



MINUTES

DATE: Tuesday 27 February 2018
TIME: 10:00am – 4:00pm
LOCATION: Ernst & Young Office, Melbourne

| ITEM | AGENDA ITEM | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 1 | INTRODUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The Chair welcomed Damian Paull, National Director, AASB/AUASB, Kate O’Rourke, Principal Adviser, Treasury and Sue Piper, Manager, FRC Secretariat and noted that the FRC now sits within the Consumer and Corporations Policy Division of Treasury.</p> <p>The Chair also welcomed guests Doug Niven, ASIC and Anne Waters, AUASB and noted that Jan McCahey, Global Public Policy Committee (GPPC) and Regina Fikkers, Australian Public Policy Committee (APPC) would attend at 2:00pm.</p> <p>The Chair thanked Ernst & Young for hosting the meeting.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.A | ATTENDEES AND APOLOGIES | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Guests:</th> </tr> </thead> <tbody> <tr> <td>Bill Edge – Chair</td> <td>Damian Paull – AASB/AUASB</td> </tr> <tr> <td>Kris Peach – AASB Chair</td> <td>Anne Waters – AUASB</td> </tr> <tr> <td>Roger Simnett – AUASB Chair</td> <td>Jan McCahey – GPPC</td> </tr> <tr> <td>Kevin Lewis – ASX</td> <td>Regina Fikkers – APPC</td> </tr> <tr> <td>Judith Downes – Bank Australia</td> <td>Apologies:</td> </tr> <tr> <td>David Nicol – HoTARAC</td> <td>Stein Helgeby – Department of Finance</td> </tr> <tr> <td>Graeme Mitchell – XRB</td> <td>Noelle Kelleher – Vision Super</td> </tr> <tr> <td>Observers:</td> <td>Jackie Callaway</td> </tr> <tr> <td>John Price, Doug Niven – ASIC</td> <td></td> </tr> <tr> <td>Warren Allen – XRB</td> <td></td> </tr> <tr> <td>Kate O’Rourke – Treasury</td> <td></td> </tr> <tr> <td>Sue Piper, Alyce Reid – FRC Secretariat</td> <td></td> </tr> </tbody> </table> | Members in attendance: | Guests: | Bill Edge – Chair | Damian Paull – AASB/AUASB | Kris Peach – AASB Chair | Anne Waters – AUASB | Roger Simnett – AUASB Chair | Jan McCahey – GPPC | Kevin Lewis – ASX | Regina Fikkers – APPC | Judith Downes – Bank Australia | Apologies: | David Nicol – HoTARAC | Stein Helgeby – Department of Finance | Graeme Mitchell – XRB | Noelle Kelleher – Vision Super | Observers: | Jackie Callaway | John Price, Doug Niven – ASIC | | Warren Allen – XRB | | Kate O’Rourke – Treasury | | Sue Piper, Alyce Reid – FRC Secretariat | |
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| Bill Edge – Chair | Damian Paull – AASB/AUASB | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kris Peach – AASB Chair | Anne Waters – AUASB | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roger Simnett – AUASB Chair | Jan McCahey – GPPC | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kevin Lewis – ASX | Regina Fikkers – APPC | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Judith Downes – Bank Australia | Apologies: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| David Nicol – HoTARAC | Stein Helgeby – Department of Finance | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Kate O’Rourke – Treasury | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sue Piper, Alyce Reid – FRC Secretariat | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.B | DECLARATIONS OF INTEREST | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Members noted their Declarations of Interest. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | MATTERS FOR APPROVAL | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.A | MINUTES OF THE PREVIOUS MEETING | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Members noted the minutes from 10 November 2017 which had been approved out-of-session. | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 2.B | <p>MATTERS ARISING</p> <p>The Chair noted that matters 1-7 from the November 2017 meeting had been completed or were on the agenda and reminded members of ongoing matters.</p> |
| 3 | <p>OVERSIGHT OF AUDIT QUALITY</p> |
| 3.A | <p>AUDIT QUALITY</p> <p>The FRC sent letters to the accounting bodies, big four accounting firms and relevant FRC stakeholders regarding audit quality. The Chair provided a summary of responses to members out-of-session and noted that he had attended a Joint Parliamentary Committee Hearing to answer questions regarding audit quality on behalf of the FRC.</p> <p>Doug Niven provided an overview of ASIC’s current activities on audit quality such as the Audit Inspection Program, enforcement matters and its role in standard setting, providing guidance to firms and working with international regulators.</p> <p>Members discussed various options to improve audit quality and agreed to develop an action plan to accompany a letter to the Minister outlining the FRC’s activities on audit quality.</p> <p>Action:</p> <p><i>John Price to circulate to members his opening statement to the Parliamentary Joint Committee Hearing.</i></p> <p><i>Chair and AUASB to prepare action plan and circulate to members for comment.</i></p> <p><i>Chair and Treasury to prepare letter to the Minister regarding the FRC’s proposed actions.</i></p> |
| 4. | <p>OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING)</p> |
| 4.A | <p>ACCOUNTING STANDARDS</p> <p>Kris Peach provided an update on the AASB’s key achievements and priorities from November 2017 to February 2018 including the following documents being issued in March and April 2018:</p> <ul style="list-style-type: none"> • Consultation paper on the revised conceptual framework; • Research paper on financial reporting requirements for For-Profit entities; • Research paper and consultation paper on the Financial Reporting Framework for public sector entities; • Consultation paper on consolidation versus individual financial statements; and • Staff paper on the comparison of International Financial Reporting Standards for SMEs and tier 3 reporting in other jurisdictions. <p>The FRC requested the AASB provide copies of the Consultation paper on the revised conceptual framework and key communication messages when available.</p> |
| 4.B | <p>AUDITING STANDARDS</p> <p>Professor Roger Simnett provided an update on key priorities of the AUASB noting that the audit quality matters already discussed had been a key focus. Other key AUASB activities included:</p> <ul style="list-style-type: none"> • Consultative meetings regarding AUASB’s technical work. Professor Simnett noted that there was a push for more work to be done on data analytics as well as public sector issues; • Response to the Monitoring Group’s Consultation Paper; • Response to the Australian Charities and Not-For-Profits Commission (ACNC) legislative |

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| | <p>review; and</p> <ul style="list-style-type: none"> • Response to the New Zealand Auditing and Assurance Board’s audit on Service Performance Information. |
| 5. | MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS |
| 5.A | <p>STAKEHOLDER REPORTS</p> <p>The FRC reviewed reports from 13 stakeholders and discussed key issues and initiatives.</p> |
| 5.B | <p>REPORT BY XRB</p> <p>Graeme Mitchell provided an update on the key achievements and priorities of the XRB from November 2017 to February 2018 including:</p> <ul style="list-style-type: none"> • Submission to the Monitoring Group Consultation Paper; and • Visit from Ian Carruthers, Chair of the International Public Sector Accounting Standards Board. |
| 6. | MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS |
| 6.A | <p>INTERNATIONAL APPOINTMENTS</p> <p>Members noted recent appointments of:</p> <ul style="list-style-type: none"> • Lee White, Executive Director, IFRS Foundation • Michael Codling, member, IFAC Nominating Committee |
| 6.B | <p>INTERNATIONAL DEVELOPMENTS</p> <p>Jan McCahey provided an update on the Monitoring Group Consultation Paper noting that it received over 180 submissions and had high attendance at roundtables. Jan McCahey noted that a working group would further develop the original proposal and a second round of consultation would take place later in 2018.</p> <p>Other international developments of note included:</p> <ul style="list-style-type: none"> • The new membership of the PCAOB commenced in February 2018; • Mandatory firm rotation commenced in Europe; and • International firms were developing their own technologies to improve the quality of audits. <p>Regina Fikkers provided an update on APPC’s priorities noting that it was also focused on audit quality.</p> |
| 6.C | <p>SUBMISSION TO THE MONITORING GROUP CONSULTATION PAPER</p> <p>Members’ noted FRC’s submission to the Monitoring Group Consultation Paper.</p> |
| 7. | OTHER BUSINESS |
| 7.A | There was no other business to be discussed. |
| 8. | NEXT MEETING AND CLOSE |
| | <p>The next FRC meeting will be held on Friday 15 June 2018 in Sydney.</p> <p>Action:</p> <p><i>FRC Secretariat to cancel meeting on 20 March 2018, move June meeting to Sydney and book</i></p> |

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| | <p><i>September meeting in Canberra.</i></p> |
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| | <p><i>FRC Secretariat to look into the 'GoToMeeting' application.</i></p> |
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