



## AGENDA – 100<sup>TH</sup> FRC MEETING

**Date:** 22 September 2021

**Time:** 10.00am – 4.00pm

**Location:** Microsoft Teams meeting

Members of the public are advised that the meeting will be held by Microsoft Teams and public attendance is via registration only. Members of the public should register their interest in attending the public sessions no later than 24 hours in advance of the meeting by emailing [frcsecretariat@treasury.gov.au](mailto:frcsecretariat@treasury.gov.au) detailing:

- Name
- Affiliation
- Contact details

Registered attendees will be emailed Microsoft Teams details on 21 September 2021.

Item	Report by	Time
<b>NON-PUBLIC SESSION</b>		
<b>1. Matters for non-public session*</b>	Chair	10.00am
<b>PUBLIC SESSION</b>		
<b>2. Introduction</b>		10.15am
A. Attendees and apologies	Chair	
B. Declarations of interest	Chair	
<b>3. Matters for noting / action</b>		10.20am
A. Minutes of previous meeting – 3 June 2021	Chair	
B. Matters arising	Chair	
<b>4. Oversight of Australian Standards (Accounting and Auditing) per s225(1) to s225(2A)</b>		10.30am
A. Accounting Standards	Keith Kendall	
B. Update on Independent AASB1049 Post Implementation Review	Justin Williams	
C. Auditing Standards	Bill Edge	
<b>Lunch</b>		12.00pm
<b>5. Oversight of Audit Quality per s225(2B) to s225(2C)</b>		12.30pm
A. Audit Quality Plan	Bill Edge Thea Eszenyi	

Item	Report by	Time
<b>6. Extended External Reporting</b>		1.30pm
A. Update on outcomes from June meeting	Chair	
B. Snapshot of IASB's Management Commentary	Ann Tarca	
<b>7. FRC Nominations Committee</b>		2.00pm
A. Update on recruitment for AASB / AUASB positions – <i>verbal</i>	Chair	
B. Updated Nominations Committee Charter	Chair	
<b>8. Monitoring and influencing Australian developments</b>		2.30pm
A. Stakeholder reports <ul style="list-style-type: none"> <li>Note responses confirming nil updates also received from ASX Limited, the Department of Finance and the Governance Institute</li> </ul>	Chair	
B. Report by XRB – <i>verbal</i>	Michele Embling	
<b>9. Monitoring and influencing international developments</b>		3.00pm
A. IFRS Trustees – <i>verbal</i>	Joanna Perry	
<b>10. Other business</b>		3.30pm
A. Update on Public Sector Working Group – <i>verbal</i>	Stewart Walters	
B. FRC Annual Report 2020-21 – <i>verbal</i>	Chair	
C. FRC peer review timeline and questions	Chair	
<b>11. Next meeting and close</b>		4.00pm
A. Consideration of rescheduling next FRC meeting – <i>verbal</i>	Chair	

\* Agenda item 1 will be held in private. The order of agenda items may be changed during a meeting.



## ITEM 2A

22 SEPTEMBER 2021

### ATTENDEES AND APOLOGIES

#### DESCRIPTION

Attached are the attendees and apologies for this meeting.

#### ACTION

- For noting.

Participant	Organisation
Lawrence Tremaine (Acting FRC Chair)	
Keith Kendall	AASB Chair
Bill Edge	AUASB Chair
Suzanne Bell	
Tracey Carroll	
Michele Embling	XRB Chair
Cameron McDonald	
Stewart Walters	

Observers	Organisation
April Mackenzie	External Reporting Board
Doug Niven	ASIC
Matthew Bowd	Treasury
Vaishali Davé	Treasury
Emily Morrison	Treasury
Nena Finocchiaro	Treasury

Guests	Organisation
Thea Eszenyi	ASIC
Joanna Perry	IFRS Foundation
Ann Tarca	IASB
Justin Williams	Office of the AASB and AUASB

Apologies	Organisation
Cathie Armour	ASIC



## ITEM 2B

22 SEPTEMBER 2021

### DECLARATIONS OF INTEREST

#### DESCRIPTION

Attached are members' Declarations of Interest.

#### ACTION

It is recommended that the Council:

- declare any interest that may be relevant (having regard to the meeting agenda and functions of the FRC); and
- confirm accuracy.

**FINANCIAL REPORTING COUNCIL – REGISTER OF INTERESTS**  
as at 19 September 2021

<b>FRC Member</b>	<b>Stakeholder / Professional / Organisational Affiliations</b>	<b>Employment / Other Positions Held</b>	<b>Other Interests</b>
Mr Lawrie Tremaine	Fellow, CPA Australia Deputy Chair, Group of 100 National Executive	Chief Financial Officer, Origin Energy Ltd Acting Chair, Financial Reporting Council	
Dr Keith Kendall	Member, New Zealand Accounting Standards Board Fellow, CPA Australia Chartered Tax Adviser, The Tax Institute Member, Law Institute of Victoria Member, Law Council of Australia Graduate, Australian Institute of Company Directors Member, The Tax Institute Member, Law Institute of Victoria Member, Chartered Accountants Australia and New Zealand	Chair and CEO, Australian Accounting Standards Board Treasurer, Samuel Griffith Society Member, Foundation of Royal Historical Society of Victoria Vice-President, Abbotsford Anglers Cricket Club	Director / shareholder / beneficiary: Cuffe Walk Pty Ltd Kendall Control Pty Ltd The Kendall Control Trust The Keith Kendall Family Trust
Mr Bill Edge	Fellow, Chartered Accountants Australia and New Zealand Fellow, Institute of Public Accountants Australia Member, External Reporting Board (NZ)		Fixed payment from PricewaterhouseCoopers (PwC) Retirement Plan Son is employed as Senior Manager PwC Advisory Services He is a member of the New Zealand Auditing and Assurance Standards Board.
Ms Suzanne Bell	Member, Chartered Accountants Australia and New Zealand	KPMG, Audit Partner Registered Company Auditor	

<b>FRC Member</b>	<b>Stakeholder / Professional / Organisational Affiliations</b>	<b>Employment / Other Positions Held</b>	<b>Other Interests</b>
Ms Tracey Carroll	Member, Chartered Accountants Australia and New Zealand (CAANZ) Member, Public Sector Panel of the ACT Regional Council, CAANZ	First Assistant Secretary, Financial Analysis, Reporting and Management Division, Department of Finance	
Ms Michele Embling	Chair, New Zealand External Reporting Board (XRB) Fellow, Chartered Accountants Australia and New Zealand (CAANZ) Member, Nominations and Governance Committee Member, CAANZ		Fixed retirement benefit payment from PwC New Zealand concludes September 2021
Mr Cameron McDonald	Graduate, Australian Institute of Company Directors (GAICD) Member, CPA Australia (CPA)	Head of Research, Evans & Partners Director, E&P Asia (HK) Pty Ltd	
Mr Stewart Walters	Graduate, Australian Institute of Company Directors (GAICD) Member, Chartered Accountants Australia and New Zealand Chair, Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	Chief Financial and Operations Officer, NSW Treasury Director, Bateleur Pty Limited (private investment company)	



## ITEM 3A

22 SEPTEMBER 2021

### MINUTES OF PREVIOUS MEETING

#### DESCRIPTION

Attached are the minutes from the FRC meeting held on Wednesday 3 June 2021, which were approved out of session.

Action items are summarised in item 3B.

#### ACTION

- For noting.

# MINUTES

**DATE:** Thursday 3 June 2021

**TIME:** 10 am – 4 pm

**LOCATION:** Microsoft Teams meeting

All agenda items except item 1 were discussed in public.

ITEM	AGENDA ITEM	
	<b>NON-PUBLIC SESSION</b>	
<b>1</b>	<b>MATTERS FOR NON-PUBLIC SESSION</b>	
	This agenda item was discussed in private.	
	<b>PUBLIC SESSION</b>	
<b>2</b>	<b>INTRODUCTION</b>	
	Members confirmed that there were no conflicts of interest raised by agenda items for this meeting.	
2.A	<b>ATTENDEES AND APOLOGIES</b>	
	<b>Members in attendance:</b>	<b>Observers:</b>
	Lawrie Tremaine – Acting FRC Chair	Cathie Armour, Greg Yanco, Doug Niven, Thea Eszenyi – ASIC
	Keith Kendall – AASB Chair	Tom Dickson, Vaishali Dave - Treasury
	Bill Edge – Acting AUASB Chair	Justin Williams, Nikole Gyles - AASB
	Suzanne Bell	Anne Waters, Matthew Zappulla - AUASB
	Tracey Carroll	Anita Cuming – FRC Secretariat
	Michele Embling – XRB Chair	<b>Apologies:</b>
	Cameron McDonald	April Mackenzie
	Stewart Walters – HoTARAC Chair	
2.B	<b>REGISTER OF INTERESTS</b> Members confirmed their entries as recorded in the Register of Interests.	
<b>3</b>	<b>MATTERS FOR APPROVAL</b>	
3.A	<b>MINUTES OF THE PREVIOUS MEETING – 31 MARCH 2021</b> Members noted the minutes from the FRC meeting on 31 March 2021 which had been approved out-of-session.	
3.B	<b>MATTERS ARISING</b>	



	The Chair reported that matters arising had been completed, were on the current agenda, or were still in progress.
<b>4</b>	<b>OVERSIGHT OF AUSTRALIAN STANDARDS</b>
<b>4.A</b>	<p><b>ACCOUNTING STANDARDS</b></p> <p>Keith Kendall provided an update on the Australian Accounting Standards Board's (AASB's) key priorities from March to May 2021 including:</p> <ul style="list-style-type: none"> <li>The AASB is consulting with 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.</li> <li>The AASB Chair has recently undertaken several stakeholder outreach meetings with different stakeholders, regulators, preparers, and academia to obtain feedback and to raise the Agenda Consultation process.</li> <li>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 an 'AASB Staff Paper: Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities'.</li> <li>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.</li> </ul> <p>The AASB Chair noted that links to the COVID-19 Guidance is highlighted in a weekly update newsletter. The AASB and AUASB have examined whether there is a need for any further COVID-19 Guidance and concluded no further guidance is required at this stage.</p> <p>The AASB Chair noted that the Post-implementation Review of AASB 1049 is expected to be completed by November 2021.</p>
<b>4.B</b>	<p><b>AUDITING STANDARDS</b></p> <p>Bill Edge provided an update on the Auditing and Assurance Standards Board's (AUASB's) key priorities from March to May 2021 including:</p> <ul style="list-style-type: none"> <li>The AUASB has finalised and launched its new digital portal to make the auditing standards and other pronouncements more easily accessible online.</li> <li>The AASB and AUASB's websites have been updated and went live in early June 2021.</li> <li>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, which is currently in development with assistance from representatives from the major firms.</li> </ul>

	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>AUASB staff are presenting implementation support plans to the AUASB at its June 2021 meeting for the following new standards: <ul style="list-style-type: none"> <li>ASA 315 Identifying and Assessing the Risks of Material Misstatement; and</li> <li>The Quality Management Standards.</li> </ul> </li> </ul> <p>The AUASB Chair noted that the AUASB conducted research on audit reports that were issued during COVID-19. The AUASB Chair also noted that ad hoc research obtained was that the standards stood up well and there were no issues in applying them. Members highlighted that this research should be included in the FRC Annual Report 2020-21.</p>
<b>5</b>	<b>OVERSIGHT OF AUDIT QUALITY</b>
<b>5.A</b>	<p><b>PARLIAMENTARY INQUIRY</b></p> <p>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.</p> <p>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.</p> <p>Members discussed the status of the PJC recommendations which are the responsibility of the FRC.</p> <p>Members noted that the APESB issued on 28 May 2021 an Exposure Draft 'Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)'.</p> <p>Members discussed issuing standards and/or other guidance ahead of the Government response. Members also discussed issuing non-authoritative guidance in the short term.</p> <p>Members discussed Audit tenure and the FRC noted that non-authoritative guidance on this issue maybe provided by the Australian Institute of Company Directors (AICD).</p> <p>Members discussed fraud and going concern. The FRC advised the AASB and AUASB to bring these matters forward into their work program and to commence preparatory work.</p> <p>Members noted an update from ASIC on recommendation 4 regarding the decline in Registered Company Auditors.</p>

5.B	<p><b>STAKEHOLDERS VIEWS ON AUDIT QUALITY</b></p> <p>The FRC's Audit Quality Action Plan includes actions to inform the FRC in fulfilling its function to give strategic policy advice to the Minister and professional accounting bodies in relation to the quality of audits conducted by Australian auditors.</p> <p>Included in the Audit Quality Action Plan is the survey of users of financial information to better understand their views on audit quality.</p> <p>To date the FRC have conducted surveys of Audit Committee Chairs (2018 and 2020), Investors (2019 and 2021) and Chief Financial Officers, with mixed success due to low response rates.</p> <p>The 2021 investor survey has been distributed with the assistance of Australian Institute of Superannuation Trustees and Australian Council of Superannuation Investors, however the response rate is too low to provide evidence on views of audit quality.</p> <p>The FRC need to explore other ways to gather views of users of financial information on audit quality. Other ways could include targeted interviews or academic research. The AASB and AUASB Chairs agreed to reach out to academics.</p> <p>ASIC noted that it will not issue a report in 2021 on Audit quality measures, indicators and other information.</p>
6	<p><b>FRC NOMINATIONS COMMITTEE</b></p>
6.A	<p><b>REPORT BY FRC NOMINATIONS COMMITTEE CHAIR</b></p> <p>Lawrie Tremaine noted that the FRC Nominations Committee met on 2 June 2021 to discuss AASB and AUASB recruitment and the AASB and AUASB Peer Review process. The AASB will advertise two positions (1 x public sector representative and 1 x large/mid-tier accounting firm representative). The AUASB will advertise three positions (2 x partners of a large accounting firm and 1 x individual currently reporting or providing assurance on non-financial information, including but not limited to climate reporting). Positions will be advertised on the FRC, AASB and AUASB websites on 5 July 2021. Applications will close on 25 July 2021. A report will be provided to the FRC on the recommended appointments for approval at the September FRC meeting. Successful applicant/s will be appointed from 1 January 2022.</p> <p>Members noted that the Nominations Committee agreed to redraft the AASB and AUASB Peer Review questions. The questions will focus more on the objectives of the particular Board, as well as a couple of questions on individual members performance.</p>
7	<p><b>MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS</b></p>
7.A	<p><b>STAKEHOLDER MEETING</b></p> <p>The FRC held a meeting on 1 June 2021 with invited FRC stakeholders 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.</p>
7.B	<p><b>STAKEHOLDER REPORTS</b></p> <p>Members reviewed reports from eight stakeholders and noted key issues and initiatives.</p>

7.C	<p><b>REPORT BY EXTERNAL REPORTING BOARD (XRB)</b></p> <p>Michele Embling provided an update on the key activities of the XRB including:</p> <ul style="list-style-type: none"> <li>Continued work on Extended External Reporting, noting the New Zealand legislation on the development of standards related to climate change risks and impacts.</li> </ul>
8	<p><b>MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS</b></p>
8.A	<p><b>INTERNATIONAL APPOINTMENTS</b></p> <p>Members noted the table of International Representation – Australia and New Zealand.</p> <p>The incoming Chair of the AUASB will be nominated as a member to the International Auditing and Assurance Standards Board (IAASB) from 1 January 2022.</p> <p>The Professional Accounting Bodies will nominate representatives for the International Ethics Standards Board for Accountants (IESBA), International Public Sector Accounting Standards Board (IPSAB), and IFAC Nominating Committee.</p> <p>Australia and New Zealand will not nominate a representative for the Accounting Standards Advisory Forum (ASAF) at this point in time.</p>
9	<p><b>OTHER BUSINESS</b></p>
9.A	<p><b>UPDATE AND DISCUSSION ON EXTENDED EXTERNAL REPORTING (EER)</b></p> <p>Members noted the following developments since the FRC meeting in March 2021:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>The Trustees also published a Feedback Statement that summaries feedback received to their consultation on sustainability reporting.</p> <ul style="list-style-type: none"> <li>The XRB has established a Project Steering Group to assist with meeting the climate reporting obligations in New Zealand.</li> <li>The IAASB issued Non-Authoritative Guidance on Applying ISAE3000 (Revised) to Extended External Reporting Assurance Engagements. The AUASB has issued this guidance in Australia.</li> <li>The position the FRC has taken on EER in recent meetings from the extracts of minutes from 7 August 2020, 3 September 2020, 5 November 2020 and 31 March 2021.</li> </ul> <p>Michele Embling reported on how the climate reporting obligations evolved in New Zealand.</p> <p>Bill Edge noted that John Stanhope, Chair of the Australian Business Reporting Leaders Forum (BRLF) and he had met with the Hon Michael Sukkar MP at the end of January 2021 to discuss EER. A separate briefing was also scheduled with Treasury.</p> <p>Cathie Armour noted that she will speak at the Minerals Council of Australia event on Thursday 3 June 2021 on ‘Why climate-related financial disclosures matter’.</p> <p>Members discussed and support the FRC writing a proposal to the Minister with options including the pace and scope of international developments.</p>

9.B	<p><b>PUBLIC SECTOR MATTERS</b></p> <p>Stewart Walters has agreed to Chair the FRC Public Sector Working Group following Stein Helgeby's retirement from the FRC.</p> <p>The FRC Public Sector Working Group will focus on three priorities over the next 6-12 months:</p> <ul style="list-style-type: none"> <li>• Post-implementation Review of AASB 1049;</li> <li>• Tier 3 Financial Reporting; and</li> <li>• Sustainability Reporting.</li> </ul> <p>The FRC Public Sector Working Group will update the FRC on progress.</p>
9.C	<p><b>FRC ANNUAL REPORT 2020-21</b></p> <p>Members noted the proposed contents and timeline for preparing the 2020-21 FRC Annual Report, including approval of the report out-of-session.</p>
9.D	<p><b>FRC PEER REVIEW</b></p> <p>Members noted that a Peer Review of FRC members will be held in 2021. A new set of questions will be provided to members for consideration out-of-session.</p>
9.E	<p><b>IFRS FOUNDATION CONTRIBUTION</b></p> <p>The FRC recommended that the Australian Government make an annual contribution of \$1 million to the IFRS Foundation in 2021-22.</p>
<b>10</b>	<b>NEXT MEETING AND CLOSE</b>
10.A	The next FRC meeting will be held on Wednesday 22 September 2021.



## ITEM 3B

22 SEPTEMBER 2021

### MATTERS ARISING

#### DESCRIPTION

Attached are the Matters arising from the FRC meeting held on Thursday 3 June 2021 and ongoing items.

#### ACTION

- Chair to report.

**99TH MEETING OF THE FRC: 3 JUNE 2021**

Number	Issue	Action required	Owners	Status
1.	INTERNATIONAL APPOINTMENTS	Bill Edge and Stewart Walters to discuss offline the representation on the IPSASB Consultative Advisory Group (CAG).	Bill Edge / Stewart Walters	<b>Stewart Walters to provide update at 22 September 2021 FRC meeting</b>
2.	UPDATE AND DISCUSSION ON EXTENDED EXTERNAL REPORTING (EER)	FRC to write to the Minister to outline the speed of the international developments, including New Zealand and what the FRC propose going forward.	FRC	<b>Complete</b>
3.	PUBLIC SECTOR MATTERS	FRC Secretariat to circulate a report on Public Sector Matters from Stewart Walters out-of-session.	FRC Secretariat	<b>Complete</b>
4.	FRC ANNUAL REPORT 2020-21	The FRC Annual Report 2020-21 will be drafted for approval out-of-session.	FRC Chair	<b>In progress</b>
5.	FRC PEER REVIEW	Bill Edge to redraft the 2021 FRC Peer Review questions for members to consider out-of-session.	Bill Edge	<b>In progress</b>



## ITEM 4A

22 September 2021

### AASB CHAIR REPORT

#### DESCRIPTION

Attached is the AASB Chair's Report covering the key activities undertaken during June 2021 – August 2021.

#### ACTION

- For noting.

Immediate technical priorities	
Updated AASB Standard-Setting Framework Documents  (Strategic objectives 1 & 2)	<p>The AASB updated the <i>AASB For-Profit Entity Standard-Setting Framework</i> and the <i>AASB Not-for-Profit Entity Standard-Setting Framework</i> to clarify the principles that outline the approach followed by the AASB when it considers whether to add to or amend Tier 2 Australian Accounting Standards (AAS) disclosure requirements in AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> for amendments made by the IASB to full IFRS Standards (and therefore Tier 1 Standards). The amendments clarify that these principles also apply to circumstances when the IASB makes disclosure-only amendments to IFRS Standards. In addition, the Standard-Setting Frameworks now refer to Tier 2 requirements only in terms of Simplified Disclosures, with the deletion of references to Reduced Disclosure Requirements.</p> <p><i>Strategic impact</i> <i>To maintain AAS by actively updating the framework the AASB follows during the standard-setting process.</i></p>
Modified Retrospective Transition Approach for Service Concession Grantors  (Strategic objectives 1 & 4)	<p>The AASB issued AASB 2021-4 to amend the modified retrospective transition method for service concession grantors measuring the Grant of a Right to the Operator (GORTO) liability when implementing AASB 1059 <i>Service Concession Arrangements: Grantors</i>.</p> <p><i>Strategic impact</i> <i>Maintaining AAS by responding and making amendments because of an issue raised by a stakeholder.</i></p>
Deferred Tax related to Assets and Liabilities arising from a Single Transaction  (Strategic objective 1)	<p>The AASB issued AASB 2021-5 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences.</p> <p><i>Strategic impact</i> <i>Maintaining IFRS compliance and AAS by concurrently issuing amendments issued by the IASB after considering the impact to Australian stakeholders.</i></p>
IASB Exposure Drafts	Per the <i>AASB Due Process Framework</i> , the AASB issues IASB consultation documents concurrently in Australia to seek Australian input and prepares



(Strategic objectives 1, 3 & 4)	<p>formal submissions on issues likely to be of interest to Australian entities. The AASB issued the following Aus-equivalent consultation documents:</p> <ul style="list-style-type: none"> <li>• ED 311 <i>Management Commentary</i></li> <li>• ED 313 <i>Initial Application of AASB 17 and AASB 9 – Comparative Information</i></li> </ul> <p>The AASB also made submissions to the IASB on:</p> <ul style="list-style-type: none"> <li>• ED/2021/1 <i>Regulatory Assets and Regulatory Liabilities</i>, broadly supporting the direction of the proposals while also raising some concerns of Australian Stakeholders; and</li> <li>• DP/2020/2 <i>Business Combinations under Common Control</i> generally supporting but encourages IASB to further consider the measurement proposals applying to certain combinations.</li> </ul> <p><i>Strategic impact</i>  <i>Actively influencing the IASB by attaining stakeholder engagement on developing IFRS Standards.</i></p>
<b>Medium / longer term technical priorities</b>	
<p>Status of PJC Recommendations relevant to the AASB</p> <p>(Strategic objective 2)</p>	<p>While the Australian Government is yet to respond to the PJC report recommendations, the AASB is reviewing the amendments required to AASB 1054 to include fee disclosure requirements for categories of audit and non-audit services recommended by the AASB Research Report 15 <i>Review of Auditor Remuneration Disclosure Requirements</i>. The ED will only be finalised if Government accepts the PJC recommendations.</p> <p><i>Strategic impact</i>  <i>To make an appropriate legislative change in the Accounting Standards where required to bring into effect the recommendations should these be accepted by the Australian Government.</i></p>
<p>Agenda Consultation</p> <p>(Strategic objectives 3, 4 &amp; 5)</p>	<p>The AASB has consulted stakeholders (via ITC 44) on the IASB's agenda consultation for period 2022 to 2026 and will approve the submission letter to the IASB at the September AASB Board meeting.</p> <p>The AASB will also conduct a domestic Agenda Consultation process during 2021/22 via a separate ITC.</p> <p><i>Strategic impact</i>  <i>Actively influence the IASB and to ensure the AASB are responding and focusing on issues that require resolution.</i></p>
<p>Disclosure Requirements in Australian Accounting Standards</p> <p>(Strategic objectives 1 &amp; 4)</p>	<p>The AASB is consulting stakeholders via ED 309 <i>Disclosure Requirements in Australian Accounting Standards—A Pilot Approach</i> on the IASB's project which proposes a new approach to developing disclosure requirements in accounting standards.</p> <p>The AASB is also proposing via Exposure Draft amendments that would require entities to disclose material accounting policy information rather than significant accounting policies to ensure consistent terminology used in AAS.</p> <p><i>Strategic impact</i>  <i>To maintain IFRS compliance and reduce boilerplate information to enhance entities' judgement and maintain principle-based standards.</i></p>
<p>IPSASB Exposure Drafts on public sector measurement</p> <p>(Strategic objectives 1 &amp; 4)</p>	<p>The AASB received five submission letters on ITC 45 <i>Request for Comment on IPSASB Exposure Drafts ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements and ED 77 Measurement</i>. Majority of stakeholders would not support applying the IPSASB's proposed current operational value (COV) measurement basis in Australia.</p> <p>Respondents have also provided feedback on some aspects of the cost approach under COV, which the AASB has reached tentative views on in the context of fair value.</p> <p><i>Strategic impact</i></p>

	<i>Considering the implications of comments received on ITC 45 for the direction of future work on the Fair Value Measurement for Not-for-Profit Entities project, to decide whether amendments is needed in AASB 13 Fair Value Measurement to assist NFP public sector entities apply the principles of the Standard.</i>	
Post-implementation review of AASB 1049  (Strategic objectives 1 & 4)	As engaged by the FRC, Dr Kim Langfield-Smith is undertaking an independent Post-Implementation Review of AASB 1049 <i>Whole of Government and General Government Financial Reporting. Strategic impact</i> <i>Ensuring AASB 1049 is meeting the needs of external report users and is capable of being assured and enforced.</i>	
<b>Key events, meetings or forums run by or attended by AASB in the last period. (Strategic objectives 4 &amp; 6)</b>		
<b>Type of Event</b>	<b>Subject Matter</b>	<b>No. of Attendees</b>
Virtual conference	AASB Chair and staff presented at the AFAANZ Financial Reporting Conference.	-
Virtual roundtable	ITC 45: the IPSASB's proposed 'current operational value' measurement basis	25 attendees
Webinar	Management Commentary (ED 311) with the IASB	60 attendees



## PROGRESS REPORT ON POST-IMPLEMENTATION REVIEW OF AASB 1049

### DESCRIPTION

Attached is a progress report on the post-implementation review of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

### ACTION

- For noting.

The review is being undertaken by Dr Kim Langfield-Smith, an independent external consultant. The following milestones were agreed:

1. Signing of contract by 1 April 2021 – **achieved**
2. Completion of Consultation Paper and Requests for feedback sent to stakeholders by 14 May 2021 – **achieved**
3. Submission of draft final report due by 1 October 2021
4. Finalisation of final report due by 1 November 2021

13 submissions have been received, including from HoTARAC and ACAG. On-line meetings were held with three stakeholders, and more may be undertaken as the analysis of stakeholder submissions proceeds.

The responses to the Consultation Paper are comprehensive. There is a high level of agreement that the FRC Strategic Direction has:

- Achieved a single set of government reports which are auditable and comparable between jurisdictions; and
- Been achieved and AASB 1049 meets its objectives. Some minor shortcomings have been identified and improvements suggested.

The draft report is on track to be delivered to the AASB by the due date of 1 October.



## ITEM 4C

22 September 2021

### AUASB CHAIR REPORT

#### DESCRIPTION

Attached is the AUASB Chair's Report covering the key activities undertaken during June - August 2021.

We also refer FRC members to the AASB and AUASB's Corporate Plan 2021-22 which details our strategic objectives, planned activities mapped to our strategy, and key performance indicators for measuring success.

#### ACTION

- Chair to report.

Immediate technical priorities	
Use of Technology in an Audit of a Financial Report	<p>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 AUASB has established a Project Advisory Group consisting of representatives from the major firms in developing a series of bulletins to address practical issues when using technology when performing an audit. A Bulletin <b><i>Integrity of Data Obtained for the Purpose of an Audit of a Financial Report</i></b> has been released, and the next priority is a bulletin on Reliability of Data.</p> <p><b>Strategic impact</b></p> <p>To respond to impacts of technology on audits which is not being addressed by the IAASB in a timely manner.</p>
Extended External Reporting (EER)	<p>The following initiatives are underway:</p> <ul style="list-style-type: none"><li>• An AUASB Bulletin <b><i>Extended External Reporting Assurance Guidance</i></b> has been issued to contextualise the IAASB's <b>EER Non-Authoritative Guidance</b> for the Australian jurisdiction.</li><li>• The AASB and the AUASB have established an AASB/AUASB EER Project Advisory Panel consisting of practitioners, professional bodies and academics who specialise in EER and assurance. The purpose of this group is to identify initiatives to support EER and assurance in Australia.</li></ul> <p><b>Strategic impact</b></p> <p>As the international and local momentum and focus on EER builds this guidance is strategically important to support preparers and assurers of non-financial information.</p>

	It also establishes the AASB and AUASB as key bodies in Australia with respect to EER.
Exposure Draft for Audits of Less Complex Entities (LCEs)	<p>In recognition of the increasing complexity of the International Auditing Standards and challenges auditors are facing in applying these for audits of LCEs, the IAASB have developed a new draft standard for audits of less complex entities (LCE). The AUASB recognises the importance of the new international proposals and will issue a Consultation Paper to seek feedback from Australian stakeholders on the proposed standard. The AUASB will also seek feedback on other potential areas to further explore how to assist auditing LCEs.</p> <p><i>Strategic impact</i></p> <p>The proposed auditing standard represents a significant change to our current framework and practice. It is important the AUASB obtains stakeholder feedback on whether the proposed standard will meet the needs of Australian stakeholders and serves in the Australian public interest. The AUASB will also seek feedback on other possible Australian initiatives which may assist.</p>
Audit Quality	<p>The AUASB have been working with ASIC on further understanding ASIC audit inspection findings and whether there are any amendments to standards or guidance needed to provide assistance to practitioners. The AUASB will continue to work with ASIC and auditors on identification of further initiatives to assist.</p> <p><i>Strategic impact</i></p> <p>An improvement in ASIC's audit inspection findings is important in maintaining trust in audited financial reports.</p>
<b>Medium / longer term technical priorities</b>	
Implementation support for ASA 315 and Quality Management Standards	<p>AUASB staff are developing implementation support for the following:</p> <ul style="list-style-type: none"> <li>• ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement</i>; and</li> <li>• The Quality Management Standards.</li> </ul> <p><i>Strategic impact</i></p> <p>Supporting practitioners in complying with our standards is important to support audit quality.</p>
Status of PJC Recommendations relevant to the AUASB	<p>A FRC PJC Inquiry Working Group continues to meet to ensure all relevant bodies are working effectively together as we plan to respond to the recommendations. Whilst the Australian government is yet to accept the report the working group will continue to prepare for implementation of the recommendations.</p> <p><i>Strategic impact</i></p> <p>To make appropriate legislative change in the Auditing Standards where required to bring into effect the recommendations.</p>



## ITEM 5A

22 SEPTEMBER 2021

### OVERSIGHT OF AUDIT QUALITY

#### DESCRIPTION

Attached is the updated *FRC Audit Quality Action Plan* which has been updated to reflect the future actions which will be conducted in conjunction with the AUASB.

#### ACTION

- Bill Edge to report.

# FRC AUDIT QUALITY ACTION PLAN

Objective: Identify initiatives to support improvement in audit quality in Australia.

## 1. Identify initiatives to respond to ASIC's Inspection Findings

### Actions to date:

- Revised Guidance Statement 5 *Evaluating the Appropriateness of a Management's Expert's Work* issued.
- Revised ASA 540 *Auditing Accounting Estimates and Related Disclosures* has been released and is now effective. Implementation support has been released.
- Revised ASA 315 *Identifying and Assessing the Risks of Material Misstatement* to require a more robust risk assessment process released and is effective 30 June 2022. Implementation support will be provided.
- Revised Quality Management Standards (QMS) have been issued and are effective 31 December 2022. Implementation support will be provided.
- ASIC have raised substantive testing methods (sampling and substantive analytical procedures) as possibilities of standards to revise.
- ASIC continually benchmark and review its Audit Inspection Program with the programs conducted by other regulators.

### Future actions:

- Continue discussions with ASIC and the firms to:
  - identify where guidance or amendments to standards will assist in reducing findings;
  - determine how reporting of Audit Quality Indicators (AQI) will assist communication.
- Release implementation support for ASA 315 and QMS.

## 2. Implement the recommendations of the PJC Inquiry into Regulation of Auditing

To work with responsible standard-setting and regulatory bodies to implement the recommendations relevant to the FRC and AUASB. The Australian government is yet to respond to the report however planning for implementation of some recommendations is already in progress. Refer to Appendix 1 for the recommendations applicable to the FRC and AUASB.

### Actions to date:

- The FRC PJC Inquiry Working Group consisting of representatives from the FRC, AUASB, AASB, APESB, and ASIC has been meeting to plan how to implement the recommendations in a co-ordinated manner. Refer to Appendix 1 for more detail.

**Future actions:**

- Continue the FRC PJC Inquiry Working Group meetings.
- Work with the AICD and ASIC on guidance / communication to Audit Committees on their monitoring of audit quality and disclosure of audit tenure.
- Monitor IAASB's projects on going concern and fraud and continue to consider if other actions are required in Australia.

### **3. Work with ASIC, Accounting Firms and Professional Bodies to define and report on Audit Quality Indicators**

**Actions to date:**

- The Report of the PJC in February 2019 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.
- ASIC have reported some AQIs in Report 649 (2019) and 678 (220) *Audit Quality Measures, Indicators and Other Information* which accompanied their report on the annual Audit Inspection Program. ASIC have indicated they will not issue this report in 2021 due to concerns that this report was not widely read and was time consuming to produce, however are considering including some limited AQIs in their Audit Inspection Program report.
- A review of professional and academic literature was conducted by the FRC in 2018 which identified a range of AQIs (over 30), with various degrees of measurability. A summary of the literature was prepared and analysed by the FRC.

**Future actions:**

- Work with ASIC and the firms to obtain consensus on what AQI will be reported and by whom. Options for reporting AQIs are by ASIC, the FRC, the AUASB or by the firms in their Transparency Reports.

### **4. Obtain views of users of audit services on audit quality**

**Actions to date:***Audit Committee Chairs*

- A survey conducted in 2018 and repeated in 2021, which was a joint initiative of the FRC and the AUASB and replicated the selected questions from a survey of this nature carried out previously by the United Kingdom's FRC.
- The survey was sent to ACCs with the assistance of ASIC and the Australian Public Policy Committee (APPC – made up of representatives from the Big 6 accounting firms and the accounting bodies).
- 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 reports are available on the FRC and AUASB websites and the results were included in ASIC's Report 649 (2019) and 678 (220) *Audit Quality Measures, Indicators and Other Information*.

#### *Investors*

- The FRC and the AUASB conducted a survey of Professional Investors in late 2018 with the assistance of FSC, ACSI, AIST, APRA and CRUF (Corporate Reporting Users Forum) for its distribution to investors. The survey was a replication of a survey conducted by the CFA Institute (a global association of investment professionals). There were 47 responses and final report was distributed in April 2019. Overall, the results revealed that 60 per cent considered that audit quality was above average – however 33 per cent considered that audit quality was average. The full report *Audit Quality in Australia: The Perspectives of Professional Investors* is available on the FRC and AUASB websites.
- The results of FRC and AUASB's survey were included in ASIC's Report 649 *Audit quality measures, indicators and other information*.
- This survey was repeated in 2021 however the response rate was too low to provide meaningful information. Due to the low response rate this survey will not be repeated.
- CA ANZ issued *Investor Confidence Survey Report* in 2020 and 2021 which captured the views of approximately a thousand retail investors in Australia. Results for 2021 showed that 91 per cent (up slightly from 87 per cent Of 2020) of retail investors have confidence in the audited financial reports produced by Australian public companies.

#### *Chief Financial Officers*

- A survey was conducted in September 2019 with the assistance of the Group of 100, to CFOs of the ASX top 300 companies.
- The survey response was disappointingly low at 27 responses. Of those, 25 of the 27 responded that their external auditor was 'above average' or 'excellent'. The survey results did not raise any significant concerns over audit quality. Due to the low response rate this survey will not be repeated.

#### **Future actions:**

- The ACC survey will be conducted every two years to enable the tracking of views over time.

## **5. To review the adequacy of repercussions for auditors of poor audit quality**

#### **Actions to date:**

The Report of the PJC in 2018 recommended that the adequacy of auditor disciplinary functions be reviewed. The Government requested the FRC conduct the review. The FRC's review was conducted over a period of four months, using evidence provided by the Australian Securities and Investments Commission (ASIC), the Companies Auditors Disciplinary Board (CADB), Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia and the Institute of Public Accountants (IPA). The FRC's report *Auditor Disciplinary Processes: Review* was presented to the Government in March 2019. It included 18 recommendations relating to:

- ASIC detection, investigation and enforcement processes, including that ASIC outline how their 'why not litigate' enforcement strategy will apply to misconduct by Registered Company Auditors (RCAs);
- CADB processes, including adopting a less formal and more timely approach to the carriage of CADB matters;
- ASIC's Audit Inspection Program, including publishing the results of audit inspections in greater detail, in particular naming firms, and for ASIC to be given the power to compel remediation of defective audits; and
- Professional accounting bodies processes, including formalising processes for advising each other and the FRC of their disciplinary proceedings.

In its response the Government agreed or supported all but one of the recommendations.

## **6. To engage with professional accounting bodies, firms providing audit services, and other stakeholders to support new initiatives that improve audit quality**

### **Actions to date:**

- The accounting firms and professional bodies, collaborated and shared best practices for the benefit of the accounting profession and developed the following documents:
  - *An External Auditor's Guide to Improving Audit Quality Using Root Cause Analysis.*
  - *An External Auditor's Guide to Improving Audit Quality Using an Individual Recognition and Accountability Framework.*
- The accounting bodies conduct a wide range of education and communication initiatives and produce a variety of guidance materials related to audit quality. The FRC meets with the accounting bodies on a regular basis and is confident that they are demonstrating a clear commitment to improve audit quality.
- The International Organisation of Securities Commissions (IOSCO) issued in January 2019 its *IOSCO Report on Good Practices for Audit Committees Supporting Audit Quality*. This document complements the publication *Audit Committees – A Guide to Good Practice – 3rd edition* produced jointly by AUASB, AICD and IIA.
- The FRC is also monitoring developments in the UK and are awaiting the UK government's response to the report of the CMA, the Kingman Report and the Brydon Report.

### **Future actions:**

- Work with ASIC, Professional bodies and AICD on future initiatives to promote audit quality with the director community.

### PJC RECOMMENDATIONS RELEVANT TO THE FRC AND AUASB

#### Recommendation 3

4.145 The committee recommends that the Financial Reporting Council, in partnership with ASIC, by the end of the 2020–21 financial year, oversee consultation, development and introduction under Australian standards of:

- defined categories and associated fee disclosure requirements in relation to audit and non-audit services; and
- a list of non-audit services that audit firms are explicitly prohibited from providing to an audited entity.

#### *Status*

- The AASB have a project to determine the defined categories and disclosure requirements in relation to audit and non-audit services which includes benchmarking how other jurisdictions define and the associated fee disclosure requirements. The AASB will issue an exposure draft once a government response is received.
- The IESBA have made amendments to the International Code in relation to prohibited non-audit services. Based on this the APESB have issued an ED with proposed amendments to the Australian code ie. APES 110 including a list of non-audit services and defined categories of audit and non-audit services.

#### Recommendation 6

4.151 The committee recommends that the Financial Reporting Council, by the end of the 2020–21 financial year, oversee the revision and implementation of Australian standards to require audited entities to disclose auditor tenure in annual financial reports. Such disclosure should include both the length of tenure of the entity's external auditor, and of the lead audit partner.

#### *Status*

- The FRC, AUASB, AASB and AICD have been considering where this may be disclosed and by which entities. It has been agreed to not amend any standards until a government response is received.
- As an interim measure the AICD, AUASB the Accounting Professional Bodies are considering issuing non-authoritative guidance to Audit Committees on their responsibility in relation to monitoring audit quality including recommending that disclosure is made on this as well as audit tenure

## **Recommendation 8**

5.64 The committee recommends that the Financial Reporting Council oversee a formal review, to report by the end of the 2020–21 financial year, of the sufficiency and effectiveness of reporting requirements under the Australian standards in relation to:

- the prevention and detection of fraud; and
- management's assessment of going concern.

### *Status*

- The current reporting requirements are consistent with those of the International Accounting Standards Board and the International Auditing and Assurance Standards Board (IAASB).
- The IAASB has recently commenced projects on both these topics, however they will not be completed for several years.
- The IASB do not have going concern on their agenda however the AASB are preparing a thought leadership paper exploring how the reporting requirements may be enhanced, and to request this be prioritised by the IASB.



## ITEM 6A

22 SEPTEMBER 2021

### EXTENDED EXTERNAL REPORTING

#### DESCRIPTION

Update on outcomes from June meeting

#### ACTION

- Chair to report

# EXTENDED EXTERNAL REPORTING

Objective: At this early stage, to establish the role of the FRC in guiding Extended External Reporting (EER) developments in Australia and influencing international developments.

## 1. Engagement with Minister Sukkar

Consistent with the outcomes of the June meeting, the Acting FRC chair had an informal meeting with Minister Sukkar to seek guidance on the direction and role of the FRC with respect to EER.

## 2. FRC Extended External Reporting narrative

The following narrative was developed from the extended discussion at the June FRC meeting:

- International developments in extended external reporting
  - Global efforts to converge financial and non-financial reporting systems continues at pace.
  - There is significant momentum from leading global players including the IFRS Foundation, IOSCO, the European Commission and increasingly the SEC, towards a comprehensive system.
  - Global alignment of the corporate reporting system, ideally through the IFRS Foundation, operating as an independent standard setter and framework provider, is the end game being sought.
- Progress in recent months:
  - The Trustees of the IFRS Foundation have moved to create a new Sustainability Standards Board (ISSB) within the governance structure of IFRS.
  - The Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) have merged to form the Value Reporting Foundation.
  - A technical working group has been established by the IFRS Foundation to give the ISSB a running start in developing standards, first for climate-related disclosures, and then broader sustainability issues.
- NZ moving ahead of international progress with emphasis on climate change:
  - Strong political will regarding climate risk and reporting.
  - External Reporting Board (XRB) appointed standard setter.
  - Legislation passed requiring large caps to report against TCFD and requiring the impacts of climate change to be routinely considered.
  - XRB targeting climate disclosure standard by as early as December 2022, short principle-based standards aligned with the TCFD.
- The case for action:
  - International developments are accelerating and we need to ensure the outcomes are relevant to the Australian economy.
  - There is a plethora of frameworks, standards and certifying organisations competing for prominence.
  - Users of non-financial reporting are looking for standardisation and comparability.
  - Australia's performance in EER will be a factor in attracting and competing for global capital in the future.
- Proposed role of the FRC:
  - Recommend the FRC performs the equivalent role of the IFRS Foundation.
  - Combine financial and non-financial reporting to avoid fragmentation.

- The existing mandate of the FRC, AASB and AUASB, in particular the language ‘integral to understanding financial information’ may already extend to other information such as climate change reporting.
- Considerations for the FRC:
  - At a minimum Australia should prepare to have an input and influence international developments.
  - Consider the application of Australian standards or guidelines ahead of international developments if progress is slow
    - Prioritise climate change reporting and assurance standards or guidelines
    - In parallel, develop or adopt a broader non-financial reporting framework

### **3. Treasury Corporations Branch**

Met with this team to seek alignment on a course of action on EER. The team agreed to take FRC views on EER into account when developing their work program and reconvene at an as yet unplanned date.

### **4. AASB/AUASB EER Project Advisory Panel**

The advisory panel was established to guide AASB and AUASB short to mid-term actions relating to EER. The advisory panel included representation from the AASB and AUASB boards and staff members, the accounting professional associations, academics, accounting firms, legal practice and the BRLF. An introductory meeting of the panel was held in late August.



## ITEM 6B

22 SEPTEMBER 2021

### EXTENDED EXTERNAL REPORTING

#### DESCRIPTION

Attached is an IFRS snapshot dated May 2021, which provides an overview of the Exposure Draft *Management Commentary* published by the International Accounting Standards Board (IASB).

#### ACTION

- Ann Tarca (Board Member, IASB) will present



# Snapshot

## Management Commentary

This Snapshot provides an overview of the Exposure Draft *Management Commentary* published by the International Accounting Standards Board (Board).

<b>The Board's objective:</b>	To improve the scope and focus of management commentary that companies provide alongside their financial statements.
<b>Project stage:</b>	<p>The Board has published an Exposure Draft of the revised IFRS Practice Statement 1 <i>Management Commentary</i>.</p> <p>The revised Practice Statement would provide a comprehensive framework for preparing management commentary that meets investors and creditors' information needs and would replace the existing Practice Statement.</p> <p>The Board is seeking comments on the Exposure Draft.</p>
<b>Next steps:</b>	The Board will consider comments it receives on the Exposure Draft before deciding whether and how to finalise the revised Practice Statement.
<b>Comment deadline:</b>	23 November 2021

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# Why is the Board undertaking this project?

## What is management commentary?

Management commentary is a report that complements a company's financial statements. It is often included in a company's annual report.

Management commentary is known by various names around the world, including management discussion and analysis (MD&A), strategic report, integrated report, or operating and financial review.

Management commentary is prepared for the company's investors and creditors. It can also be useful for other parties—such as the company's employees, government agencies or members of the public. However, management commentary is not prepared with the information needs of those other parties in mind.

## What are the issues?

### Shortcomings in practice

Investors and creditors have told the Board that management commentaries do not always provide information they need, and do not always present information in a readily understandable and useable way.

### Evolving investors and creditors' needs

Many companies' prospects increasingly depend on intangible resources and relationships, and are affected by environmental, social and governance (ESG or sustainability) matters. As a result, investors and creditors need more information about these topics.

### Innovations in narrative reporting

The landscape of narrative reporting frameworks is complex and is developing rapidly, making it difficult for companies to navigate applicable requirements and guidance.

## What do investors and creditors say?



Not enough focus on matters that are important to the company's prospects, especially its long-term prospects.



Too much generic information and not enough company-specific information.



Information can be fragmented and unbalanced and often difficult to compare over time and across companies.

# What is the Board aiming to achieve?

The Board is proposing a comprehensive new framework for management commentaries to give investors and creditors the information they need to assess companies' prospects over all time horizons, including in the long term.

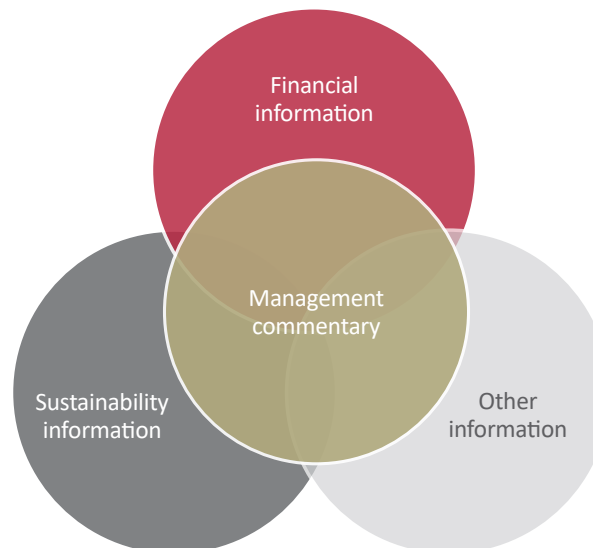
The Board's proposed framework represents a major overhaul of IFRS Practice Statement 1 *Management Commentary*.

Building on the innovations in narrative reporting, it is designed to provide a robust basis for companies to bring together, in a single report, the information that investors and creditors need to assess a company's prospects—including information about the company's intangible resources and relationships and about sustainability matters that affect the company.

Thus, management commentary would not only explain the financial performance and position reported in the company's financial statements. It would also provide insights into the factors that affect the company's ability to create value and generate cash flows, including in the long term.

## Focal point for connectivity

The Board envisages that companies would be able to apply the new framework together with narrative reporting requirements or guidelines issued by other bodies for companies in specific industries or on specific topics, such as sustainability reporting. Such requirements could include standards set by a future International Sustainability Standards Board, the creation of which is being considered by the IFRS Foundation Trustees.



## Who would apply the new framework?

### Mandatory compliance

It would be for local lawmakers and regulators to decide whether to **require** companies to prepare management commentary that complies with the revised Practice Statement.

### Voluntary compliance

Companies may **choose** to prepare management commentary complying with the revised Practice Statement even if they are not required to do so.

Financial statements can comply with IFRS Standards even if they are not accompanied by management commentary, or if the accompanying management commentary does not comply with the Practice Statement. The Board proposes that it should continue to be the case with the revised Practice Statement.

# The Board's proposals at a glance

## What is the Board proposing?

The Exposure Draft sets out:

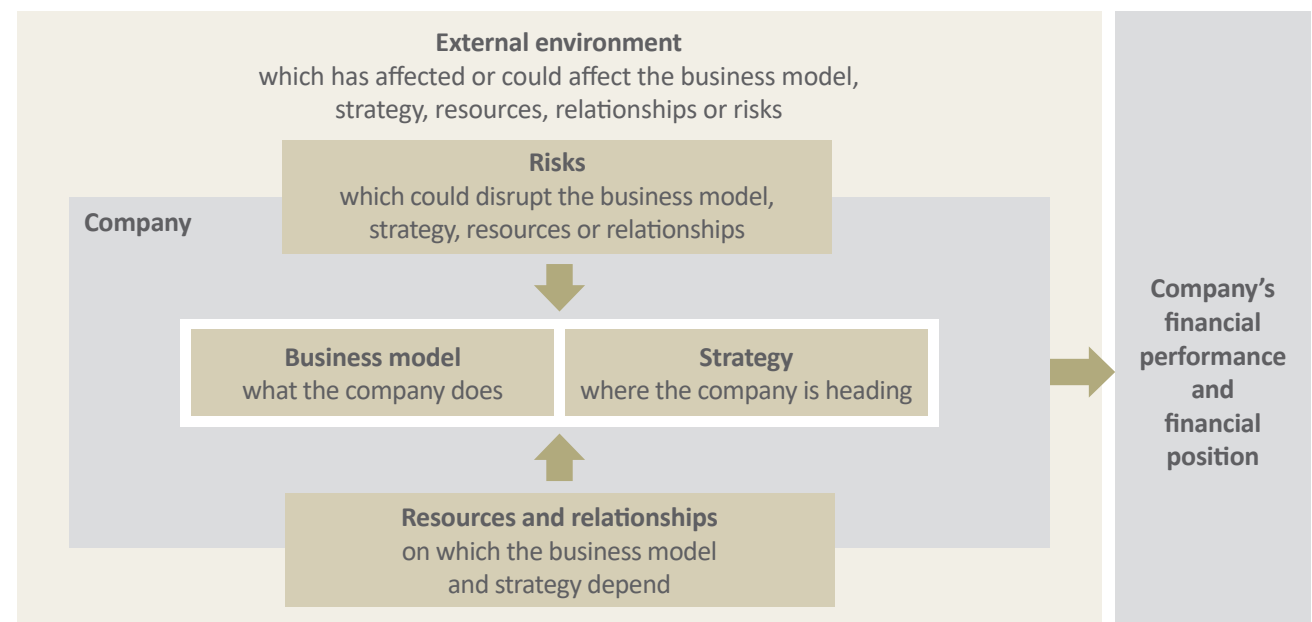
- (a) an objective for management commentary;
- (b) disclosure objectives for areas of content in management commentary;
- (c) a requirement to focus on key matters;
- (d) requirements and guidance on selecting and presenting information, including:
  - (i) guidance on making materiality judgements;
  - (ii) examples of material information;
  - (iii) requirements for metrics; and
  - (iv) requirements for information to possess specified attributes.

For a company to claim compliance with the revised Practice Statement, its management commentary must meet its objective and provide material information that meets the disclosure objectives for all areas of content.

## What would be covered in a management commentary?

The Exposure Draft specifies six interrelated areas of content to be covered in a management commentary.

**Figure 1—Relationships between areas of content**



# An objectives-based approach

## Why is the Board proposing an objectives-based approach?

Investors and creditors have told the Board they need more company-specific information. That information varies from company to company. So the Board is not proposing to list information that management commentary should provide.

Instead, it is proposing to specify what objectives the information in management commentary should meet. This approach is designed to provide both:

- (a) sufficient **flexibility** for a company to be able to tell its unique story, focusing on what is important for the company’s long-term prospects; and
- (b) an **effective basis** for regulators to enforce the revised Practice Statement and for auditors to assess compliance with the revised Practice Statement.

The Board’s proposed approach is anchored in investors and creditors’ information needs.

## How does the Board’s proposed approach work?

The Board proposes the objective of management commentary, supported by disclosure objectives for the areas of content and examples of material information.

Figure 2—An objectives-based approach



## Proposed objective of management commentary

The Board proposed that management commentary should provide information that:

- (a) **enhances** investors and creditors’ understanding of the company’s financial performance and financial position reported in its financial statements; and
- (b) **provides insight** into factors that could affect the company’s ability to create value and generate cash flows across all time horizons, including in the long term.

Information required by the objective:

- (a) is provided if it is **material** to investors and creditors in making their decisions; and
- (b) reflects **management’s perspective** and is based on information used in managing the company.

# Proposed disclosure objectives for areas of content

**Table 1—Overview of disclosure objectives**

Headline objectives		
Business model	Strategy	Resources and relationships
Management commentary shall provide information that enables investors and creditors to understand...		
how the company's business model <b>creates value and generates cash flows</b> .	management's strategy for sustaining and developing the company's <b>business model</b> .	the resources and relationships on which the company's <b>business model</b> and management's <b>strategy</b> for sustaining and developing that model depend.
Risks	External environment	Financial performance and financial position
Management commentary shall provide information that enables investors and creditors to understand...		
<p>the risks of events or circumstances that could disrupt:</p> <ul style="list-style-type: none"> <li>(a) the company's <b>business model</b>;</li> <li>(b) management's <b>strategy</b> for sustaining or developing that model; or</li> <li>(c) the company's <b>resources or relationships</b>.</li> </ul>	<p>how the company's external environment has affected or could affect:</p> <ul style="list-style-type: none"> <li>(a) the company's <b>business model</b>;</li> <li>(b) management's <b>strategy</b> for sustaining and developing that model;</li> <li>(c) the company's <b>resources or relationships</b>; or</li> <li>(d) <b>risks</b> to which the company is exposed.</li> </ul>	the company's <b>financial performance and financial position</b> reported in the company's financial statements.

*continued ...*

... continued

Assessment objectives		
Business model	Strategy	Resources and relationships
Information in management commentary shall provide a sufficient basis for investors and creditors to assess:		
<ul style="list-style-type: none"> <li>(a) how effective the company's business model is at creating value and generating cash flows;</li> <li>(b) how scalable and adaptable it is; and</li> <li>(c) how resilient and durable it is.</li> </ul>	<ul style="list-style-type: none"> <li>(a) how effective the strategy is likely to be in developing the company's ability to create value and generate cash flows; and</li> <li>(b) management's ability to implement the strategy.</li> </ul>	<ul style="list-style-type: none"> <li>(a) the extent to which the business model and management's strategy depend on particular resources and relationships; and</li> <li>(b) the company's ability to obtain the resources and maintain the relationships on which its business model and management's strategy depend.</li> </ul>
Risks	External environment	Financial performance and financial position
Information in management commentary shall provide a sufficient basis for investors and creditors to assess:		
<ul style="list-style-type: none"> <li>(a) the extent of the company's exposure to risks; and</li> <li>(b) how effectively management monitors and manages the company's exposure to risks.</li> </ul>	<ul style="list-style-type: none"> <li>(a) how factors and trends in the company's external environment have affected or could affect the company; and</li> <li>(b) how effectively management monitors and responds or can respond to those factors and trends.</li> </ul>	<ul style="list-style-type: none"> <li>(a) drivers of the company's financial performance and financial position;</li> <li>(b) how the company's financial performance and financial position compare with investors and creditors' previous expectations;</li> <li>(c) the extent to which the financial performance and financial position reported in the company's financial statement are indicative of the company's ability to create value and generate cash flows in the future, including in the long term; and</li> <li>(d) the company's financial resilience.</li> </ul>

continued ...

... continued

Specific objectives		
Business model	Strategy	Resources and relationships
Information in management commentary shall enable investors and creditors to understand:		
<ul style="list-style-type: none"> <li>(a) the range, nature and scale of the company's operations;</li> <li>(b) the company's cycle of creating value and generating cash flows;</li> <li>(c) the environmental and social impacts of the company's activities if those impacts have affected or could affect the company's ability to create value and generate cash flows, including in the long term; and</li> <li>(d) progress in managing the company's business model.</li> </ul>	<ul style="list-style-type: none"> <li>(a) the drivers of the strategy, including the opportunities management has chosen to pursue;</li> <li>(b) the aims of the strategy;</li> <li>(c) milestones on the path towards those aims;</li> <li>(d) plans for reaching the milestones and achieving the aims;</li> <li>(e) the financial resources required to implement the strategy, and management's approach to allocating financial resources; and</li> <li>(f) progress in implementing the strategy.</li> </ul>	<ul style="list-style-type: none"> <li>(a) the nature of the company's resources and relationships and how the company deploys them;</li> <li>(b) how the company obtains its resources and maintains its relationships;</li> <li>(c) factors that could affect the availability or the quality of the resources and relationships in the future, including in the long term; and</li> <li>(d) progress in managing the resources and relationships.</li> </ul>
Risks	External environment	Financial performance and financial position
Information in management commentary shall enable investors and creditors to understand:		
<ul style="list-style-type: none"> <li>(a) the nature of the risks to which the company is exposed;</li> <li>(b) the company's exposure to those risks;</li> <li>(c) how management monitors and manages the risks;</li> <li>(d) how management will mitigate disruption if it occurs; and</li> <li>(e) progress in managing risks.</li> </ul>	<ul style="list-style-type: none"> <li>(a) the nature of factors and trends in the company's external environment;</li> <li>(b) how those factors and trends have affected or could affect the company;</li> <li>(c) how management monitors and plans to respond to those factors and trends; and</li> <li>(d) progress in responding to those factors and trends.</li> </ul>	<ul style="list-style-type: none"> <li>(a) what factors have affected the company's financial performance and financial position in the reporting period or could affect them in the future, including in the long term;</li> <li>(b) how management has allocated financial resources in the reporting period; and</li> <li>(c) how the company's financial performance and financial position compare with forecasts or targets previously published by the company, if any.</li> </ul>



# Materiality and key matters

## Material information

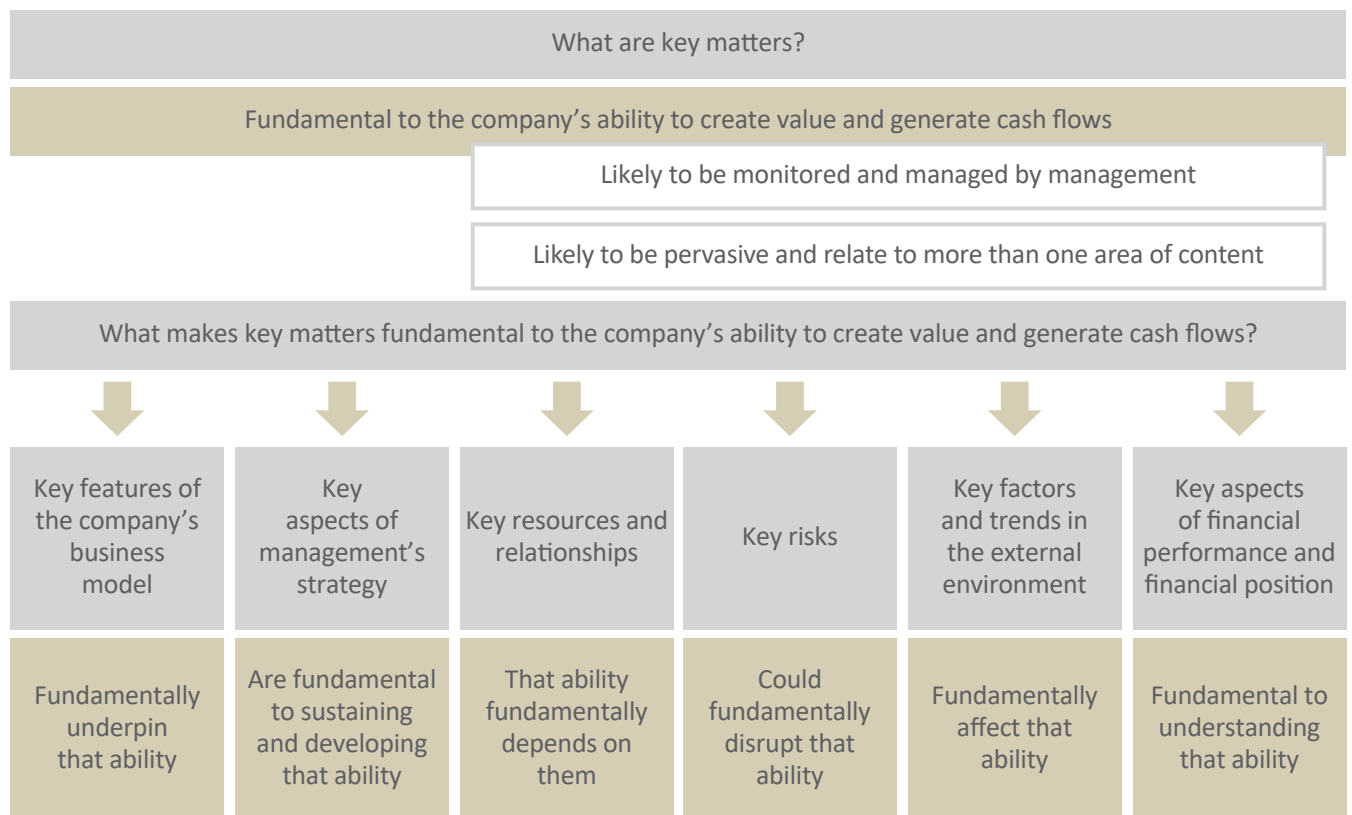
Information would be included in management commentary if it is material to **investors and creditors**. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that investors and creditors make on the basis of the management commentary and of the related financial statements.

## Key matters

Much of material information in management commentary will relate to key matters—matters **fundamental to the company's ability to create value and generate cash flows**. Identifying key matters would require management to apply judgement. Because key matters are so important for the company's prospects, they are likely to:

- (a) be matters that management monitors and manages; and
- (b) be pervasive and to relate to more than one area of content in management commentary. For example, risks to a key feature of a business model—such as a competitive advantage—are likely to be key risks.

Figure 3—Overview of key matters by area of content



# Identifying material information

## Guidance and examples

To help management identify material information, the Exposure Draft proposes:

- (a) guidance on identifying key matters and material information;
- (b) examples of key matters for each area of content;
- (c) examples of metrics that management might use to monitor key matters and to measure progress in managing those matters for each area of content; and
- (d) examples of material information linked to specific disclosure objectives.

The information described in the examples is not always needed; nor is the information investors and creditors need limited to those examples. Material information would depend on the company and its circumstances. Management applies judgement in identifying that information.

## Long-term prospects, intangibles and ESG matters

Investors and creditors are particularly interested in information about matters that could affect a company's long-term prospects, including information about intangible resources and relationships and sustainability matters.

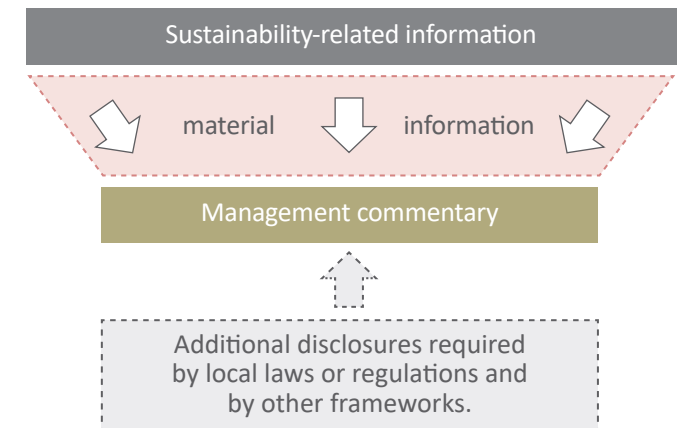
Requirements and guidance for reporting on such matters, including how to report applicable metrics, are set out throughout the Exposure Draft. To help companies report on such matters, the Exposure Draft includes an appendix that provides:

- (a) an overview of requirements and guidance that apply to reporting those matters; and
- (b) examples that show how companies might consider those requirements and guidance in identifying key matters and material information in various fact patterns.

## Interaction with other reporting frameworks

Companies would be able to apply local laws or regulations as well as frameworks issued by other organisations, for example on sustainability, to help them identify material information for inclusion in management commentary.

Companies would also be permitted to include immaterial information required by those laws, regulations and frameworks as long as it does not obscure material information.



# Metrics

Material information is likely to include metrics that management uses to monitor key matters and to measure progress in managing those matters.

Metrics are measures that management uses to monitor a quantitative or qualitative aspect of a company's financial or non-financial performance or position. Those measures are specific to the company and typically depend on the company's activities and the industry in which it operates. Those measures could be derived from information generated by the company or obtained from external sources, for example providers of market share statistics or customer surveys.

The Exposure Draft proposes requirements and guidance for metrics provided in management commentary.

## Examples of metrics that may need to be included in management commentary

### Metrics for business model may relate to:

- the scale of the company's operations—for example, production capacity or volumes
- environmental or social impacts of the company's activities—for example, greenhouse gas emissions

### Metrics for strategy may relate to:

- progress towards long-term aims—for example, brand reputation scores
- progress towards milestones—for example, measures of product quality

### Metrics for resources and relationships may relate to:

- how effectively a resource is deployed—for example, store revenue per unit of floor area
- the strength of a relationship—for example, customer retention statistics

### Metrics for risks may relate to:

- exposure to a risk—for example, the level of reliance on a raw material
- the effectiveness of management's response—for example, number of safety incidents

### Metrics for external environment may relate to:

- factors and trends—for example, market share statistics
- the effectiveness of management's response—for example, the proportion of revenue exposed to a trend

### Metrics for financial performance and financial position may relate to:

- amounts presented or disclosed in the financial statements, such as line items, totals and subtotals
- measures derived from the amounts presented or disclosed in the financial statements

# Attributes of information in management commentary

To be useful to investors and creditors, information in management commentary should possess specified attributes. Specifically, the Exposure Draft proposes that it should be complete, balanced, accurate and coherent. The Exposure Draft also sets out desired attributes of information. They are clarity and conciseness, comparability, and verifiability. To help companies provide such information, the Exposure Draft proposes guidance on how to provide information with those attributes. With the exception of coherence, the proposed attributes correspond to the characteristics of useful financial information set out in the *Conceptual Framework for Financial Reporting*.

Coherence

Investors and creditors say that information in management commentary is difficult to use if it is fragmented or cannot be reconciled with other information provided by the company. So the Board is proposing that information in management commentary should be coherent. It is also proposing that information should be provided in a way that it can be related to other information published by the company, in particular in the company's financial statements, and that any apparent inconsistencies are explained.

Required attributes of information	Desired attributes of information
<div>Completeness</div> <p>Management commentary shall provide a complete depiction of the matters it addresses. A complete depiction of a matter requires all material information that is necessary for investors and creditors to understand the matter.</p>	<div>Clarity and conciseness</div> <p>Information in management commentary is more useful if it is clear and concise—plain language is used as much as possible, only material information is included, duplication and ‘boilerplate’ disclosures are avoided.</p>
<div>Balance</div> <p>Information in management commentary shall be balanced—not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that investors and creditors will receive that information favourably or unfavourably.</p>	<div>Comparability</div> <p>Information in management commentary is more useful if it is comparable—both with information provided by other companies (particularly those in the same industry) and information provided by the company in the past.</p>
<div>Accuracy</div> <p>Information in management commentary shall be accurate. Information can be accurate without being perfectly precise. The degree of precision needed depends on the nature of information and the nature of matters addressed.</p>	<div>Verifiability</div> <p>Information in management commentary is more useful if it is verifiable—that is, if it is possible to corroborate either the information itself or the inputs used to derive the information.</p>

# Information for respondents

## **The deadline for comments on the Exposure Draft is 23 November 2021.**

All parties are invited to respond to the questions in the Exposure Draft. The Board will welcome responses even if respondents do not comment on all questions.

You can submit comments on our ‘Open for comment documents’ page at:

[www.ifrs.org/projects/open-for-comment/](https://www.ifrs.org/projects/open-for-comment/)

## **Stay informed**

To stay up to date with this project, go to <https://www.ifrs.org/projects/work-plan/management-commentary/>.

To receive relevant news stories as email alerts, sign in to [www.ifrs.org](https://www.ifrs.org), go to [the follows dashboard](#) and choose to follow ‘Standards development’. You must have an IFRS Foundation account—registration is free.

## **Exposure Draft package**

The Exposure Draft includes:

- questions for respondents; and
- the Board’s detailed proposals, in the format of a draft revised Practice Statement.

The Basis for Conclusions on the Exposure Draft includes:

- a summary of the Board’s considerations in developing its proposals; and
- an analysis of the expected effects of the proposals, including the effects on electronic reporting.

## **This document**

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## ITEM 7A

22 SEPTEMBER 2021

### FRC NOMINATIONS COMMITTEE

#### DESCRIPTION

Update on recruitment for AASB / AUASB positions

#### ACTION

- Chair update



## ITEM 7B

22 SEPTEMBER 2021

### UPDATED FRC NOMINATIONS COMMITTEE CHARTER

#### DESCRIPTION

On 2 June 2021, the FRC Nominations Committee reviewed its Charter and recommended that “the sixth dot point under ‘Responsibilities’ should include large firms of the AASB must re-apply through an open interview process to be reappointed for a second term”.

The Charter was subsequently amended to include the following words at the end of the sixth dot point under the heading ‘Responsibilities’: “Large firm members must re-apply through an open interview process to be reappointed for a second term”.

#### ACTION

- For noting



# **FRC NOMINATIONS COMMITTEE CHARTER**

## **CHARTER (REVIEWED JUNE 2021)**

### **1. THIS CHARTER**

This Charter sets out the functions and responsibilities of the FRC Nominations Committee (Committee).

### **2. FUNCTIONS**

The functions of the Committee are:

- to review annually the composition of, and criteria for appointment to, the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB);
- to make recommendations annually to the Financial Reporting Council (FRC) for the appointment of members to the AASB and AUASB;
- to review, periodically, the succession needs of the AASB and AUASB in discussion with the Chair of the AASB and AUASB respectively; and
- to consider and report, at least annually, to the FRC on the performance review of the AASB and AUASB Members.

### **3. RESPONSIBILITIES**

The Committee will:

- establish and periodically review Guidelines concerning the framework for appointments to the AASB and AUASB and publish them on the FRC website.
- make a recommendation, annually, to the FRC on the desired size and composition of the Boards including skill and mix and the eligibility criteria for appointment.
- advertise periodically to seek applications from persons interested in being considered for appointment to the AASB and/or AUASB as a member, other than the Chair;
- maintain a schedule of eligible nominees who meet the eligibility criteria established by the FRC on the recommendation of the Committee for AASB and AUASB members, including the Chair;
- for appointments to the AASB and AUASB, other than the Chair, interview and evaluate candidates on the basis of merit and make recommendations to the FRC for its consideration;
- recommend appointments to the AASB and/or AUASB for a maximum of 3 years with the possibility of extension for a further 2 terms. For members to be reappointed for

the third time they must re-apply through an open interview process. Appointment for a second term may occur without a further FRC interview, provided the peer review results and Chair feedback are satisfactory. Large firm members of the AASB must re-apply through an open interview process to be reappointed for a second term;

- consider casual vacancies as appropriate, when advised by the Chair of the AASB or AUASB, as a result of mid-term resignations or extended leave of absences permitted under the ASIC Act Sections 236D and 236H;
- recommend termination of the appointment of a member of the AASB or AUASB (other than the Chairs), if the member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with their creditors, makes an assignment of their remuneration or property for the benefit of their creditors, or contravenes S237 Confidentiality requirements (ASIC Act S236C, S236G). The Committee may recommend termination of the appointment of a member of the AASB or AUASB (other than the Chair) for misbehaviour or physical or mental incapacity or breach of the terms and conditions of the member's appointment after taking due legal advice and providing all interested parties are afforded hearing of their views (ASIC Act S236B, 236G);
- oversee the process by which Members of the AASB and AUASB are expected, as part of their duties, to complete and provide feedback on the annual peer review for the AASB and AUASB. The review will be analysed by the Committee and feedback given to the respective Chair and the FRC on Board Member performance. In the event a peer review is not completed, the relevant Chair will be advised to follow up on the matter. The relevant Chair is responsible for providing feedback to the individual Board member. Committee feedback on the AASB and AUASB Chairs is provided as part of the FRC member peer review process; and
- as part of the recruitment of AASB and AUASB members, consider upcoming appointments to key relevant international bodies requiring financial reporting, assurance, external reporting or educational responsibilities in these areas, where it is important that Australia has influence, and where appropriate identify suitable candidates to promote for appointment.

#### **4. MEMBERSHIP OF THE COMMITTEE AND QUORUM**

Members of the Committee are appointed by the FRC.

The Committee comprises a member of the FRC as Chair, at least one other FRC Member and the Chairs of the AASB and AUASB. The FRC Chair is a Member ex-officio.

A quorum is any three Committee Members.

Members will advise the Committee of any potential or actual conflicts of interest at the commencement of any meeting. If a Member becomes aware outside a meeting of a potential or actual conflict that may give rise to questions being asked over a Member's role/involvement on the Committee, the Member will raise the matter with the Committee Chair and/or the FRC Chair. Where the Committee Chair has a potential or actual conflict of interest, the matter is to be raised with the FRC Chair for their consideration.

As appropriate, the Committee may invite other relevant persons to attend meetings and provide input as necessary, including as an observer only.

## **5. MEETINGS**

The Committee will meet at least semi-annually, and more frequently as required.

Minutes of the meetings of the Committee will be drafted and confirmed at the following meeting and should ordinarily be included in the papers for the next full FRC meeting.

## **6. REPORTING**

The key matters discussed at each Committee meeting are to be reported by the Committee Chair to the FRC at the next scheduled FRC meeting. The report will include all matters that are relevant to the function and responsibilities of the Committee.

## **7. OTHER MATTERS**

The Committee shall also perform any other activities consistent with this Charter that the Committee or the FRC deem appropriate.

## **8. REVIEW**

The Committee will review its Charter on a regular basis, at least every two years.



## STAKEHOLDER REPORT: AUSTRALIAN CHARITIES & NOT-FOR-PROFITS COMMISSION

### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- On 30 June 2021, the Assistant treasurer [announced](#) proposed reforms to financial reporting for ACNC-registered charities which will lift financial reporting thresholds based on annual revenue for the financial year ending 30 June 2022 onwards:
  - small charities from \$249,999 to \$499,999, and
  - medium charities from \$999,999 to \$2,999,999 million.
- Related party transaction disclosures will become mandatory. From the financial year ending 30 June 2022, large sized charities with two or more key management personnel will be required to report aggregated remuneration paid to those personnel. From the financial year ending 30 June 2023, all charities will be required to report related party transactions. The ACNC is working with Treasury on the implementation of these measures which also include allowing small sized cash-based charities to provide a statement of resources and commitments.

### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- In May 2021 the ACNC published the seventh edition of the [Australian Charities Report](#). The report analyses data submitted by more than 48,000 charities in their 2019 Annual Information Statements. A new dataset for the 2019 Annual Information Statements was simultaneously published to [data.gov.au](https://data.gov.au).
- A [streamlined reporting arrangement for NSW charities](#) subject to the *Charitable Fundraising Act 1991* (NSW) is now in place from the 2021 financial year. Charities can access a simpler fundraising authority application process when applying to NSW Fair Trading and now only need to report to the ACNC.
- The ACNC made a submission for part 1 of the IFR4NPO financial reporting guidance project [consultation paper](#).



## STAKEHOLDER REPORT: AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- APRA continues to progress its work relating to *AASB 17 Insurance Contracts* particularly the response paper to industry, prudential and reporting standards. APRA continues to monitor the preparedness of the insurance industry to adopt AASB 17. APRA provides the AASB 17 Transition Resource Group with regular updates on the work being undertaken.
- APRA is engaging with authorised-deposit taking institutions on their provisioning and capital levels as part of ongoing supervision activity.
- In the superannuation area:
  - APRA continues to collaborate with ASIC and The Treasury regarding proposed amendments to the Corps Act (with consequential amendments to the SIS Act and the ASIC Act). The purpose of these amendments, as set out in a recently released [draft Bill](#), is to extend and adapt the Chapter 2M financial reporting and auditing requirements to include Registrable Superannuation Entities (RSEs);
  - APRA is also engaging with a wide range of impacted stakeholders on a number of superannuation matters, including refinements to the Independent Auditor's Report applicable to RSEs. Impacted stakeholders APRA is working with include the largest four and some second-tier audit firms, ASIC, the ATO, the AUASB and the professional accounting bodies.

### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- Nil



## **STAKEHOLDER REPORT: AUSTRALIAN SHAREHOLDERS’ ASSOCIATION**

### **KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

As previously indicated, we look forward and support initiatives aimed at:

- Streamlining remuneration reporting obligations for publicly listed entities
- Standardise reporting of ESG metrics and matters such as proposed by SAS

### **OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

- We look forward to the Government’s response to the final report of the Parliamentary Joint Committee on Corporations and Financial Services (PJC) Inquiry into the Regulation of Audit. And we support the FRC, ASIC, AASB, AUASB and Accounting Professional and Ethical Standards Board (APESB) meeting on and preparing for acceptance of any recommendations by the Government.



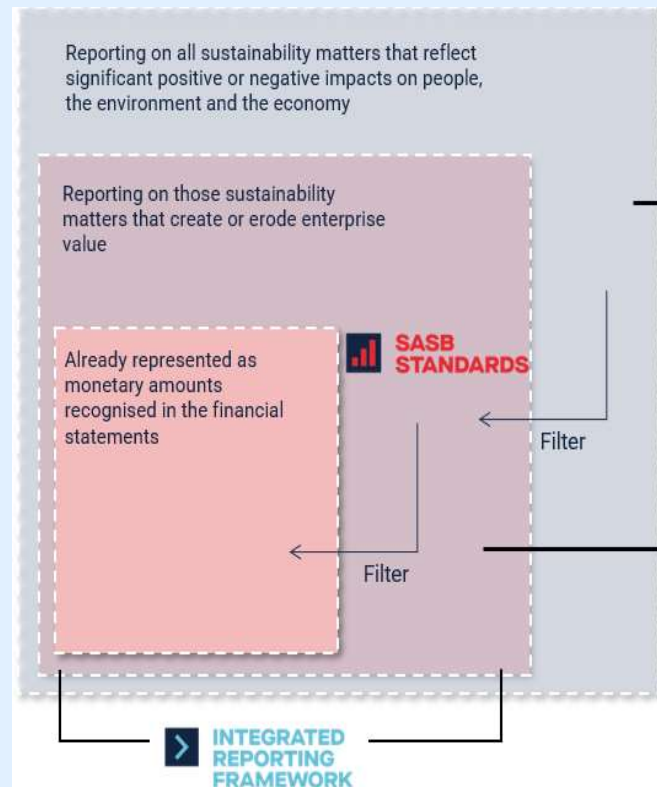
## STAKEHOLDER REPORT: AUSTRALIAN BUSINESS REPORTING LEADERS FORUM

### FOR ATTENTION OF THE FRC

**Convergence of the global system continues at pace** – detail pages 2-3. The formation of the International Sustainability Standards Board (ISSB) is fast approaching, with its first standard – on climate reporting – expected to go to due process early in 2022 and be finalised during 2022. Individual countries need to determine their own system and technical responses. IFAC published a very helpful flyer (attached) for individual countries on 9 September. IOSCO in June called for a conceptual framework for assurance to underpin assurance of extended external reporting information, including under the Standards of the ISSB. *Extended External Reporting* (IAASB term) assurance is already developing in practice. Australia needs to urgently consider local implications of these global developments and determine the Australian response.

### Australian Implications

- 9 September briefing for Bill Edge by Janine Guillot - CEO of Value Reporting Foundation, John Stanhope - Chair of BRLF, and Michael Bray – Special Advisor to CEO, Value Reporting Foundation, answered key questions
- IFAC statement (9 September), *How Global Standards Become Local – Using the Sustainability Building Blocks Model*, is directly relevant to the Australian discussion – see decision chart on page 2. BRLF on balance favours a **third Board under the FRC** to be **consistent with the global structure**, potentially named the ‘Extended External Reporting Standards Board’, and having a **strong investor voice** and **ASIC oversight**
- Australia needs to adopt global terminology, in particular **‘sustainability-related financial disclosures’** for investors, which IOSCO and IFRS Foundation define in terms of **enterprise value** (net present value of future cash flows) – the **‘nested materiality diagram’** (right and explained on page 2) should be given prominence and explained well in Australia for this purpose
- IASB Management Commentary Practice Statement *Exposure Draft* - submissions should emphasise the **need for a conceptual reporting framework** as an umbrella for both IASB and ISSB Standards – the **International Integrated Reporting Framework**
- 9 September IFAC statement (refer above) includes as a criterion for local implementation success, **assurance** as to whether information was prepared in conformity with local equivalents of ISSB Standards. This responds to **IOSCO** call for a **conceptual framework for assurance** as part of the global corporate reporting system
- Australia is well positioned for this assurance aspect:
  - **ESG information.** IFAC study, *‘The State of Play in Sustainability Assurance’*: 100% of top 50 Australian companies report ESG information, 56% with assurance (limited), always from an audit firm, virtually always under ISAE 3000
  - **Integrated reports.** From IIRC / IFAC paper, *‘Accelerating Integrated Reporting Assurance in the Public Interest - IFAC and the IIRC Support Pathway to Integrated Reporting Assurance’* and VRF analysis, Australia is the global leader as integrated reporting assurance emerges – 3 of 8 existing instances
- Australian Business Reporting Leaders Forum (BRLF)** will participate in VRF’s inaugural summit of <IR> communities



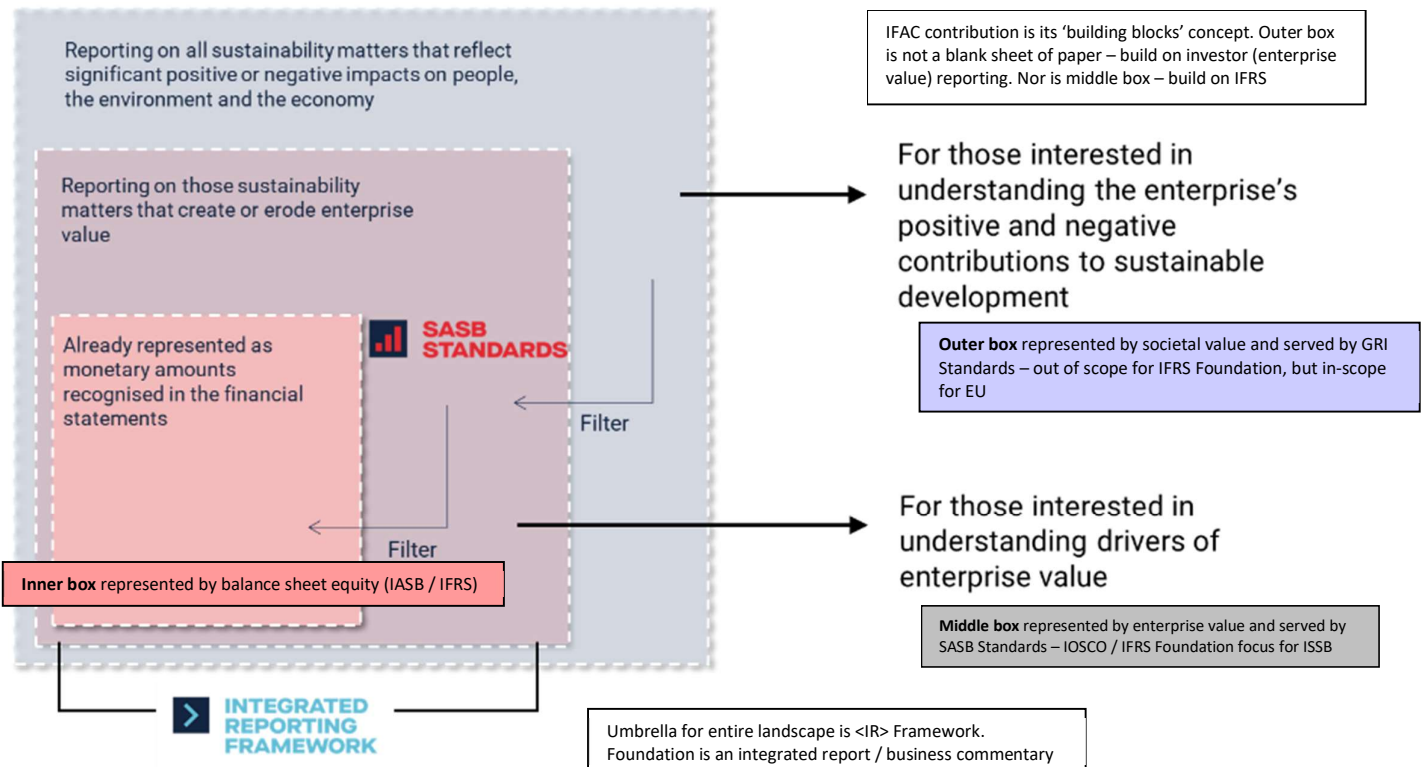




## KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

### Global Developments - Convergence of the global system continues at pace:

- Global alignment of the corporate reporting system through the IFRS Foundation continues at pace, including progress towards forming International Sustainability Standards Board (ISSB) by 31 December 2021. Involvement of IOSCO, led by the US SEC and Monetary Authority of Singapore, is critical in establishing the basis for global endorsement, giving legitimacy to ISSB standards around world.
- Value Reporting Foundation is represented on the Technical Readiness Working Group (TRWG) established by IFRS Foundation to give ISSB a running start in developing standards, first for climate-related disclosures, then broader sustainability issues related to 'enterprise value' / net present value of future cash flows<sup>1</sup>. Sustainability-Related Financial Disclosures as embraced by IOSCO and IFRS Foundation relate to Enterprise Value includes intangibles and integrated thinking (intellectual capital).
- So not only about climate or broader ESG. 'Climate first' has been agreed provided this is in the context of all of ESG and the other components of enterprise value being next. ISSB Climate Reporting Standard Exposure Draft, building on Group of 5 Prototype, SASB Standards, TCFD Recommendations and integrated reporting concepts, is expected to be ready for tailored due process and finalisation in 2022.
- Value Reporting Foundation believes integrated reporting – including the fundamental concept of multiple capitals, guiding principle of connectivity of information, and foundation of integrated thinking – have a crucial place within global system of frameworks and standards.
- Well-illustrated by Group of 5's 'Nested Materiality Diagram':



<sup>1</sup> As reported in the March 2021 BRLF stakeholder report, the IIRC and SASB are part of a group of five (the 'Group of 5') framework providers and standard setters (IIRC, SASB, GRI, Climate Disclosure Standards Board and Climate Disclosure Project) who proposed a broader business concept of 'sustainability', revolving around enterprise value creation and the six capitals of the <IR> Framework, incorporating intangible drivers of business value. This broader concept has been embraced by IOSCO and the IFRS Foundation. The Group of 5 also developed a prototype climate disclosure standard which is being used by the TRWG.





- Management Commentary Practice Statement – Numerous submissions are likely on both institutional issues (eg should have been deferred pending formation of ISSB) and technical issues (eg no conceptual framework; no coverage of governance; may not be suitable criteria for assurance).

#### ***Developments in other jurisdictions***

- EU is co-creating with international. Focused on outer box in nested materiality diagram – catering for multi-stakeholders. Considering mandatory reasonable assurance
- US SEC consultation on climate disclosure has concluded. Most support for broader ESG disclosure after climate. Strong support for industry specific. No clear consensus on assurance. While unlikely to mandate ISSB Standards, possible that it will recognise them as part of best practice
- Japan has a similar corporate reporting system structure to the UK. Japan is making a bid to be home of the ISSB (so is UK, Germany, Switzerland and Canada)
- Singapore Stock Exchange has commenced a consultation on its recommendation for a phased approach to mandatory climate reporting in context of ISSB Standards. Proposing that assurance by internal auditors be mandatory, with an option to obtain independent external assurance
- New Zealand is mandating climate disclosure

#### ***Extending the Value Reporting Foundation's 'family' to the country level***

- Inaugural summit of integrated reporting communities on 14 October 2021
- Participating communities include Italian Organisation for Business Reporting, World Intellectual Capital Initiative in Japan, US Integrated Reporting Community, New Zealand Integrated Reporting Community and South African Integrated Reporting Committee.

#### ***Extended External Reporting assurance***

- IOSCO is requesting a comprehensive sustainability assurance framework as an integral part of the global corporate reporting system:

“IOSCO’s vision, which is also shared by the IFRS Foundation Trustees, has the following key elements: (i) Establishing an ISSB with a strong governance foundation. IOSCO considers that the IFRS Foundation potentially could deliver a global baseline for investor-oriented sustainability-related disclosure standards focussed on enterprise value creation, which jurisdictions could consider incorporating or building upon as part of their mandatory reporting requirements as appropriate and consistent with their domestic legal frameworks. This could promote international consistency and comparability in sustainability-related information, and also form the basis for the development of an audit and assurance framework.”

“The STF will increase its efforts and focus on how IOSCO can support the delivery of a comprehensive assurance framework for sustainability information, including the assurance related standard setting necessary to underpin mandatory assurance of sustainability disclosures. This will be a priority in the next phase of the STF’s work.”
- ESG assurance has reached a level of maturity (refer June 2021 IFAC ESG assurance benchmarking study: [The State of Play in Sustainability Assurance | IFAC](#) ). 91% of top 1,400 companies across 22 jurisdictions report some level of sustainability information. 51% of that 91% provide some level of assurance - 63% from an audit firm and 88% under ISAE 3000. Almost always limited assurance.
- Integrated reporting / management commentary assurance (refer February 2021 IIRC / IFAC paper, ‘Accelerating Integrated Reporting Assurance in the Public Interest - IFAC and the IIRC Support Pathway to Integrated Reporting Assurance’ ([IFAC and IIRC Set Out A Vision for Accelerating Integrated Reporting Assurance | IFAC](#)) is emerging. Eight instances globally – 88% by an audit firm and always under ISAE 3000.
- April 2021 IAASB Extended External Reporting Assurance guidance. High level, insufficient for integrated reporting / management commentary assurance, no further work planned by IAASB.

# HOW GLOBAL STANDARDS BECOME LOCAL

## USING THE SUSTAINABILITY BUILDING BLOCKS



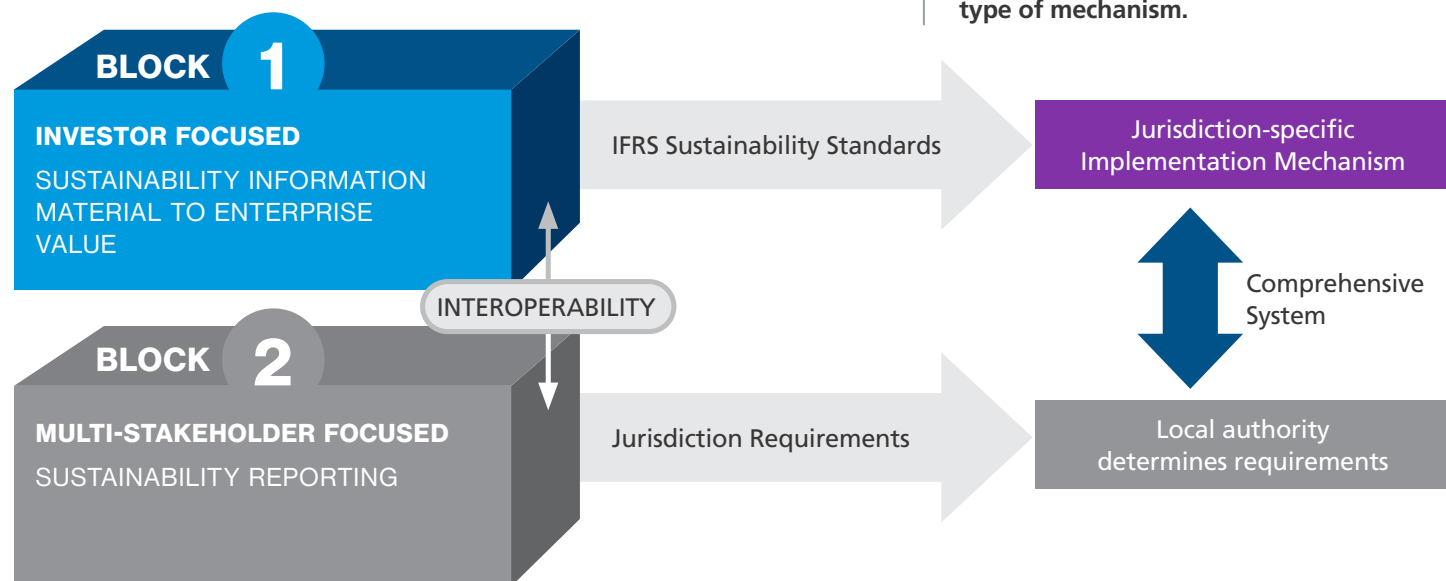
Investor-focused sustainability information, integrated with financial reporting, provides a more complete picture of enterprise value. A global system for sustainability-related reporting that results in comparable, decision-useful, and assurable information—for investors, capital markets and other stakeholders—depends on jurisdiction-specific decisions to use, implement, and apply international standards.

The decision to use international sustainability standards is part of the **Building Blocks Approach**—implementing and enforcing **BLOCK 1** reporting requirements established by the International Sustainability Standards Board (ISSB) in combination with any jurisdiction-specific **BLOCK 2** (i.e., development, impact, or policy based) reporting requirements.

As a global standard setter, the ISSB intends to develop IFRS sustainability standards for use by all jurisdictions. These standards are intended to form a **baseline of decision useful information** (disclosure topics and metrics) that addresses sustainability impacts relevant to **short-, medium-, and long-term enterprise value**.

**BLOCK 1** global standards are voluntary by nature; **each jurisdiction will need a local mechanism to implement these standards** in a manner that makes them enforceable (or effective as guidance) for reporting on sustainability-related matters. This mechanism may already be in place for implementing IFRS financial reporting standards (see next page).

**BLOCK 2** requirements are set by jurisdiction level authorities and do **not require the same type of mechanism**.



**Block 1** is the focus of this diagram; **Block 2** is included for context.

Framework for transitioning  
global standards into  
local standards

**LEGAL FRAMEWORK:** Legislative or regulatory processes in a country provide both the framework for corporate reporting (including sustainability-related disclosures) and the mandate to use standards developed by an independent, private sector body such as the ISSB. In some jurisdictions, existing laws delegate such matters to a “competent authority” / regulator.

### COMPETENT AUTHORITY:

A government ministry or a separate agency established by legislation (e.g., a securities regulator / IOSCO member) is typically designated with responsibility for reporting requirements in public securities markets and is held accountable for compliance with legislative requirements.

**OVERSIGHT:** Independent oversight of global and regional standard-setting bodies, as well as jurisdiction-level implementation activities, helps ensure that the public interest is served throughout the standard-setting and implementation process.

# BLOCK 1

## PATHWAYS TO IMPLEMENTATION

### Jurisdiction-specific Implementation Mechanism

**DESIGNATED BODY:** Unless a jurisdiction adopts the ISSB and its standards directly into local law, a designated body (e.g., an existing or new standard-setter or a special purpose adoption/endorsement entity) must recommend or determine that ISSB global standards should be enforced locally. Active engagement by this designated body in standard-setting activities, coupled with outreach to local stakeholders, serves to inform the ISSB standard-setting and jurisdictional recommendation process.

Financial reporting standards set by the IASB have been adopted and implemented in more than 140 jurisdictions.

**There are existing, proven mechanisms already in place** that may be adapted to include sustainability standards set by the ISSB, which falls under the same governance arrangements as the IASB.

### CONSIDERATIONS TO INFORM THE DECISION TO MAKE GLOBAL STANDARDS LOCAL

- 1 Will the reporting requirement promote fair and efficient markets?
- 2 Will corporate reporting be enhanced by new or additional disclosures that are consistent, comparable, and enforceable?
- 3 Will the standards lead to relevant matters being reported in a fair and balanced manner?

### CRITERIA FOR SUCCESS



**Outcome:** Consistent, comparable, assurable baseline of sustainability information for capital markets (BLOCK 1), which is complemented by jurisdiction-specific reporting requirements (BLOCK 2)

**STATEMENT OF INTENT:** The jurisdiction has publicly stated its intent to move toward ISSB reporting requirements.

**AUTHORITY & OVERSIGHT:** Clear legislative and regulatory authority/oversight supports the legitimate application of the standards in the jurisdiction.

**SCOPE OF APPLICATION:** The scope of covered entities (domestic and/or foreign) that are required or allowed to use the ISSB's standards is clearly defined.

**PROCESS FOR APPLICATION:** Effective, transparent due process has been established that facilitates jurisdictional implementation of ISSB reporting standards/requirements.

**ASSURANCE:** Assurance reports state whether information was prepared in conformity with ISSB standards.

### Use process for adopting IFRS Standards OR something different?

New mechanism required

Use existing mechanism to adopt **both** IASB and ISSB standards

### FOR EXAMPLE

Endorsement of the ISSB or a standard-by-standard approach to making sustainability standards part of the local legal framework that governs corporate reporting

Incorporation of the ISSB's standards into local corporate reporting requirements

Memoranda of Understanding between the ISSB and local standard-setting bodies/regulators to set standards identical to those of the ISSB

Reference as best practices with guidance to follow ISSB standards (applies where sustainability disclosure requirements are not prescriptive)

Achieving equivalency over time through convergence with pre-existing, local sustainability disclosure requirements

**EITHER PATH SHOULD SUCCESSFULLY TRANSITION GLOBAL STANDARDS INTO LOCAL STANDARDS**



## STAKEHOLDER REPORT: CHARTERED ACCOUNTANTS AUSTRALIA AND NEW ZEALAND

### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- Completed our third retail investor survey and the [preliminary findings](#) showed that confidence in both capital markets and listed companies is now greater than pre-pandemic levels. Investors continue to have a high level of confidence in the audited financial reports of listed companies and independent auditors remain the most trusted group to advance investor protection in Australia and New Zealand.
- Published *Talking Talent - A conversation starter about attracting and retaining the most important ingredient for audit quality: people*. This paper aims to spark discussion within the profession about how to rise to audit talent challenges and opportunities. Audit leaders from Australia and New Zealand reflect on the obstacles they face, as well as some of the solutions they are exploring. There are also details of how CA ANZ is working towards systemic solutions to the talent challenges that the audit profession is grappling with.
- Issued a package of year end reporting resources, including our inaugural Australian and New Zealand [Financial Reporting Benchmarks](#) reports prepared in partnership with the Universities of Melbourne and Queensland, and a reporting and audit [Sharing Knowledge Session – Getting set for EOFY 2021](#), attended by over 1,000 members.
- CA ANZ's Accounting Research and Large National Networks Groups have continued to convene small, medium and large firms monthly alongside regulators and standards setters, progressing issues impacting reporting and audit quality including special purpose reporting reforms, NFP income accounting, accounting and auditing standards changes and interpretation and other key matters.
- Engaged with State regulators as COVID-19 related business grants programs have been rolled out to ensure the requirements for accountants are in line with professional standards and do not imply a greater level of assurance than intended.

### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- Facilitated input from members and completed a number of [submissions](#) including: IAASB - workplan, EFRAG – accounting for cryptoassets / liabilities, IASB – business combinations under common control and regulatory activities, and APESB - fees.



## ITEM 08A

22 September 2021

### STAKEHOLDER REPORT:CPA AUSTRALIA

FOR ATTENTION OF THE FRC - N/A

#### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- **Financial Reporting:** We held two Policy Think Tank events on the “understandability of accounting standards” in the public/NFP and for-profit sectors and a report of the key takeaways from the event will be published shortly.
- **Registrable Superannuation Entities:** CPA Australia made a [joint submission](#) to Treasury with CA ANZ and IPA, on a draft Bill setting out new financial and auditing requirements for RSEs equivalent to listed companies. Our submission generally supports clarification and transparency of reporting, including lodgement of financial reports with ASIC and ASIC’s regulatory oversight. However, we recommend that a whole of Government approach to regulatory policy should be adopted to reduce regulatory overlap and duplication, request that certain timeframes be deferred and point to changes which should be made to legislation to improve the effectiveness of the measures.

#### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- **State-based COVID Business Grants:** We have been raising concerns about NSW, Queensland and Victoria Government requirements for an ‘accountant’s letter’ to confirm the decline in turnover of applicants for COVID-19 business grants. These letters, such as the [proforma for NSW JobSaver payment](#), are not consistently aligned with relevant standards. CPA Australia with CA ANZ have jointly developed a template for a compilation engagement for decline in turnover for commercial rent relief.
- **Loan applications:** CPA Australia continues to raise concerns with the banking and finance industry about loan applications requesting accountants to certify the capacity of their individual or small business clients to repay a loan and other forward-looking information, such as future business usage of a financed asset. We have [advised members](#) that they cannot provide such certification or assessment unless they are appropriately licensed under an Australian Credit Licence.
- **Hong Kong FRC:** CPA Australia made a [submission](#) to the Legislative Council in Hong Kong on the extension of the Financial Reporting Council’s regulatory powers to encompass auditor registration, issue of public practice certificates, oversight of education and CPD, noting parallels with and highlighting contrasts to ASIC’s powers.





- **Sustainability/Climate-related disclosures:** CPA Australia held a joint roundtable with CA ANZ, MinterEllison and the Commonwealth Climate Law Initiative on preparing Australia's corporate and regulatory environment for global reporting developments. Joint submissions with CA ANZ were made to [IOSCO on recommendations on sustainability-related practices, policies, procedures and disclosures in asset management](#) and to the IFRS Foundation on [amendments to their Constitution for the International Sustainability Standards Board to set IFRS Sustainability Standards](#). We appeared at a public hearing of the Joint Standing Committee on Trade and Investment Growth *Inquiry into the Prudential regulation of Investment in Australia's Export Industry* and made a related [submission](#) focusing on international developments in the regulation of climate-related disclosures. We raised awareness of climate risks impacting financial report audits in a [webinar](#).



## STAKEHOLDER REPORT: HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY COMMITTEE

### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- HoTARAC members have provided a group response, and individual jurisdictional feedback, to the post implementation review of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.
- Members aim to engage in a roundtable consultation with the contractor (Dr Kim Langfield-Smith) to provide a more fulsome response to matters raised in their individual jurisdiction's submission.
- HoTARAC notes that proposals for Tier 3 Financial Reporting has the potential to create reporting efficiencies for micro entities in the public sector. Members have agreed to assist the Public Sector Working Group in this project, and are currently engaging in the development of a principles based response.

### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- HoTARAC members have expressed an interest in Outcomes Budgeting Reforms experiences amongst its membership. NSW have agreed to arrange a presentation to HoTARAC members on its reforms.

### BACKGROUND

HoTARAC is an intergovernmental committee that advises Australian Heads of Treasuries on accounting and reporting issues. The Committee comprises the senior accounting policy representatives from all Australian States, Territories and the Australian Government.



22 SEPTEMBER 2021

## **STAKEHOLDER REPORT: INSTITUTE OF INTERNAL AUDITORS- AUSTRALIA**

### **KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

- Launch of Auditing risk culture: A practical guide

### **OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES**

- Nil





## STAKEHOLDER REPORT: PUBLIC SECTOR WORKING GROUP

### KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- The Public Sector Working Group (PSWG) has been reconstituted after a brief hiatus and members have agreed that their responsibilities to the FRC are strategic in nature. Accordingly, they have invited some observers to join the group that will provide a 'user' perspective to public sector reporting issues.
- High level goals of the group are to focus on public sector reporting matters and provide these as advice and input to the Financial Reporting Council (FRC).
  - Includes oversight of matters that are put to the FRC and that have a public sector impact.
  - Matters that the PSWG consider may have an overlap with the activities of HoTARAC (Heads of Treasury Reporting and Advisory Committee).
- PSWG members also agreed that they would champion matters such as:
  - Presenting Public Sector Reporting as a valid career choice for graduates, etc.
  - Audit quality due to restraints on the choice of Auditor within the public sector.
  - Ongoing adequacy of appropriate numbers of public sector employees with Financial Reporting skillsets.

### OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

- A separate discussion was held with Kim Langfield Smith by the PSWG Chair on the status of the AASB 1049 Post Implementation Review. A verbal update will be provided in the meeting.



## ITEM 8B

22 SEPTEMBER 2021

### MONITORING AND INFLUENCING AUSTRALIAN DEVELOPMENTS

#### DESCRIPTION

Report by XRB

#### ACTION

- Michele Embling update



## ITEM 9A

22 SEPTEMBER 2021

### MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS

#### DESCRIPTION

IFRS Trustees

#### ACTION

- Joanna Perry update



## ITEM 10A

22 SEPTEMBER 2021

### OTHER BUSINESS

#### DESCRIPTION

Update on FRC Public Sector Working Group

#### ACTION

- Stewart Walters update



## ITEM 10B

22 SEPTEMBER 2021

### OTHER BUSINESS

#### DESCRIPTION

FRC Annual Report 2020-21

#### ACTION

- Chair update



## ITEM 10c

22 SEPTEMBER 2021

### OTHER BUSINESS

#### DESCRIPTION

A peer review is carried out every two years by FRC members. The last FRC review was in 2019. Accordingly, an FRC peer review is due to be held in 2021.

At the FRC meeting of 3 June 2021, members noted that a peer review of FRC members will be held in 2021. A new set of questions will be provided to members for consideration out-of-session.

Attached is a proposed timeline and proposed questions for the 2021 FRC peer review.

#### ACTION

It is recommended that members approve:

- the proposed FRC peer review timeline attached to this paper
- the proposed FRC peer review questions attached to this paper



## 2021 FRC PEER REVIEW – PROPOSED TIMELINE

Action:	Date:
FRC members approval of peer review questions	Wednesday 22 September
FRC Secretariat to circulate peer reviews to FRC members for completion via CitizenSpace	Friday 8 October
Due date for responses	Sunday 31 October
FRC Secretariat to send responses to the FRC members for review	Monday 8 November
FRC members to discuss peer review results	Next available FRC meeting



## 2021 FRC PEER REVIEW – PROPOSED QUESTIONS

### Skills and behaviours

1. What is your rating of the skills and behaviours the members bring to the FRC to collectively enable constructive and informed discussion about the relevant issues?
2. If your rating is not a 5 what do you suggest in order for your rating to be a 5?

### Board and Committee composition

3. What is your rating of the diversity of skills, gender, tenure of members and the alignment with the FRC's needs?
4. If your rating is not a 5 what do you suggest in order for your rating to be a 5?

### Board and Committee meeting

5. What is your rating of the mechanics of meetings including quality of papers and effectiveness of meeting procedures?
6. If your rating is not a 5 what do you suggest in order for your rating to be a 5?

### Strategy

7. What is your rating of the strategic plan and the extent to which it aligns with achievement of the FRC's statutory obligations?
8. If your rating is not a 5 what do you suggest in order for your rating to be a 5?

### Stakeholder engagement

9. What is your rating of the FRC's performance in stakeholder engagement, including key relationships and engagement processes?
10. If your rating is not a 5 what do you suggest in order for your rating to be a 5?

### General Questions

11. What do you see as the emerging issues for the FRC over the next 12 months?
12. What should the FRC start, stop or continue doing?

**Note:** questions which require a rating will seek a rating from 1 to 5.





## ITEM 11A

22 SEPTEMBER 2021

### NEXT MEETING AND CLOSE

#### DESCRIPTION

Consideration of rescheduling the next FRC meeting, currently scheduled for Wednesday, 3 November 2021.

#### ACTION

- Chair to lead discussion