



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 6 November 2019 and the key matters considered are outlined below:

FRC Annual Report 2018-19

The FRC Annual Report has now been completed, reviewed by the Minister and tabled in Parliament. Hard copies have been distributed to key stakeholders and an electronic copy can be found on the [FRC website](#).

The AASB/AUASB Annual Report 2018-19 can also be found on the [AASB website](#) and [AUASB website](#).

Inquiry into Regulation of Auditing

The FRC discussed themes emerging from the [submissions](#) received by the Parliamentary Joint Committee on Corporations and Financial Services.

The FRC's submission to the Parliamentary Joint Committee on Corporations and Financial Services can be found on the [FRC website](#).

Financial Reporting

The AASB Chair's update noted:

- AASB 1049 Whole of Government and General Government Sector Financial Reporting;
- AASB Due Process Framework for Setting Standards;
- AASB Education Strategy, AASB Evidence-Informed Standard-Setting Framework, AASB International Strategy and AASB Research Strategy;
- AASB stakeholder survey results;
- AASB and AUASB Corporate Plan 2019-20; and
- Protocol for the Co-operation between AASB, AUASB, FRC and XRB.

The AASB and AUASB Corporate Plan 2019-20 can be found on the [AASB website](#) and [AUASB website](#).

Auditing and Assurance

The AUASB Chair's update noted:

- AUASB Research Report 3 [Audit Market Structure and Competition in Australia](#). This report was authored by AUASB Academic Scholar, Professor Elizabeth Carson from UNSW Sydney, and provides an evidence-based perspective on the market for the listed company audits in Australia; and
- AUASB stakeholder survey results.

Surveys of Audit Quality

The FRC and AUASB, with the assistance of the G100, are currently conducting a survey of Chief Financial Officers to gather their views on audit quality.

The FRC and AUASB, with the assistance of ASIC, will be conducting a survey of Audit Committee Chairs in February/March 2020 to obtain their views on audit quality.

Board Appointments

The FRC approved the appointment of Mr David Holland to the **AASB** commencing 1 January 2020. A [media release](#) is available on the FRC website.

The FRC approved the following re-appointments:

AASB

Professor Stephen Taylor commencing 1 January 2020;

AUASB

Mr Robert Buchanan commencing 1 July 2019; Mr Gareth Bird and Mr Justin Reid commencing 1 January 2020.

Stakeholder Reports

The FRC reviewed reports from 10 stakeholders and matters of note included:

- On 10 October 2019, ASX released its [response](#) to the submissions it received on its 28 November 2018 consultation paper [Simplifying, clarifying and enhancing the integrity and efficiency of the ASX listing rules](#).
- CA ANZ published a [report](#) in collaboration with the ACCA and IFAC which looks at what the evidence says about the multidisciplinary model and its relationship with audit quality.

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- The Institute of Internal Auditors Australia has set up a new Financial Services Committee to develop internal audit best practice guide for financial services.
 - Department of Finance staff met with the AASB Chair and staff on 29 October 2019 and agreed an approach to developing a template for a possible Tier 3 of public sector financial reporting.
 - For the 2018-19 Annual Report cycle, for Commonwealth entities a digital version of the report must be published on the Transparency Portal after it has been tabled in Parliament. The Transparency Portal consolidates all Commonwealth entity and company Annual Reports into one online location.
 - APRA, ASA, CA ANZ and the IPA Deakin Research Centre referred to their submissions to the Parliamentary Joint Committee on Corporations and Financial Services: Inquiry into Regulation of Auditing.
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**International
Developments**

- Important developments internationally continue to be monitored including:
- Sir Donald Brydon’s Independent Review in United Kingdom on the quality and effectiveness of audit.
 - In September 2019, the UK Financial Reporting Council re-issued ISA 570 *Going Concern* which increases the work auditors are required to do when assessing whether an entity is a going concern.
 - The UK Financial Reporting Council has conducted a survey to gather the views of a wide range of stakeholders on ‘what information do users need’? The survey closes on 15 November 2019.
 - In October 2019, a committee established by the Dutch government published preliminary findings on its review into the audit sector.
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Next Meeting

The next FRC meeting is yet to be confirmed.

