



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 3 September 2020 and the key matters considered are outlined below:

FRC Annual Report 2019-20 The FRC Annual Report 2019-20 was approved. It will be provided to the Minister and tabled in Parliament in mid-October 2020.

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, APESB 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.

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](#)', on the AUASB website at '[COVID-19 Guidance](#)', on the ASIC website at '[COVID-19 information](#)' and the FRC website at '[FRC COVID-19 Working Group](#)'.

Positive feedback has been received on key guidance issued and the FRC acknowledged the work of the AASB, AUASB and ASIC.

Financial Reporting The AASB Chair's update included:

- The draft AASB For-Profit Entity Standard-Setting Framework; and
- The draft AASB Not-for-Profit Entity Standard-Setting Framework.

Auditing and Assurance The AUASB Chair's update included:

- The AUASB has continued to prioritise addressing COVID-19 matters and completed the initial issuance of FAQs by the end of June 2020 to assist auditors during the reporting season. The AUASB has issued revised FAQs in respect of subsequent events resulting from the reintroduction of COVID related restrictions by the Victorian Government in July 2020. The AASB, AUASB and ASIC have now frozen their FAQs.
- The AUASB are reviewing auditor reporting during the June 2020 reporting season to identify any issues which may need to be addressed. To date no significant issues have been identified.
- The AUASB conducted a survey of the leaders of the major Australian Auditing and Assurance practices and auditors of ASX Listed Entities to ensure they were aware of the guidance materials the AASB and AUASB has issued in response to COVID-19, and to seek feedback on any additional areas they should focus on in the immediate future. The feedback received was that the guidance issued was considered very useful and addressed all the key areas.
- The AUASB's work programme is being revisited to reflect the changes in the IAASB's work plan and the AUASB's capacity for the rest of the 2020-21 financial year.

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 it 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.

Two additional public hearing dates have been scheduled on 5 November 2020 and 13 November 2020 in Canberra.

Appointments to the AASB and AUASB The FRC approved the appointments and re-appointments to the AASB and AUASB commencing 1 January 2021. A [media release](#) is available on the FRC website.

**Audit Committee
Chairs (ACCs) and
Investor Surveys**

A survey of ASX Top 300 Audit Committee Chairs (ACCs) was conducted in 2018 by the FRC and AUASB. The intention was to replicate this survey in early 2020, but this was deferred due to COVID-19. It is now proposed to conduct the survey in October 2020.

A replication of the 2018 Investor Survey has been deferred at this stage.

Public Sector

The FRC discussed the Future of Financial Reporting in the Public Sector.

Next Meeting

The next FRC meeting is scheduled for 5 November 2020.

