



MINUTES

DATE: Thursday 6 September 2018

TIME: 10:00am – 4:00pm

LOCATION: The Boat House, Canberra

ITEM	AGENDA ITEM																				
1	INTRODUCTION																				
	Ms Kate O'Rourke reported that following the recent changes in the Commonwealth ministry, the FRC would now report to the Assistant Treasurer, the Hon. Stuart Robert, and that Treasury would brief the incoming Assistant Treasurer on the FRC as necessary.																				
1.A	ATTENDEES AND APOLOGIES																				
	<table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Observers:</th> </tr> </thead> <tbody> <tr> <td>Bill Edge – Chair</td> <td>John Price – ASIC</td> </tr> <tr> <td>Kris Peach – AASB Chair (teleconference)</td> <td>Warren Allen – XRB</td> </tr> <tr> <td>Roger Simnett – AUASB Chair</td> <td>Kate O'Rourke, Adam Bogiatzis – Treasury</td> </tr> <tr> <td>Kevin Lewis – ASX</td> <td>Sue Piper, Alyce Reid, Rita Satinje – FRC Secretariat</td> </tr> <tr> <td>Judith Downes – Bank Australia</td> <td></td> </tr> <tr> <td>Stein Helgeby – Department of Finance</td> <td></td> </tr> <tr> <td>David Nicol – HoTARAC</td> <td></td> </tr> <tr> <td>Graeme Mitchell – XRB</td> <td></td> </tr> <tr> <td>Noelle Kelleher – Vision Super</td> <td></td> </tr> </tbody> </table>	Members in attendance:	Observers:	Bill Edge – Chair	John Price – ASIC	Kris Peach – AASB Chair (teleconference)	Warren Allen – XRB	Roger Simnett – AUASB Chair	Kate O'Rourke, Adam Bogiatzis – Treasury	Kevin Lewis – ASX	Sue Piper, Alyce Reid, Rita Satinje – FRC Secretariat	Judith Downes – Bank Australia		Stein Helgeby – Department of Finance		David Nicol – HoTARAC		Graeme Mitchell – XRB		Noelle Kelleher – Vision Super	
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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 of the FRC meeting on 15 June 2018 which had been approved out-of-session.																				
2.B	MATTERS ARISING The Chair noted that matters raised at the June FRC meeting had been completed or were on the current agenda and discussed the progress of various ongoing matters. The Chair requested an update on ongoing action items with respect to the public sector at the November FRC meeting.																				
3	FRC ANNUAL REPORT 2017-18																				

3.A	<p>FRC ANNUAL REPORT</p> <p>The FRC Annual Report 2017-18 was approved pending editorial changes in the letter to the Minister and the Audit Quality chapter. Members discussed the substance of the report and preparations for the 2018-19 Report.</p> <p>Members noted that the Report would be provided to the Minister and tabled in Parliament in late October. Key items of note included:</p> <ul style="list-style-type: none"> • The 'FRC Audit Quality Action Plan'. • The Australian Financial Reporting Framework Project which was being undertaken by the AASB and AUASB. • A submission to the Monitoring Group Consultation Paper. • An FRC Position Statement on External Reporting.
3.B	<p>FRC LETTER TO THE MINISTER REGARDING AUDIT QUALITY</p> <p>Members discussed a draft letter to the incoming Assistant Treasurer regarding audit quality. The Chair received members suggestions and agreed to re-circulate the letter for approval out-of-session.</p>
4.	<p>NOMINATIONS COMMITTEE UPDATE</p>
4.A	<p>REPORT FROM THE NOMINATIONS COMMITTEE CHAIR</p> <p>Dr Stein Helgeby provided an update on the recruitment of AASB/AUASB Board members noting that there were four positions being advertised for the AASB and 3 for the AUASB. Dr Helgeby noted that advertisements would close on Sunday 9 September and that shortlisting would take place in late September.</p> <p>Members also approved changes to the Nominations Committee Charter.</p>
5.	<p>OVERSIGHT OF AUDIT QUALITY</p>
	<p>FRC AUDIT QUALITY ACTION PLAN</p> <p>Members discussed the status of the FRC Audit Quality Action Plan with particular focus on the results of the FRC/AUASB survey of Audit Committee Chairs (ACCs) of the ASX top 300 companies.</p> <p>The survey collected ACC's views on audit quality and suggestions for improvement. There were 91 responses and overall, the results indicated that ACCs were very satisfied with the quality of their auditors. The responses included recommendations for improved practices by both auditors and audit committees.</p> <p>Members noted that the results of the survey would be distributed to all ASX top 300 companies' ACCs as well as FRC stakeholders (including APPC and Big 4 accounting firms) and published on the FRC and AUASB websites.</p> <p>Members also discussed:</p> <ul style="list-style-type: none"> • Preparations for a survey of the investor community to obtain their views on audit quality; • Interaction of AUASB with ASIC, with accounting bodies and with the Big 6 on the application of auditing standards; • Comparison of international regulator review programs and comparison of review programs

	<p>of professional bodies; and</p> <ul style="list-style-type: none"> The role of the auditor and whether further guidance is required regarding the roles and responsibilities of preparers and auditors.
6	OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING)
6.A	<p>ACCOUNTING STANDARDS</p> <p>Ms Kris Peach provided an update on the AASB's key priorities from June to September 2018.</p> <p>Members discussed the AASB ITC 39 '<i>Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems</i>'. Ms Peach noted that roundtables were being held in Sydney, Melbourne, Brisbane, Adelaide and Perth in September 2018 and that the AASB had already conducted more than 120 individual outreach sessions.</p>
6.B	<p>AUDITING STANDARDS</p> <p>Professor Roger Simnett provided an update on the AUASB's key priorities from June to September 2018.</p> <p>Members discussed the AUASB exposure drafts for ISA 315 and ISA 540 which are open for consultation until 15 October 2018, including changes to the exposure process. Professor Simnett noted that roundtables were being held in Perth, Adelaide, Canberra, Brisbane, Sydney and Melbourne in late September to early October.</p>
7	MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS
7.A	<p>STAKEHOLDER REPORTS</p> <p>Members reviewed reports from eleven stakeholders and discussed key issues and priorities noting that many of the issues raised had already been discussed during the meeting. Other specific matters included:</p> <ul style="list-style-type: none"> ACNC legislative review results; Support for the Australian Financial Reporting Framework Project; The Royal Commission's investigation of superannuation funds; An independent review of the Public Governance Performance and Accountability Act; Streamlining remuneration reporting in both the private and public sectors; ASIC review of the Australian National Audit Office files; and Department of Finance limited trial for digital Annual Reports.
7.B	<p>REPORT BY XRB</p> <p>Graeme Mitchell provided an update on the key achievements and priorities of the XRB from June to September 2018 noting that they were continuing to focus on extended external reporting and incorporating international work as necessary.</p>
8.	MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS
8.A	<p>INTERNATIONAL APPOINTMENTS</p> <p>Members discussed upcoming international appointments.</p>

8.B	<p>IFRS FOUNDATION TRUSTEES</p> <p>Ms Lynn Wood provided an update on the IFRS Foundation Trustees noting that Mr Erkki Liikanen had recently been appointed as Chair.</p> <p>Ms Wood noted that the EU consultation paper, “Fitness check on the EU framework for public reporting by companies”, had received 338 submissions and that results of the consultation would be published on the IFRS Foundation Trustees website in early October 2018.</p>
9.	<p>OTHER BUSINESS</p>
9.A	<p>PERFORMANCE OF FRC’S STATUTORY OBLIGATIONS</p> <p>Members reviewed a document outlining the FRC’s performance against the legislative requirements and agreed that the FRC was satisfying all requirements. Members discussed whether it would be beneficial to appoint a Deputy Chair of the FRC.</p>
9.B	<p>PEER REVIEW RESULTS FOR CHAIRS OF AASB AND AUASB</p> <p>The Chair provided a summary of the AASB/AUASB Chairs’ peer review results noting that they were both very positive.</p>
9.C	<p>UNIVERSITY OF ADELAIDE RESEARCH PROJECT</p> <p>Members discussed a letter of support which had been drafted for the University of Adelaide to conduct research on resolving variations in Australian legislation requiring audit and assurance. The letter of support was from the FRC, AUASB, ASIC, CA ANZ, CPA Australia and IPA.</p>
10.	<p>NEXT MEETING AND CLOSE</p>
	<p>The next FRC meeting will be held on Friday 16 November 2018 in Melbourne.</p>