



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 15 June 2018 and below outlines the key matters considered:

FRC Audit Quality Action Plan

The FRC discussed the status of ['FRC Audit Quality Action Plan'](#).

Important initiatives include:

- FRC/AUASB Audit Committee Chair Survey on audit quality (which closes on 2 July).
- Review of a survey on audit quality carried out internationally by CFA Institute of investment professionals.
- Review of international professional and academic literature on audit quality.
- Interaction of AUASB with ASIC, with accounting bodies and with Big 6 on application of auditing standards.
- Comparison of international regulator review programs and comparison of review programs of professional bodies.

Representative Lead Assurance Partners of accounting firms and Chair of the Australian Public Policy Committee (APPC) presented to the FRC on collaborative best practice initiatives.

External Reporting

Many entities are providing, and investors and other stakeholders are asking for, more than just financial statements, including information of an entity's strategy, governance and business model, including social and environmental issues.

Accordingly, the FRC discussed and agreed to issue a FRC Position Statement on External Reporting ([link](#)).

Financial Reporting

The FRC discussed the AASB ITC 39 ['Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems'](#).

The FRC also noted two substantial Research Reports:

- AASB Research Report No 6 ['Financial Reporting Requirements Applicable to Public Sector Entities'](#) issued in May 2018; and
- AASB Research Report No 7 ['Financial Reporting Requirements Applicable to For Profit Private Sector Companies'](#) issued in May 2018.

Public Sector

A significant amount of time was spent discussing financial reporting and auditing issues relevant to the public sector, including AASB's approach to IPSASs.



Superannuation Funds

Matters relevant to the review of the quality of financial reports of superannuation funds and the quality of the corresponding audits were discussed.

International Developments

Important developments internationally continue to be monitored including:

- Monitoring Group proposals for IAASB/IESBA reforms.
- European Consultation Document ['Fitness Check on the EU framework for Public Reporting by Companies'](#).
- Dialogue in UK on Big 6 audit firm competition and on role of FRC (UK).
- IFIAR released its 6th annual survey of audit inspection findings.

Stakeholder Reports

The FRC reviewed reports from 8 stakeholders and many matters raised related to items above. Other specific matters included:

- APRA Review of CBA.
- ACNC legislative review.
- Remuneration reporting in both private and public sectors.
- Proposed fourth edition of ASX ['Corporate Governance Council's Principles and Recommendations'](#).

Nominations Committee

The Chair of the Nominations Committee, Stein Helgeby, reported that 7 terms (for 3 members of the AASB and 4 members of the AUASB) end in 2018 and processes for appointments will commence in August.

Next Meeting

The next FRC meeting will be held on Thursday 6 September 2018.



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This is a particularly significant topic and all stakeholders and their members are strongly encouraged to make a submission.