



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 31 March 2021 and the key matters considered are outlined below:

Financial Reporting

The AASB Chair's update included:

- [Request for Quotation – Post-implementation Review of AASB 1049](#). The AASB expect that the post-implementation review will be completed by November 2021.
- [AASB Research Report 15 – Review of Auditor Remuneration Disclosures Requirements](#).

Auditing and Assurance

The AUASB Chair's update included:

- The AUASB has released revised Quality Management Standards which were approved at its Board meeting in March 2021.
- The AUASB is finalising a detailed strategic plan to support Extended External Reporting (EER) and assurance in Australia which includes a communications and stakeholder engagement plan. This incorporates initiatives for the AASB and AUASB.
- The International Auditing and Assurance Standards Board (IAASB) is finalising [EER Non-Authoritative Guidance](#) for approval at its March 2021 meeting and the AUASB will issue shortly in Australia in accordance with its strategic plan.
- The AUASB will issue a bulletin shortly providing guidance for auditors on matters to consider as the removal of Special Purpose Financial Statements (SPFS) comes into effect on 30 June 2021.
- The AUASB has prioritised the importance of providing guidance to auditors on technology matters. The AUASB has set up a Technology Project Advisory Group to inform them of relevant issues that need to be addressed. The first output is a bulletin on Cybersecurity which will be released shortly.
- The AUASB is finalising its new digital portal to make the auditing standards and other pronouncements more easily accessible online. This will be released during April 2021.

Parliamentary Inquiry: Regulation of Auditing

The Government has not responded to the [final report](#) to the Parliamentary Joint Committee on Corporations and Financial Services (PJC) [Inquiry into the Regulation of Audit](#).

Initial preparations are being undertaken by the FRC, ASIC, AASB, AUASB and Accounting Professional and Ethical Standards Board (APESB).

An FRC PJC Inquiry Working Group has been established comprising representatives from the above organisations. It meets virtually so that preparations are coordinated and duplication does not occur.

Audit Committee Chairs (ACCs) Survey

The report [Audit Quality in Australia: The Perspective of Audit Committee Chairs – 2nd Survey](#) was released on 1 March 2021 and is available on the FRC website. Overall the results indicate that ACCs are very satisfied with the quality of their auditors (in the 2021 survey 94% considered their external auditor to be 'above average' or 'excellent' which is up from 92% in 2018).

The results of this survey were included in [ASIC's Report 678 'Audit quality measures, indicators and other information: 2019-20'](#).

Professional Investors Survey

The FRC is in the process of carrying out the second biannual survey of professional investors, with the assistance of the Australian Council of Superannuation Investors and Australian Institute of Superannuation Trustees.

A report is expected to be completed by May 2021.

International Developments

Important developments internationally continue to be monitored including:

- On 18 March 2021, the United Kingdom Government issued a [consultation paper](#) with proposed reforms to address three independent reviews (Sir John Kingman, Sir Donald Brydon and the Competition and Markets Authority) into how to improve the audit, corporate reporting and corporate governance systems. The proposed reforms include new measures in relation to directors, auditors and audit firms, shareholders and the audit regulator. Consultation closes on 8 July 2021.

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- On 8 March 2021, the IFRS Foundation Trustees issued a [media release](#) announcing the feedback to their [Consultation Paper on Sustainability Reporting](#) was supportive of urgent steps to develop global sustainability reporting standards and the establishment of an international sustainability reporting standards board within the governance structure of the Foundation.
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Next Meeting

The next FRC meeting is scheduled for 3 June 2021.

