

**Minutes of a meeting of the Board of the  
CFA Society of the UK (CFA UK) held at the offices of USS, 60 Threadneedle  
Street, London EC2R 8HP and via Teams at 5.00pm  
on Tuesday 10<sup>th</sup> October 2023**

<b>Present:</b>	L Matthews	chair
	A Byrne	
	H Eastman*	
	G Elcock	
	K Ferguson	(items 1521.ii. to 1522.i.)
	W Hung*	
	K Kosmopoulou*	
	E Koycheva	
	P Lenoble	
	F Lundie*	(items 1517. to 1522.i.)
	S Solomon	(items 1521.ii. to xx.)
<b>Attending:</b>	B Young (company secretary)	
	W Goodhart (chief executive)	
	V French (chief financial officer)	
	A Ramsay (chief operating officer)	
	A Pinch (director of customer experience)	
	L Gracie (Indigo Independent Governance)	
	H Bathgate	(item 1522.i. only)

\* denotes attendance via video conference

**1517 Apologies for absence**

Apologies for absence were noted from Christina Curtin.

**1518 Declarations of interest**

The schedule of directors' responsibilities and the register of directors' interests were noted. Updates to reflect Gillian Elcock's new roles would be made in the next version.

**1519 Minutes of previous meeting**

The minutes of the board meeting held on 11<sup>th</sup> July 2023 were reviewed. Some minor amendments to correct typographical errors were requested. The minutes were approved as an accurate record for signature, subject to the requested amendments.

**1520 Matters arising**

The matters arising report was taken as read and noted.

**1521 Board matters  
Strategic**

i. Business transition working group update

The update report from the business transition working group and the accompanying dashboard were reviewed and noted.

The project was progressing at pace. The website build had continued well, in particular with the education registration and portal elements, and user acceptance testing had begun as well as content rationalisation. Single sign-on, the community platform and brand development phase of the project had all been delivered. The aim to launch before the AGM remained on track following some re-prioritisation of other work streams.

45% of the total board approved budget had been utilised so far. There had been overspend on some of the work completed by the end of June and some additional overspend was still expected.

An external resource issue with the web development partner was noted. This was hoped to be a short-term problem but, in the meantime, work on the website would be prioritised, followed by the education workstream. It was noted that further mitigations would be implemented if the issue became protracted

to protect the project timeline, which was already slightly delayed. It was confirmed that management remained confident in the provider.

It was expected that funding proposals for the additional project elements and anticipated costs for the remaining workstreams in FY25 and FY26 would be presented to the January board meeting. This would be carefully considered in the meantime to ensure that the project sequencing was optimised.

## **Governance**

### ii. Year end approvals

#### *Annual report and financial statements FY23*

The draft annual report and financial statements for the year ended 30<sup>th</sup> June 2023 were reviewed and noted.

It was confirmed that the annual report and financial statements had been reviewed by the finance committee, which recommended their approval to the board.

Some minor amendments were requested and it was also suggested that a paragraph be added to the chair's report and/or AGM speech to provide context to the outlook given the high transition programme costs as a strategic, multi-year investment to future-proof the society, funded by the financial success of the ESG certificate.

It was agreed that the reference to the ESG certificate be kept consistent throughout the Treasurer's' report.

It was suggested that an outlook section be considered for addition to the annual report in the future.

#### *Financial statements*

In response to a query about the tax timing differential, it was confirmed that this was mainly due to deferred tax on some investments.

#### *Going concern*

It was noted that the going concern assessment had been based on the FY24 and FY25 forecasts previously reviewed by the board. It was confirmed that the society had sufficient reserves to sustain the operating losses for the next two financial years and therefore going concern remained an appropriate basis for presentation of the accounts. It was noted that investments could be liquidated, if required.

#### *Audit findings report*

The audit findings report was taken as read and noted. The auditor had met with the finance committee to discuss the findings report. It was confirmed that there had been a new audit partner this year which had led to a more in-depth audit process. There had also been a higher level of scrutiny due to greater emphasis on fraud assurance and the generally increasing expectations of audit standards. A fraud questionnaire had been completed and the finance committee had confirmed its view that there was not substantial risk of misstatement as a result of fraud.

It was confirmed that the auditor had not raised any significant issues or concerns. There had also been no material audit adjustments or control items.

It was confirmed that the audit process had been thorough and the auditor had been given full access to the accounting systems and the team had co-operated fully with all requests.

The treasurer confirmed she had met with the auditor and had discussed, amongst other things, the capitalisation of website costs, dilapidations of the old office lease, materiality and going concern. The opportunity for the auditor to meet with the treasurer and finance committee in absence of management was always available but this had been not taken up.

It was confirmed that a handover meeting with the auditor would be arranged with the current treasurer and the successor treasurer in due course.

### *Management letter of representation*

The draft letter of representation was reviewed and noted. It was confirmed that all representations were standard. It was requested that, for next year, the letter be addressed to 'Sir/Madam' rather than the outdated 'Dear Sirs'.

### *Approval of accounts and management letter of representation*

After due and careful consideration IT WAS RESOLVED that the annual report and financial statements for the period ended 30<sup>th</sup> June 2023 and the accompanying management letter of representation to the auditors be approved, subject to such further amendments as discussed in the meeting that may be made by the finance director and chief executive. IT WAS FURTHER RESOLVED that the chair and treasurer be authorised to sign the balance sheet, strategic report and management letter of representation on behalf of the board and that the company secretary be authorised to sign the directors' report on behalf of the board.

The treasurer extended her thanks to the chief financial officer and her team for their efforts during the audit.

### *AGM notice*

The draft AGM notice was reviewed and noted.

The opportunity to engage with the members at the AGM was discussed and it was agreed that the chair and chief executive would develop a presentation for the AGM to highlight the transition programme of the society. It was agreed that the chair's letter be amended to indicate the members should expect a chance to hear about the transition programme and have the opportunity to ask questions and interact with the board on society matters in general.

A board meeting would be held before the AGM and a brief meeting would also be held after the AGM to approve the appointments to officer roles.

After due consideration, the AGM notice was approved.

### iii. Bank signatory changes

The bank mandate changes and resolutions set out in the paper were reviewed and noted. It was agreed that any historic signatories not listed on the proposed mandates should be removed.

### iv. Risk register review

The updated risk register was reviewed and noted.

It was highlighted that the register indicated that the risk environment had increased, both due to a higher number of risk areas and the risks increasing in impact and likelihood.

Areas where the risk score had increased or the risk had been added were discussed.

The political risk surrounding the term ESG was queried (risk 9), reduction in popularity of ESG and other qualifications. It was confirmed that this had been discussed at the E&E committee meeting but it had been agreed that no change should be actioned. The number of certificate registrations in the USA and China was still growing and that was considered to be a good indicator that ESG was still relevant despite some challenge in the industry. It was confirmed that the finance committee reviewed the level of certificate revenues but it was also considered good practice for the E&E committee to do the same and to gather information directly from the advisory committee to help strengthen relationships.

It was agreed to further discuss the risks relevant to the transition project risk, with the business transition working group. In particular, the reduction in resources appeared to be inconsistent with an assessment of increasing risk.

Risk 20, a new risk relating the new accounting system implementation, was noted to also be viewed as an opportunity to decrease the inefficiencies and manual interventions required with the current system. Its implementation was now delayed to the end of FY25.

It was agreed that a description of the society's principal risks should be included in the annual report and accounts next year.

The fraud risk, risk 39, was rated 12 and it was requested for that its score be reviewed given the importance placed upon it in the audit findings report.

The inclusion of cyber and AI risks, particularly with online examination facilities, should also be considered. AI might also be considered in relation to membership risk, where more jobs might be replaced by AI in the long term.

The risk register was approved, subject to the points discussed.

v. Nominating committee report

The report of the nominating committee to the board and the draft report to members were reviewed and noted.

The recommendations of the committee to propose the re-election of Hilary Eastman, CFA, and Gillian Elcock, and the election of Suzanne Hsu, CFA, to the board, were noted and approved.

vi. Remuneration committee report

The remuneration committee report outlining the activity throughout the year was reviewed and noted.

A requested extension of the bonus scheme to all staff to improve incentivisation had been considered and proposals would be brought to the January board for approval.

The proposed terms of reference for the remuneration committee were reviewed and duly approved, subject to an amendment to section 5 which would be changed to read "directly into the master spreadsheet and results communicated (and input provided) via the CFO".

vii. Finance committee updated terms of reference

The proposed updated finance committee terms of reference were reviewed and noted.

The changes that had been made to the terms of reference were summarised; they related to metrics for sustainability reporting, communications with the investment committee, oversight of hedging of foreign currency, and committee membership and term of appointment.

Eligibility for membership of the committee was agreed to be quite narrow. It was suggested that the wording be changed to allow a member to have any recognised accounting qualification. It was also suggested that any member of the society be eligible to be appointed to the committee, rather than just regular members. It was requested that an amendment to the role of the committee be made to include the ratification of the audit findings report on behalf of the board.

The updated terms of reference were approved subject to the amendments requested and the final review by the finance committee by email.

It was agreed that the review period for the terms of reference be reduced to 18 months from three years.

It was agreed that the terms of reference for the sustainability committee be reviewed to ensure that they are aligned with the finance committee's responsibility for review of metrics.

It was requested that a red-line and clean version of any amended documents proposed for approval be included in board packs going forward.

viii. Volunteer project update

The volunteer project update report was reviewed and noted.

The workstreams that had been completed were summarised and discussed. All matters were on track according to the original timeline. The committee structure had been completed. The ethics and

professionalism steering committee had now merged and work was now underway to develop the format of the committee going forward. Board liaison roles had also been matched to committees.

New steering committees for communities and member experience had been formed. A chair for the communities committee had been recruited but a chair for the member experience committee was yet to be found. Alternative options were being considered for this role, which might include a board member taking on the role of the chair during a transition period.

The challenges in attracting applicants for the recent volunteering roles were discussed. It was noted to be difficult to pinpoint particular reasons why applications had reduced, but it was believed that hybrid working might be a factor.

## 1522 Committee reports

### i. Investment committee report

The twice annual report of the investment committee was presented by the chair of the committee and noted.

It was noted that the new chair only wished to make incremental, rather than fundamental, changes to protect and enhance the portfolio. The returns being generated were considered to be positive in the current environment. The long-term investment strategy meant that there was no need to take higher risks.

A new member of the committee had been recruited and was making a good impact with his experience. A vice chair would also be appointed.

It was queried whether investment trusts had been considered and it was noted that this was on the agenda for discussion at the next meeting.

The de-carbonisation of the portfolio was discussed and it was agreed that more detail would be provided in the investment report going forward, together with other sustainability matters. Some board guidance on sustainability targets were requested.

The chair thanked the committee chair for his time and for his work with the committee.

## 1523 Board matters continued

### **Governance**

#### i. Board effectiveness review

The board effectiveness review report was taken as read and noted.

It was discussed that the timing of the review was appropriate but it was suggested that it would be more helpful to consider the results once the new chair and board member was appointed following the AGM.

Some areas of the report were highlighted, for example IT expertise on the board, succession planning, strategic communication improvement and engagement with members. Many of the key points were related to more recent governance expectations, such as stakeholder engagement, and these could be areas for improvement. As an immediate action, the format of the AGM would be reviewed for the November meeting to try to make it more engaging.

The length of board meetings was discussed and it was noted that meetings were invariably three hours long and that the agenda and discussion were much more strategically focused. Equally the length of the board packs was discussed in the light that the board would reduce to ten members from November 2023 and the bandwidth of each director.

The proposal to remove two questions, relating to the pandemic and the governance review, from the process next year was agreed.

It was agreed to carry forward the discussion until the January board meeting or at a separate session.

## 1524 Chief executive's report

The chief executive's report was taken as read and noted.

### i. Membership renewals and acquisition update

The renewals campaign had been going well so far and the position was better than the same time last year. The last tranche of renewals could be more challenging to achieve as members seemed more cost aware in the current environment. The total number of renewals was difficult to predict at this stage but it might be possible that renewals outperform the previous year.

### ii. Qualifications update

Feedback from the Impact Investing certificate pilot was still being collated but it seemed positive and comparable to feedback received for the ESG certificate. The pilot launch had gone well and the team were optimistic for the full launch in March 2024.

ESG certificate numbers remained strong. Authorisation for the Institute to sell the certificate in China was awaited. Once this was authorised, it was expected that sales would outperform forecast. IMC sales were in line with forecast.

### iii. Staffing update

The staffing changes since the last meeting were discussed. The resignation of two members of the team were noted to be for personal career progression rather than anything within the control of the society.

The head of HR had been working to ensure staff were engaged and to improve culture and working practices. The hybrid working arrangements were discussed and it was noted that more people were now in the office more frequently.

The board's session with the head of HR would be arranged for October/November and the results of staff survey would also be reviewed at the session.

### iv. Report of CFA Institute meetings

The briefing notes of the recent CFA Institute meeting were taken as read and noted.

A briefing note for the dinner with CFA Institute next week would be circulated by the chief executive.

## 1525 Finance report, management accounts and KPIs

The finance report, management accounts and KPIs for the period to 31<sup>st</sup> August 2023 were taken as read and noted.

## 1526 Any other business

### i. Scope of the DEI network committee

The DEI network committee discussion paper was reviewed and noted. The scope of the committee and strategy was discussed. It was noted that the DEI network committee had historically been very successful but its future remit needed fresh consideration and some further guidance was requested for the direction of the committee from the board given that now DEI might be considered a saturated field.

It was suggested that the "we grow talent" lens be the focus for the committee, by targeting educational gateways. Integration into the sustainability strategy was also suggested.

It was agreed that this was a significant and fundamental topic and a separate session to discuss the matter in full would be required. Two board members offered their assistance to help shape the strategy for the future, which would be brought back to the board for further discussion.

ii. Participation in the chartered body alliance

It was verbally confirmed that the society had been invited to join the chartered body alliance. It was agreed that the chief executive should explore the opportunity further.

It was also noted that the chief executive had been in contact with the CISI to develop a collaborative relationship between the two organisations.

**1527 Date of next meeting**

It was noted that the next meeting would be held on Tuesday 21<sup>st</sup> November 2023 at 5.30pm immediately before the AGM. A brief board meeting would also be held after the AGM.

There being no other business, the meeting was closed at 8.30pm.

3<sup>rd</sup> Floor, Boston House  
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Signed: \_\_\_\_\_

Dated: \_\_\_\_\_