to and visibility of adequate information to operate and take decisions effectively.
6. Setting the Board Agenda and planning an annual programme that:
  - a. Reviews and approves the Purpose, Objectives and Strategy proposed by the Executive.
  - b. Reviews and approves a budget and financial plan which supports the agreed Strategy and recommends it to DBT when presented by the CEO.
  - c. Monitors and evaluates operational performance against agreed plans and budgets within the agreed Strategy.
  - d. Anticipates future risks and opportunities in a timely manner.
  - e. Provides sufficient time to consider and approve matters reserved to the Board
  - f. Oversees the delivery of the organisational change programme.
7. Ensuring the maintenance of proper processes and governance of matters reserved to the Board
8. Encouraging and supporting the development of a Board environment where all directors are able to contribute and participate in key discussions
9. Identifying and supporting the development needs of individual non-executive directors in order to optimise the Board's effectiveness as a team
10. Representing the FRC, alongside the CEO, with external stakeholders including DBT, other arms of Government, media, relevant industry bodies and those regulated by the FRC
11. Setting objectives for the CEO and leading the annual performance review of the CEO
12. Supporting the CEO in the fulfilment of their responsibilities and acting as a sounding board for the CEO
13. Developing a succession plan for the CEO and working with DBT to appoint a successor
14. With the CEO, ensuring the FRCs values and culture are aligned with the agreed strategy and embedded across the organization

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## **Senior Independent Director**

In addition to the responsibilities of all NEDs the Senior Independent Director will have the following responsibilities:

1. Supporting the Chair in their responsibilities and acting as a sounding board for the Chair
2. Deputising for the Chair when necessary and leading on particular responsibilities where the Chair cannot act.
3. Representing the FRC, alongside the Chair and CEO, with external stakeholders including DBT, other arms of Government, media and relevant industry bodies and those regulated by the FRC.
4. Acting as partner to the Chair and CEO/CAO in the development and execution of an agreed Strategy.
5. Leading the annual performance review of the Chair.
6. Helping the Chair to ensure the effectiveness of the Board by identifying and supporting the development needs of individual non-executive directors.

## **Chief Executive Officer**

The CEO shall lead and manage the FRC in accordance with the Framework Agreement agreed with DBT, the requirements of the Managing Public Money principles as well as any additional instructions and guidance issued from time to time by DBT, HM Treasury and the Cabinet Office, while maintaining the FRC's position as an independent regulator. In doing so, the CEO shall be responsible for:

1. Leading the Executive, all of whom report to the CEO, as one team.
2. Maintaining a constructive relationship between the Executive and the Board.
3. Managing the day to day operations of the FRC including setting objectives for each of the Executive Committee.
4. Proposing the Mission, Purpose, Objectives and Strategy for the FRC as well as for the individual divisions: Regulatory Standards and Codes, Supervision, Enforcement and Corporate Services.
5. With the Chair, ensuring the FRCs values and culture are aligned with the agreed strategy and embedded across the organization.
6. Ensuring that the proposed Strategy takes account of the recommendations of Kingman, Brydon and the CMA as well as comments from other relevant stakeholders including the DBT Select Committee in an integrated set of priorities and actions that delivers on the transition to the ARGA.
7. Proposing a Budget and Financial Plan for the three years ahead as well as an annual operating budget
8. Responsibility for signing the accounts and ensuring proper records are kept and that the accounts are properly prepared and presented for signing.
9. Responsibility for personally signing a governance statement covering the corporate governance, risk management and assurance of the FRC, for inclusion in the Annual Report.
10. Identifying, agreeing with the Board and reporting Key Performance Indicators (KPIs) that measure and allowing the Board to monitor the Executive's performance and delivery of the agreed Plan and Strategic objectives.
11. Developing and establishing an organisation structure to support the effective execution of the agreed Strategy.

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12. Developing and maintaining an effective risk control framework.
  13. Ensuring that effective procedures are in place for handling complaints about the FRC from external and internal sources, including appropriate protections for whistleblowers, and that they are well known and easily accessible.
  14. Leading the engagement with DBT and other relevant government departments to obtain support and approval for the agreed plans, including implementation of any necessary legislation.
  15. Managing the development of the executive team and their capabilities and skills, including hiring any required replacements or additional resources.
  16. Developing specific succession plans for key members of the Executive Committee.
  17. Reporting to DBT and other government or parliamentary bodies as required.
  18. Lead the representation of the FRC with external stakeholders including the media and relevant industry bodies and those regulated by the FRC Supporting the Chair in fulfilling their responsibilities.

### **Non-Executive Directors**

Non-Executive Directors (NEDs) shall bring an 'external perspective' and insight on the environment in which the FRC operates, including the needs of the various FRC's stakeholders.

1. Challenging and scrutinising strategy and budget proposals developed by the executive.
2. Ensuring the necessary resources are available to the Executive in order to deliver the agreed Strategy.
3. Monitoring the performance of the Executive and its delivery of the FRC's strategic objectives and management of the agreed budget.
4. Satisfying themselves on the integrity of financial information and the robustness of the financial controls and systems of risk management.
5. With the CEO and Chair, setting the values and culture of the organization.
6. One of the NEDs will act as a 'designated NED for employee engagement' and will report to the Board routinely on this operation.
7. Recommending appropriate levels of remuneration of executive directors (within the public sector pay framework) to DBT.
8. With the Chair, ensuring that there is effective oversight and strong governance to drive the FRC as a strong and robust regulator.
9. Representing and promoting the FRC externally

### **Committee Chairs**

Detailed responsibilities for each Committee will be set out in the relevant terms of reference for the Committee. However, Committee Chairs are responsible for:

1. Leading Committees in accordance with the strategic direction set by the Board.
2. Reporting to the Board on the work of the Committee
3. Bringing to the attention of the Board any matters the Committee consider require full consideration by the wider Board.

**Approved by the People Committee on 20 September 2023**

