



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 2 June 2022 and the key matters considered and decided are outlined below:

AASB and AUASB	<ul style="list-style-type: none"> The Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) conducted stakeholder roundtables on their proposed five year work agenda for 2022 to 2026. The AASB is currently undertaking stakeholder outreach on ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The FRC endorsed changes to the AASB and AUASB Charter which would increase the maximum number of members of each Board to 14 members. It is intended appointees to the new positions will have experience and expertise in climate and sustainability related reporting.
Auditor Disciplinary Processes	<p>The FRC will refresh its 2019 Auditor Disciplinary Processes: Review with the support of the AUASB, to assess any gaps in the auditor disciplinary system.</p>
Accounting Profession Skills Shortage	<ul style="list-style-type: none"> The FRC reaffirmed the acute skills shortage experienced across the accounting services industry, particularly the public sector. The FRC will reach out to stakeholders to obtain qualitative and quantitative perspectives on the skills shortage, including stakeholder actions in response to the shortage.
Impact of Macroeconomic Conditions	<ul style="list-style-type: none"> The FRC recognised the heightened uncertainty in global economic conditions and the potentially significant threat it could pose to the financial reporting system and audit quality, including the impact of the current conflict in Ukraine, the inflationary environment and volatile and elevated commodity prices. The FRC seeks input from stakeholders on the impact of the global economic environment on confidence in financial statements, and accounting and auditing standards and practices. Stakeholders are welcome to send formal and informal submissions and observations to FRCSecretariat@treasury.gov.au.
Sustainability Reporting	<ul style="list-style-type: none"> The FRC will make a joint submission with the AASB and AUASB to the International Public Sector Accounting Standards Board consultation on public sector sustainability reporting. The FRC supported the AASB's proposal to nominate an AASB member to sit on the Sustainability Standards Advisory Forum to be established by the International Sustainability Standards Board (ISSB). The ISSB has issued a call for nominations by 11 July 2022. The AASB has released an exposure draft consultation on ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
FRC Approach to Stakeholder Engagement	<ul style="list-style-type: none"> The FRC has changed its expectations around stakeholder engagement. It will begin issuing targeted requests for information to stakeholders in relation to relevant matters, including auditor disciplinary processes and the accounting profession skills shortage.
IFRS Foundation Contribution	<p>The FRC agreed to recommend the Commonwealth contribute a further \$1 million to the International Financial Reporting Standards Foundation in 2022-23.</p>
FRC Appointments	<ul style="list-style-type: none"> The FRC agreed to appoint Lawrie Tremaine as the Acting Deputy Chair of the FRC The FRC agreed to appoint Tracey Carroll as the Chair of the FRC Public Sector Working Group.

Next Meeting

The next FRC meeting will be held on 8 September 2022.