



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 3 September 2019 and the key matters considered are outlined below:

FRC Annual Report 2018-19	The FRC Annual Report 2018-19 was approved. It will be provided to the Minister and tabled in Parliament in mid-October 2019.
Inquiry into Regulation of Auditing in Australia	The FRC discussed: <ul style="list-style-type: none">• The Terms of Reference for the Inquiry into Regulation of Auditing in Australia by the Parliamentary Joint Committee on Corporations and Financial Services.• The possible contents of a draft submission by the FRC to the inquiry.
Audit Quality Measures	The FRC received an update from ASIC on proposed ASIC Audit Quality Measures including ASIC consultation and research, categories of measures and consideration in selecting measures.
Audit Quality Action Plan	The FRC discussed the status of the FRC Audit Quality Action Plan including: <ul style="list-style-type: none">• The AUASB are working through a list of areas where more guidance may be required in the auditing standards.• The FRC Chair met in July with the CEOs of each of the accounting bodies (and with ASIC) and asked that the three accounting bodies initiate collaboration with each other and ASIC to enable sharing of best practices of audit inspection programs.• A survey of Chief Financial Officers to be conducted to gather views on audit quality.
Financial Reporting	The AASB Chair's update noted: <ul style="list-style-type: none">• ED 297 'Removal of Specific Purpose Financial Statements for Certain For-Profit Private Sector Entities' has been released proposing the removal of the ability for certain for-profit private sector entities to prepare SPFS when required to comply with accounting standards by legislation or constituting documents.• ED 295 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities' has been released proposing to replace the current Reduced Disclosure Requirements in the AAS with a new, separate disclosure standard that would apply to all entities that report under Tier 2.• The AASB has completed its first stakeholder survey. The findings have not been analysed in detail.
Public Sector	The FRC discussed the Future of Financial Reporting in the Public Sector.
Nominations Committee	The Chair of the Nominations Committee, Dr Stein Helgeby, reported that there were four vacancies across the AASB and AUASB (for two members each on the AASB and AUASB) in 2020 and that positions would be advertised in mid-September 2019.
Stakeholder Reports	The FRC reviewed reports from 13 stakeholders and matters of note included: <ul style="list-style-type: none">• The AICD has publicly released the results of its member consultation on its Forward Governance Agenda.• The Department of Finance's update on accounting for leases.• The APRA Chair presented to the AASB on 14 June 2019 on areas of mutual interest.• HoTARAC met with the AASB Chair and staff members to discuss issues contained in AASB Discussion Paper: Improving Financial Reporting for Australian Public Sector.

Next Meeting

The next FRC meeting will be held on Wednesday 6 November 2019.