



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 16 November 2018 and the key matters considered are outlined below:

FRC Annual Report 2017-18 The FRC Annual Report 2017-18 has now been completed, reviewed by the Minister and tabled in Parliament. Hard copies have been distributed to key stakeholders and an electronic copy can be found on the [FRC website](#).

The AASB/AUASB Annual Report 2017-18 can also be found on the [AASB website](#) and [AUASB website](#).

Review into the adequacy of auditor disciplinary functions The Parliamentary Joint Committee (PJC) [Report on the 2016-17 annual reports of bodies established under the ASIC Act](#) included one recommendation - for the Government to review the adequacy of auditor disciplinary functions.

The Government agreed to the recommendation and has identified the FRC as the suitable body to lead this work. The review is to be completed by early March 2019.

Financial reporting thresholds The Government has released for public consultation [Exposure Draft Regulations and an Explanatory Statement](#) containing proposals to reduce the financial reporting burden for some proprietary companies by increasing the thresholds for determining what constitutes a large proprietary company under the Corporations Act 2001. The FRC notes the importance of this change given the consultation proposals the AASB is currently considering to simplify the Australian Financial Reporting Framework and improve the trust in and transparency of financial reporting.

Consultation closes on 14 December 2018.

Public Sector The FRC discussed financial reporting and auditing issues relevant to the public sector, including:

- AUASB's approach to public sector matters;
- Oversight of audit quality in the public sector;
- Interpretations of auditing standards in the public sector; and
- PGPA review recommendations affecting auditing and assurance.

Appointments to the AASB and AUASB The FRC approved appointments to the AASB and AUASB commencing 1 January 2019. A media release is available on the FRC website ([link](#)).

Stakeholder Reports The FRC reviewed reports from 10 stakeholders and matters of note included:

- Submissions to AASB Consultation Paper ITC 39.
- ACNC legislative review.
- Remuneration reporting in both private and public sectors.
- Proposed fourth edition of ASX 'Corporate Governance Council's Principles and Recommendations'.
- IPA Deakin SME Research Centre second edition of the Australian Small Business White Paper.

World Congress of Accountants The FRC noted the success of the World Congress of Accountants which was held in Sydney from 5-8 November 2018.

Areas of focus for 2019 The FRC agreed to the following areas of focus for 2019:

- Oversight of the Australian Financial Reporting Framework Project
- Audit Quality Action Plan
 - with particular focus on smaller/medium sized audit practices and audit clients
 - including the Auditor Disciplinary Functions Review

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- Public sector issues
 - including audit quality
 - Monitoring Extended External Reporting
 - including monitoring government and other regulation
 - Oversight of superannuation entity financial reports and audits
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Next Meeting

The next FRC meeting will be held on Thursday 28 February 2019.

