



MINUTES

DATE: Wednesday 22 May 2019
TIME: 10:00am – 4:00pm
LOCATION: ASIC
 Level 5, 100 Market Street
 Sydney

ITEM	AGENDA ITEM																						
1	INTRODUCTION																						
	<p>The Chair introduced new FRC members Suzanne Bell and Lawrie Tremaine and noted that the new Chair of the New Zealand External Reporting Board (NZ XRB), Michele Embling, was an apology for the meeting. The Chair noted that guests Anne Waters, Doug Niven and Lynn Wood would attend for their relevant agenda items.</p> <p>The Chair congratulated Stein Helgeby on his three year re-appointment and members congratulated the Chair on his three year re-appointment.</p> <p>The Chair asked members to vote to appoint a Deputy Chair to the FRC. Stein Helgeby was appointed to this role.</p> <p>Lawrie Tremaine was appointed to the FRC Nominations Committee to replace Judith Downes.</p>																						
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>Warren Allen – XRB</td> </tr> <tr> <td>Kris Peach – AASB Chair (by teleconference)</td> <td>Kate O’Rourke, Charles Brukner, Nicola Connell – Treasury</td> </tr> <tr> <td>Roger Simnett – AUASB Chair</td> <td>Anita Cuming – FRC Secretariat</td> </tr> <tr> <td>Kevin Lewis</td> <td>Greg Yanco, Doug Niven (by teleconference) – ASIC</td> </tr> <tr> <td>Stein Helgeby</td> <td>Guests:</td> </tr> <tr> <td>David Nicol</td> <td>Anne Waters - AUASB</td> </tr> <tr> <td>Suzanne Bell</td> <td>Lynn Wood – IFRS Foundation Trustee</td> </tr> <tr> <td>Lawrie Tremaine</td> <td>Apologies:</td> </tr> <tr> <td></td> <td>Michele Embling - XRB</td> </tr> <tr> <td></td> <td>John Price – ASIC (Observer)</td> </tr> </tbody> </table>	Members in attendance:	Observers:	Bill Edge – Chair	Warren Allen – XRB	Kris Peach – AASB Chair (by teleconference)	Kate O’Rourke, Charles Brukner, Nicola Connell – Treasury	Roger Simnett – AUASB Chair	Anita Cuming – FRC Secretariat	Kevin Lewis	Greg Yanco, Doug Niven (by teleconference) – ASIC	Stein Helgeby	Guests:	David Nicol	Anne Waters - AUASB	Suzanne Bell	Lynn Wood – IFRS Foundation Trustee	Lawrie Tremaine	Apologies:		Michele Embling - XRB		John Price – ASIC (Observer)
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1.B	DECLARATIONS OF INTEREST																						
	<p>Members agreed to revise the Declarations of Interest document to three columns to include Stakeholder/Professional/Organisational Affiliations, Employment/Other Positions Held, and Other Interests. Members agreed that voluntary positions are to be included.</p>																						

2	MATTERS FOR APPROVAL
2.A	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>Members noted the minutes from the FRC meeting on 28 February 2019 which had been approved out-of-session.</p>
2.B	<p>MATTERS ARISING</p> <p>The Chair noted that all matters arising had been completed or were on the current agenda with the exception of:</p> <ul style="list-style-type: none"> • The FRC Secretariat is investigating using GovTeams for FRC Correspondence. • Members to send recommendations for the AASB 'at large' position to Kris Peach. <p>The Chair proposed that the ongoing items be removed from the matters arising list. The ongoing items list will be maintained in the FRC Secretariat.</p>
3	OVERSIGHT OF AUSTRALIAN STANDARDS
3.A	<p>ACCOUNTING STANDARDS</p> <p>Kris Peach provided an update on the AASB's key priorities from February 2019 to April 2019 including:</p> <ul style="list-style-type: none"> • The status of AASB ITC 39 'Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems'. Two exposure drafts are expected to be issued by October 2019, which will propose removing the ability to prepare Special Purpose Financial Statements from for-profit entities lodging publicly available financial statements. • One of the exposure drafts will propose replacing the existing Reduced Disclosure Regime (RDR) with new Tier 2 general purpose reporting that has full IFRS recognition and measurement with disclosures based on the IFRS for SMEs Standard, which is expected to reduce the disclosure requirements.
3.B	<p>AUDITING STANDARDS</p> <p>Professor Roger Simnett provided an update on the AUASB's key priorities from February 2019 to April 2019 including:</p> <ul style="list-style-type: none"> • Research carried out on the Not-for-Profit Sector which provided insights on errors in large charities' audit reports and the frequency and types of modifications being made to large charities' audit reports. The AUASB has prepared an action plan to assist in the short term and the long term.
4.	NOMINATIONS COMMITTEE
4.A	<p>REPORT BY NOMINATIONS COMMITTEE CHAIR</p> <p>Members noted the AASB and AUASB member appointments due to expire in 2019.</p>

	Members discussed the composition of the AUASB Board, particularly representation from the auditing firms.
5.	OVERSIGHT OF AUDIT QUALITY
5.A	<p>FRC AUDIT QUALITY ACTION PLAN</p> <p>Members discussed the status of the FRC Audit Quality Action Plan including:</p> <ul style="list-style-type: none"> • The Audit Committee Chairs’ survey, to be repeated in 2019. • The Audit Quality in Australia: The Perspectives of Professional Investors survey. • The report of the Parliamentary Joint Committee on Corporations and Financial Services which recommended that ASIC devise and conduct, alongside or within its current Audit Inspection Program, a study which will generate results which are comparable over time to reflect changes in audit quality.
5.B	<p>FRC REVIEW OF AUDITOR DISCIPLINARY FUNCTIONS</p> <p>The Chair thanked Treasury and all FRC members for their work on the Auditor Discipline Processes Review.</p>
6.	PUBLIC SECTOR
6A.	<p>REPORT BY PUBLIC SECTOR WORKING GROUP</p> <p>Members noted the update from Stein Helgeby on the Public Sector Working Group.</p> <p>Members noted that David Nicol and Professor Roger Simnett will be attending the Australasian Council of Auditors General meeting.</p>
7	MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS
7.A	<p>STAKEHOLDER REPORTS</p> <p>Members reviewed reports from 13 stakeholders and matters of note included:</p> <ul style="list-style-type: none"> • CA ANZ (in conjunction with ACCA) released in May 2019 a survey ‘What the public wants from audit’. • FMA (in conjunction with Buzz Channel) released in May 2019 a survey ‘Perceptions of Audit Quality in New Zealand’. • Proposed changes to the audit and financial reporting requirements of the Queensland Building and Construction Commission. • The launch on 13 March 2019 of the Transparency Portal, a website where the public and the Parliament can readily find information about the public sector and which will include annual reports in the future.

<p>7.B</p>	<p>REPORT BY XRB</p> <p>Warren Allen provided an update on the key priorities of the XRB:</p> <ul style="list-style-type: none"> • XRB Position Statement on Extended External Reporting. • A new Chair and members have been recently appointed to the XRB Board.
<p>8.</p>	<p>MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS</p>
<p>8.A</p>	<p>INTERNATIONAL DEVELOPMENTS</p> <p>Members noted the following international developments:</p> <ul style="list-style-type: none"> • The United Kingdom (UK) Department for Business, Energy and Industrial Strategy issued a consultation request to seek views made by the Independent Review of the Financial Reporting Council led by Sir John Kingman. Responses are due on 11 June 2019. • The UK Competition and Markets Authority (CMA) published its final report on the UK audit market. • A call for views has been launched by Sir Donald Brydon’s Independent Review on the quality and effectiveness of audit. Comments are due by 7 June 2019. • The Monitoring Group intends to issue a second consultation paper on reforming the International Standards Setting activities which primarily impact the IAASB and the IESBA. • The UK Parliament Business, Energy and Industrial Strategy Committee issued its report on the future of audit. • Professor Roger Simnett attended a meeting held by PricewaterhouseCoopers on behalf of the Global Public Policy Committee on 20 May 2019 regarding the Brydon Review. • The Chair, Doug Niven and Warren Allen attended a roundtable hosted by the APESB, AUASB and NZ XRB on 15 May 2019 with the Monitoring Group Co-Chairman Gerben Everts.
<p>8. B</p>	<p>IFRS FOUNDATION TRUSTEES REPORT</p> <p>Members noted the IFRS Foundation Trustee report and discussed the FRC and AASB’s response to the IFRS Foundation Strategy.</p>
<p>9.</p>	<p>OTHER BUSINESS</p>
<p>9.A</p>	<p>FRC ANNUAL REPORT 2018-2019</p> <p>Members noted the proposed contents and timeline for preparing the 2018-19 FRC Annual Report, including approval of the report at the September FRC meeting.</p>
<p>9.B</p>	<p>DECLARATIONS OF INTEREST GUIDELINES</p> <p>Members discussed:</p> <ul style="list-style-type: none"> • The FRC conflicts of interest policy;

	<ul style="list-style-type: none"> • Extracts from ASIC Act 2001 – disclosure of interest requirements for AASB and AUASB; • The Parliamentary Joint Committee on Corporations and Financial Services Report on the 2017-18 annual reports of bodies established under the ASIC Act April 2019; and • The list of recommendations from the Parliamentary Joint Committee on Corporations and Financial Services Report regarding codes of conduct and conflict of interest policies for bodies established under the ASIC Act. <p>Members discussed areas more likely to be potential sources of conflicts of interest.</p>
9.C	<p>ASIC UPDATE ON USE OF REGULATORY TECHNOLOGY</p> <p>ASIC provided an update on the use of regulatory technology.</p>
9.D	<p>IFRS FOUNDATION CONTRIBUTION</p> <p>Members strongly supported continuation of the Australian Government’s contribution to the IFRS Foundation.</p>
9.E	<p>FRC PEER REVIEW</p> <p>Members noted the proposed questions and timeline for the 2019 FRC Peer Review.</p>
10.	<p>NEXT MEETING AND CLOSE</p>
	<p>The next FRC meeting will be held on Tuesday 3 September at the Treasury Office in Melbourne.</p>