



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 8 September 2017 and below outlines the key matters considered:

FRC Annual Report 2016-17

The FRC Annual Report 2016-17 was approved. It will be presented to Parliament in late October. Key items of note during the year include:

- Approval of FRC Strategic Plan 2017-20;
- Stakeholder engagement continues to be a major initiative;
- Appointment of Professor Roger Simnett as AUASB Chair;
- Review of IFRS adoption in Australia;
- Appointment of Professor Ann Tarca to IASB; and
- Submission to PIOB on its 2017-19 Strategy.

Accounting Professional & Ethical Standards Board (APESB)

The Hon Nicola Roxon, Chair APESB, attended to discuss issues of common interest and coordination between the respective Boards and the FRC.

Public Sector Issues

An updated paper on public sector issues was tabled and the FRC discussed:

- The FRC direction to harmonise Government Financial Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting; and
- The AASB's assessment of IPSAS.

AASB/AUASB

The FRC discussed:

- The aligned AASB and AUASB Strategy 2017-21; and
- The aligned AASB and AUASB Corporate Plan 2017-18.

In particular, the FRC was strongly supportive of the AASB and AUASB playing a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:

- Who prepares external reports (including financial reports); and
- The nature and extent of assurance required on external reports.

Of further particular note, included in the Report by the AASB Chair, were:

- Feedback Statement on the 2017-19 AASB Agenda Consultation; and
- The AASB's draft For-Profit Entity Standard Setting Framework.
- The AASB's draft Not-for-Profit Entity Standard Setting Framework



Audit Quality

The FRC noted the lack of improvement found by the ASIC Audit Inspection Program (in the public report released on 29 June 2017) and agreed to continue to work with ASIC, the AUASB, the accounting bodies and others to understand the root causes of non-compliance and remedial measures required.

In particular, the FRC will encourage greater consistency and transparency of the respective quality review programs conducted by the accounting bodies.

Stakeholder Reports

The FRC reviewed reports from 17 stakeholders and matters of note included:

- Support for the AASB project on the Australian Financial Reporting Framework;
- Continuing discussion around reporting of non-financial information, including Integrated Reporting;
- Release of the 'Audit Committee Guide to Good Practice' (3rd Ed) by AICD, AUASB and IIA ([link](#));
- Legislative restrictions on NZ audit firms signing Australian audit opinions;
- Challenges in the public sector complying with the AASB 124 'Related Party Disclosures'; and
- Streamlining financial reports, including remuneration reporting.

International Developments

The FRC noted:

- IFRS Foundation Perception Study ([link](#));
- Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ([link](#)); and
- The XRB survey 'Alternative Performance Measures: Are they meeting user needs?' ([link](#)).

Next Meeting

The next FRC meeting will be held on Friday, 10 November 2017.