



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 22 May 2020 and the key matters considered are outlined below:

Implications of COVID-19

The FRC established an FRC COVID-19 Working Group in March 2020. The Working Group comprises senior representatives from the FRC, AASB, AUASB, ASIC, APRA, ASX and Treasury. The role of the Working Group is to continuously monitor financial reporting and auditing issues and consequent regulatory and standard setting implications of COVID-19. The FRC COVID-19 Working Group has met on a weekly basis since 5 April 2020 and will continue to meet weekly until further notice. Key guidance continues to be issued to stakeholders via representative organisation's established communication mechanisms. The FRC COVID-19 Working Group reviews draft guidance produced by Working Group members within one working day for consistency prior to it being released. The FRC COVID-19 Working Group will continue to focus on issues requiring regulatory action and is committed to ensuring such action is timely.

The Chair wrote to FRC stakeholders on 27 May 2020 on the Coordination of COVID-19 Regulation and Guidance that has been issued to date from representative organisations. A [media release](#) has been issued and a dedicated page has been set up on the FRC website.

A list of guidance issued, including that issued by accounting bodies and accounting firms, can be found on the AASB website at '[COVID-19 Guidance](#)' and AUASB website at '[COVID-19 Guidance](#)'. '[COVID-19 information](#)' can also be found on the ASIC website.

Financial Reporting

The AASB Chair's update noted:

- The AASB and AUASB joint FAQs on '[The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations](#)' issued in March 2020.
- The AASB and AUASB's joint publication on '[The Impact of COVID-19 on Going Concern and Related Assessments](#)' issued in May 2020.
- [AASB 2020-2 'Amendments to the Australian Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Entities'](#) issued in March 2020.
- [AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities'](#) issued in March 2020.

Auditing and Assurance

The AUASB Chair's update noted:

- The AASB and AUASB's COVID-19 Response Action Plan. The plan includes a detailed list of projects that are currently ongoing and future projects to be undertaken in response to the COVID-19 event.
- Strategic alignment and collaboration between the AASB and AUASB. A Memorandum of Understanding (MoU) has been signed between the AASB and AUASB to take effect from 1 July 2020.
- The AUASB's ongoing work project with ASIC and major audit firms to further understand Audit Inspection findings and identify areas where the auditing standards require enhancement or where guidance can be provided to assist auditors. This process resulted in '[GS 005 Using the Work of Managements' Experts](#)' being updated and released in March 2020.

Parliamentary Inquiry: Regulation of Auditing

On 12 February 2020, the Senate agreed to extend the time of presentation of the report to the Parliamentary Joint Committee (PJC) on Corporations and Financial Services on its inquiry into the Regulation of Auditing to 1 September 2020, and subsequently extended further to 2 December 2020.

On 27 February 2020, the PJC issued an [interim report](#) including recommendations.

Although the interim recommendations may or may not be included in the final report, which would then be subject to a Government response, the FRC is coordinating with relevant parties to commence preparatory work for the interim recommendations.

FRC Audit Quality Action Plan

The FRC approved a reformatted [FRC Audit Quality Action Plan](#).

The FRC discussed revised timing options to conduct the Audit Committee Chairs Survey and the Investor Survey in 2020. These surveys were postponed due to the disruption caused by COVID-19 and the likely effect on the response rates.

**Results of CFO
Survey**

A survey was issued to Chief Financial Officers (CFOs) to gather their views on audit quality. There were only 31 responses to the survey. The FRC noted the summary of the results.

Next Meeting

The next FRC meeting is scheduled for 3 September 2020.

