



## MINUTES

**DATE:** Wednesday 7 September 2016

**TIME:** 2:00pm – 4:00pm

**LOCATION:** Videoconference

ITEM	AGENDA ITEM	
<b>1</b>	<b>INTRODUCTION</b>	
	<p>The meeting was declared open at 2:10pm.</p> <p>The Chair welcomed new members of the Markets Secretariat, Dr Grant, Manager, and Ms Holmes, Team Leader, and noted that Mr Mitchell was an apology and had sent his comments prior to the meeting.</p> <p>The Chair also confirmed that Minister O’Dwyer is the new Minister for the FRC and that she has reappointed Ms Kelsall as the Chair of the AUASB until 31 December 2016.</p>	
<b>1.A</b>	<b>ATTENDEES AND APOLOGIES</b>	
	<b>Participants</b>	<b>Organisation</b>
	Bill Edge (Chair)	
	Kris Peach	AASB
	Merran Kelsall	AUASB
	Jackie Callaway	Brambles
	Judith Downes	Bank Australia
	Stein Helgeby	Department of Finance
	Noelle Kelleher	Vision Super
	David Nicol	ACT Treasury
	Kevin Lewis	ASX
	Richard Grant Claire Osborne Jane Holmes Alyce Reid	Secretariat
	<b>Observers</b>	
	John Price	ASIC
	Daniel McAuliffe	Treasury

	<b>Apologies</b>	
	Graeme Mitchell	XRB
1.B	<b>DECLARATIONS OF INTEREST</b> All amendments to the declarations of interest were made prior to the meeting.	
<b>2</b>	<b>MATTERS FOR APPROVAL</b>	
2.A	<b>MINUTES OF THE PREVIOUS MEETING</b> The minutes of the June meeting were endorsed by FRC members.	
2.B	<b>MATTERS ARISING</b> The Chair noted that outstanding action items from June have been added to the November FRC meeting agenda.	
<b>3</b>	<b>FRC ANNUAL REPORT</b>	
3.A	<p><b>ENDORSE THE 2015-16 ANNUAL REPORT</b></p> <p>The Chair noted that the format of the annual report has been updated to make it more modern, readable and concise. He noted that the report was written to mirror the Financial Reporting Council's (FRC) statutory obligations and advised that all editorial changes had been sent to the Secretariat prior to the meeting.</p> <p>The Chair acknowledged and thanked the Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB), Institute of Public Accountants (IPA), Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia (CPA) and Australian Securities and Investments Commission (ASIC) for providing input to the report.</p> <p>The Chair advised that there would be a link to both the AASB and AUASB annual reports under the Chair Report.</p> <p>Ms Kelleher questioned whether visually impaired readers would have difficulty with the online format but the Secretariat explained that the pdf copy is only a draft and the final version will meet all government accessibility website requirements before it goes live This will include testing for readability on an iPad as suggested by Ms Downes.</p> <p>The following changes were discussed and endorsed by members:</p> <ul style="list-style-type: none"> <li>• Dates were added to each of the strategic directions issued by the FRC reported under the heading 'Determining strategic direction', consistent with previous annual reports.</li> <li>• Drafting gave the impression that there was only one set of international accounting standards. The text was changed to clarify that the IFRS standards issued by the IASB cited in the report are the 'most widely accepted'.</li> <li>• Text reporting on audit review processes was amended to make it clearer that the review programs run by ASIC and the professional accounting bodies differ, but are complementary in ensuring audit quality.</li> <li>• Content reporting on CPA Quality Review Program in text was amended to be presented in a table similar to the Chartered Accountant ANZ Quality Review Program on the previous page. Members considered whether all of the program reporting data might be presented similarly in future years.</li> </ul>	

	<p>Members considered whether the statement reporting that the AASB were commencing a review of the implementation of IFRS in Australia would induce concern about moving away from IFRS. However, noting the context in which it was made, members resolved to leave the text unchanged.</p> <p>Ms Peach questioned the G20 Action Plan quote reported in the ‘Monitoring and influencing international standards’ section. It was later confirmed to be accurate and also remained unchanged.</p> <p><b>Action:</b></p> <p><i>Annual report to be updated as agreed and conveyed to Minister O’Dwyer.</i></p>
<b>5.</b>	<b>COMMITTEE UPDATE</b>
5.A	<p><b>NOMINATIONS COMMITTEE</b></p> <p>Mr Helgeby provided an update on the Nominations Committee teleconference held on 16 August 2016 to discuss the AASB/AUASB peer reviews and recruitment.</p> <p><b>Peer Reviews:</b></p> <p>Nominations Committee members agreed that both AASB and AUASB peer review results continued to remain positive and reinforced strong comparative performance across individuals on both boards. The review highlighted that some individuals were concerned around the recent AASB/AUASB restructure but there were no issues regarding individual members of the Boards and they were still able to achieve all key outcomes for the year.</p> <p>The Nominations Committee members agreed that Ms Peach and Ms Kelsall should proceed with performance discussions.</p> <p><b>Recruitment:</b></p> <p>The Chair noted that various terms were due for expiry and that the AASB’s strategy of reducing membership will continue to be implemented.</p> <p>After considering the skills matrix, members identified two vacancies per board:</p> <p><u>AASB:</u></p> <ul style="list-style-type: none"> <li>• 1 x large firm representative</li> <li>• 1 x member with valuation skills</li> </ul> <p><u>AUASB:</u></p> <ul style="list-style-type: none"> <li>• 1 x mid-tier representative</li> <li>• 1 x large firm representative</li> </ul> <p>The Chair advised that applications are open until 11 September and the Nominations Committee will reconvene for shortlisting on 20 September and interviews in late October.</p> <p><b>Action:</b></p> <p><i>Mr Helgeby will provide an update on the recruitment process at the November FRC meeting.</i></p>
5.B	<p><b>AASB/AUASB RESTRUCTURE</b></p> <p>Ms Peach noted that the Chairs of the Board achieved their restructure deadline of 30 June 2016 which included 10 redundancies. She noted that staff receiving redundancies handled the</p>

	<p>situation well and that the remaining staff members are now working well together as a team.</p> <p>Ms Peach announced that Mr Justin Lachal, formerly from ANZ has been appointed as the new AASB/AUASB National Director and thanked the interim National Director, Chris Gillman for his support during the restructure.</p> <p>Ms Peach highlighted that Mr Lachal will manage recruitment and will be updating the Human Resourcing policies to ensure they are recruiting the best people. The key vacancies to be filled in the short term are an AASB/AUASB Research Director and an AUASB Technical Director.</p> <p>Ms Kelsall added that two new members had commenced. She noted that staff were keen to know the identity of her successor which she is hoping to be able announce in late September to early October.</p>
<b>6.</b>	<b>OTHER BUSINESS</b>
6.A	<p><b>AASB/AUASB STRATEGY DAY</b></p> <p>The AASB/AUASB are postponing the strategy day to 29 May 2017 to allow the new AUASB Chair to be involved. They are also having a shorter joint strategy session on 12 September 2016 which will include two guest speakers, Nicola Roxon, APESB and Jenny Gordon, Productivity Commission.</p> <p>Ms Peach noted that the AASB/AUASB Corporate Plans were now available on their websites.</p> <p><b>Action:</b></p> <p><i>Secretariat to distribute AASB/AUASB Corporate Plans to FRC members for consideration ahead of the November meeting.</i></p>
6.B	<p><b>2017 MEETINGS</b></p> <p>Members discussed scheduling of the 2017 FRC meetings.</p> <p><b>Action:</b></p> <p><i>Secretariat to send Doodle poll to members to confirm 2017 FRC meeting dates.</i></p> <p><i>Chair to discuss incorporating Audit Quality and Strategic Direction into the FRC Agenda with Ms Brown, Treasury.</i></p>