



MINUTES

DATE: Wednesday 6 November 2019

TIME: 10:00am – 4:00pm

LOCATION: Via videoconference
Treasury Canberra office, Langton Crescent, Parkes
Treasury Melbourne office, Level 6, 120 Collins Street
Treasury Sydney office, Level 29, 201 Kent Street
PwC New Zealand, 188 Quay Street, Auckland

ITEM	AGENDA ITEM																						
1	INTRODUCTION																						
	<p>The Chair noted that guests Nancy Milne OAM and Channa Wijesinghe from the Accounting Professional and Ethical Standards Board (APESB); Lynn Wood from the IFRS Foundation Trustees and Justin Williams from the AASB would attend for their relevant agenda items.</p> <p>The Chair welcomed Michele Embling, XRB Chair and Dee Oxley from Treasury. The Chair also noted that Kevin Lewis, John Price and Warren Allen were apologies.</p> <p>The Chair noted that Sue Piper has moved to the Financial Services Reform Taskforce Division in Treasury. A new Manager for the FRC Secretariat will commence in December 2019.</p> <p>The Chair noted that the FRC Annual Report 2018-19 had been tabled in Parliament. Copies of the Annual Report have been sent to FRC stakeholders and is available on the FRC website.</p> <p>Dr Stein Helgeby provided an update on the recruitment process for the AASB Chair position.</p> <p>Members confirmed that there were no conflicts of interest raised by agenda items for this meeting.</p>																						
1.A	ATTENDEES AND APOLOGIES																						
	<table> <tr> <td>Members in attendance:</td><td>Observers:</td></tr> <tr> <td>Bill Edge – Chair</td><td>Greg Yanco, Doug Niven – ASIC</td></tr> <tr> <td>Kris Peach – AASB Chair</td><td>Kate O’Rourke, Charles Brukner, Nicola Connell, Dee Oxley – Treasury</td></tr> <tr> <td>Roger Simnett – AUASB Chair</td><td>Justin Williams - AASB</td></tr> <tr> <td>Stein Helgeby – Deputy Chair</td><td>Anne Waters - AUASB</td></tr> <tr> <td>Suzanne Bell</td><td>Anita Cuming, Rita Satinje – FRC Secretariat</td></tr> <tr> <td>Michele Embling – XRB Chair</td><td>Guests:</td></tr> <tr> <td>David Nicol</td><td>Nancy Milne OAM, Channa Wijesinghe - APESB</td></tr> <tr> <td>Lawrie Tremaine</td><td>Lynn Wood - IFRS Foundation Trustees</td></tr> <tr> <td></td><td>Apologies:</td></tr> <tr> <td></td><td>Warren Allen – XRB</td></tr> </table>	Members in attendance:	Observers:	Bill Edge – Chair	Greg Yanco, Doug Niven – ASIC	Kris Peach – AASB Chair	Kate O’Rourke, Charles Brukner, Nicola Connell, Dee Oxley – Treasury	Roger Simnett – AUASB Chair	Justin Williams - AASB	Stein Helgeby – Deputy Chair	Anne Waters - AUASB	Suzanne Bell	Anita Cuming, Rita Satinje – FRC Secretariat	Michele Embling – XRB Chair	Guests:	David Nicol	Nancy Milne OAM, Channa Wijesinghe - APESB	Lawrie Tremaine	Lynn Wood - IFRS Foundation Trustees		Apologies:		Warren Allen – XRB
Members in attendance:	Observers:																						
Bill Edge – Chair	Greg Yanco, Doug Niven – ASIC																						
Kris Peach – AASB Chair	Kate O’Rourke, Charles Brukner, Nicola Connell, Dee Oxley – Treasury																						
Roger Simnett – AUASB Chair	Justin Williams - AASB																						
Stein Helgeby – Deputy Chair	Anne Waters - AUASB																						
Suzanne Bell	Anita Cuming, Rita Satinje – FRC Secretariat																						
Michele Embling – XRB Chair	Guests:																						
David Nicol	Nancy Milne OAM, Channa Wijesinghe - APESB																						
Lawrie Tremaine	Lynn Wood - IFRS Foundation Trustees																						
	Apologies:																						
	Warren Allen – XRB																						

		Kevin Lewis
		John Price - ASIC
1.B	DECLARATIONS OF INTEREST Members confirmed their Declarations of Interest as recorded in the Register of Interests.	
2	MATTERS FOR APPROVAL	
2.A	MINUTES OF THE PREVIOUS MEETING Members noted the minutes from the FRC meeting on 3 September 2019 which had been approved out-of-session.	
2.B	MATTERS ARISING The Chair noted that all matters arising had been completed or were on the current agenda with the exception of: <ul style="list-style-type: none"> Progress of the Australian and New Zealand exposure drafts on Review engagements. Professor Roger Simnett noted that a subcommittee of AUASB and NZAuASB board members has been appointed to look into the matter, with an aim of resolving the different approaches taken by each board for their respective December 2019 meetings.	
3	PARLIAMENTARY INQUIRY	
3.A	REPORT BY CHAIR The Chair thanked members and Anne Waters for their assistance in preparing the FRC's submission to the Parliamentary Joint Committee on Corporations and Financial Services: Inquiry into Regulation of Auditing. The public hearing dates have been announced on 19 November 2019 in Sydney, 29 November 2019 in Canberra and 9 December 2019 in Melbourne. The Chair noted that the FRC has not yet been invited to appear before the inquiry. ASIC and Treasury have received invitations to appear before the inquiry on 19 November 2019. Members thanked Treasury for providing a summary of the submissions received to date. Treasury will update the summary of submissions as new submissions are published on the inquiry's website and recirculate a complete summary to members. Members discussed the themes emerging from the submissions. The FRC Secretariat will distribute to members any press that refers to the FRC or other relevant press.	
4	OVERSIGHT OF AUSTRALIAN STANDARDS	
4.A	ACCOUNTING STANDARDS Kris Peach provided an update on the AASB's key priorities from September 2019 to October 2019 including: <ul style="list-style-type: none"> AASB 1049 Whole of Government and General Government Sector Financial Reporting; 	

	<ul style="list-style-type: none"> • AASB Due Process Framework for Setting Standards; • AASB Education Strategy, AASB Evidence-Informed Standard-Setting Framework, AASB International Strategy and AASB Research Strategy; • AASB and AUASB joint budget and staffing paper; • AASB stakeholder survey results; • AASB and AUASB Corporate Plan 2019-20; and • Protocol for the Co-operation between AASB, AUASB, FRC and XRB. <p>Members discussed the AASB 1049 Whole of Government and General Government Financial Sector Reporting and the FRC directive on GFS Harmonisation. Members agreed the Public Sector Working Group should lead the independent review of AASB 1049 and the directive and to report back to the FRC in due course. Members asked for appropriate stakeholders to be included as part of this process to ensure the review is independent and the questions to be examined by the independent review are appropriate.</p> <p>Members discussed the AASB and AUASB joint budget and staffing paper. The FRC members including the AASB and AUASB Chairs indicated that they support legislative changes which would separate the roles of Chair and CEO and create one Office to support both bodies to help succession planning for Chairs and to streamline their operations.</p> <p>Members approved the updated Protocol for the Co-operation between AASB, AUASB, FRC and XRB.</p> <p>Members also approved and the AASB Due Process for Setting Standards. The AASB Chair noted the creation and update of all key process documents and strategies was now complete.</p>
4.B	<p>AUDITING STANDARDS</p> <p>Professor Roger Simnett provided an update on the AUASB's key priorities from September 2019 to October 2019 including:</p> <ul style="list-style-type: none"> • AUASB Research Report 3 Audit Market Structure and Competition in Australia; and • AUASB stakeholder survey results. <p>Members discussed and suggested a number of other AUASB research topics relevant to audit quality.</p>
5	OVERSIGHT OF AUDIT QUALITY
5.A	<p>SURVEYS OF AUDIT QUALITY – CFOs AND AUDIT COMMITTEE CHAIRS</p> <p>Members noted the update from the Chair on the survey conducted by the FRC and AUASB with the assistance from the G100 to obtain the views of CFOs on audit quality.</p> <p>The Chair reported that the FRC and AUASB, with the assistance of ASIC intend to replicate the survey of Audit Committee Chairs to obtain their views on audit quality in February/March 2020. It is proposed to repeat the survey every 18 months.</p> <p>The Chair noted that the Australasian Council of Auditors General (ACAG) has written to him regarding Public Sector Audit Quality following David Nicol's attendance at their June 2019 meeting.</p>

6	NOMINATIONS COMMITTEE
6.A	<p>REPORT BY NOMINATIONS COMMITTEE CHAIR</p> <p>Dr Stein Helgeby provided an update on the AASB/AUASB recruitment processes for 2020 including the following recommendation for appointment:</p> <p>AASB:</p> <ul style="list-style-type: none"> • Appoint Mr David Holland, National Head of Technical Accounting, Moore Stephens Australia Pty Ltd. <p>The FRC approved the recommended appointment to the AASB. The appointment will commence on 1 January 2020 for a period of three years.</p> <p>The FRC approved the following re-appointments for a period of three years:</p> <p>AASB:</p> <p>Professor Stephen Taylor commencing 1 January 2020;</p> <p>AUASB:</p> <p>Mr Robert Buchanan commencing 1 July 2019; Mr Gareth Bird and Mr Justin Reid commencing 1 January 2020.</p> <p>The Nominations Committee propose to readvertise a vacant AUASB position and a vacant AASB position in the first half of 2020 as there were no suitable applicants from this process.</p>
7	ACCOUNTING PROFESSIONAL AND ETHICAL STANDARDS BOARD (APESB)
7.A	<p>DISCUSSION WITH NANCY MILNE OAM, CHAIR APESB AND CHANNA WIJESINGHE, CEO APESB</p> <p>Nancy Milne and Channa Wijesinghe from the Accounting Professional and Ethical Standards Board (APESB) provided an update on the APESB current and international projects and their submission to the Parliamentary Joint Committee on Corporations and Financial Services: Inquiry into Regulation of Auditing.</p>
8	MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS
8.A	<p>STAKEHOLDER REPORTS</p> <p>Members reviewed reports from 10 stakeholders and matters of note included:</p> <ul style="list-style-type: none"> • 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. • ACNC Submissions to ED 291 <i>Not-for-profit Entity Definition and Guidance</i> and ED 293 <i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements</i>.

	<ul style="list-style-type: none"> 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. 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.
8.B	<p>REPORT BY XRB</p> <p>Michele Embling provided an update on the key activities of the XRB including:</p> <ul style="list-style-type: none"> April MacKenzie has been appointed Chief Executive to replace Warren Allen in December 2019; Continued work on Extended External Reporting, noting an increasing focus by the NZ Government on climate change; and Audit Quality report of the FMA due shortly.
9	<p>MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS</p>
9.A	<p>INTERNATIONAL DEVELOPMENTS</p> <p>Members noted the following international developments:</p> <ul style="list-style-type: none"> 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 <i>Going Concern</i> 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.
9.B	<p>IFRS FOUNDATION TRUSTEES</p> <p>Members noted an update from Lynn Wood from the IFRS Foundation Trustees. As Lynn's term as an IFRS Foundation Trustee finishes on 31 December 2019 the Chair thanked her for her contribution to the FRC.</p>

9.c	INTERNATIONAL REPRESENTATION Members discussed the table of Australian representatives on International Boards and Committees.
10	OTHER BUSINESS
10.A	STAKEHOLDER LIST Members discussed the stakeholder list of key contacts of the FRC.
10.B	FRC MEETING DATES FOR 2020 Members discussed the draft calendar of non-negotiable dates in 2020 that include AASB, AUASB and XRB meetings, school holidays, public holidays and international commitments.
11	NEXT MEETING AND CLOSE
	The next FRC meeting is yet to be confirmed.