



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) held a meeting on 3 June 2021 and the key matters considered are outlined below:

Financial Reporting

The AASB Chair's update included:

- The AASB is consulting stakeholders via '[ITC 44 Request for Comment on the International Accounting Standards Board \(IASB\) Request for Information on Third Agenda Consultation](#) on the [IASB's agenda consultation for 2022 to 2026](#)' to help shape the AASB's submission. The AASB will also conduct a domestic Agenda Consultation process during 2021/22 via a separate ITC.
- In May 2021, the IASB published the Exposure Draft '[Management Commentary](#)'. The Exposure draft sets out the Board's proposal for a comprehensive new framework for preparing management commentary. The proposed framework would replace IFRS Practice Statement 1 Management Commentary. The AASB released in May 2021 a '[AASB Staff Paper: Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities](#)'.
- As the Australian Government is yet to accept or otherwise respond to the Parliamentary Joint Committee on Corporations and Financial Services (PJC) Inquiry into the Regulation of Audit report recommendations, the AASB will develop a preliminary Exposure Draft with proposed revised auditor remuneration disclosures based on the work presented in '[AASB Research Report 15 Review of Auditor Remuneration Disclosure Requirements](#)' and other outreach and research activities. This preliminary Exposure Draft will only be finalised once, and if, the PJC recommendations are accepted by Government.

Auditing and Assurance

The AUASB Chair's update included:

- The AUASB has finalised and launched its new digital portal to make the auditing standards and other pronouncements more easily accessible online.
- The AASB and AUASB's websites have been updated and went live in early June 2021.
- The AUASB have prioritised the importance of providing guidance to auditors on technology matters in advance of the International Auditing and Assurance Standards Board (IAASB). The first output is a bulletin on '[The Consideration of Cybersecurity Risks in an Audit of a Financial Report](#)' which was issued in May 2021. The next priority is a bulletin on auditor's considerations related to data integrity when using technology in the audit.
- The AUASB has finalised 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. In accordance with the strategic plan the AUASB will shortly issue an AUASB Bulletin to contextualise the IAASB's '[EER Non-Authoritative Guidance](#)' for the Australian jurisdiction.
- The AUASB have issued a [bulletin providing guidance for auditors on matters to consider the removal of Special Purpose Financial Statements \(SPFS\)](#) which comes into effect at 30 June 2022, however early adoption is possible at 30 June 2021. The AUASB and AASB have also conducted a series of joint webinars to support implementation for preparers and auditors.

Parliamentary Inquiry: Regulation of Auditing

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

Whilst awaiting that response, the FRC, ASIC, AASB, AUASB and Accounting Professional and Ethical Standards Board (APESB) have been meeting and liaising on preparations should certain recommendations be accepted by the Government.

FRC Nominations Committee

The Chair of the FRC Nominations Committee, Lawrie Tremaine, reported that five positions (for 2 members of the AASB and 3 members of the AUASB) will be advertised on the FRC, AASB and AUASB websites on 5 July 2021. Applications close on 25 July 2021.

FRC Stakeholder Meeting

The FRC met with invited FRC stakeholders on 1 June 2021 to discuss and potentially update the relationship between the FRC and stakeholder organisations. 26 stakeholders attended from 22

organisations. The opportunity to meet with the FRC was well received by stakeholders. Stakeholders were supportive of the FRC's priorities.

Extended External Reporting

The FRC noted the following developments since the FRC meeting in March 2021:

- The Trustees of the IFRS Foundation have issued [proposed amendments to the Constitution of the Foundation](#) to accommodate the potential formulation of a new Sustainability Standards Board (ISSB) within the governance structure of the organisation.
The Trustees also published a [Feedback Statement](#) that summarises feedback received to their [consultation on sustainability reporting](#).
 - The XRB has established a Project Steering Group to assist with meeting the climate reporting obligations in New Zealand.
 - The IAASB issued '[Non-Authoritative Guidance on Applying ISAE3000 \(Revised\) to Extended External Reporting Assurance Engagements](#)'. The AUASB has issued this guidance in Australia.
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FRC Public Sector Working Group

The Chair of the FRC Public Sector Working Group, Stewart Walters, reported that the FRC Public Sector Working Group will focus on three priorities over the next 6-12 months:

- Post-implementation Review of AASB 1049;
 - Tier 3 Financial Reporting; and
 - Sustainability Reporting.
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Next Meeting

The next FRC meeting is scheduled for 22 September 2021.

