



Australian Government

Financial Reporting Council

Financial Reporting Council

Annual Report
2021–22



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Financial Reporting Council

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20 September 2022

The Hon Stephen Jones MP
Assistant Treasurer
Parliament House
CANBERRA ACT 2600

Dear Minister

I have pleasure in presenting the annual report of the Financial Reporting Council (FRC) for the year ended 30 June 2022.

The report has been prepared in accordance with section 235B of the *Australian Securities and Investments Commission Act 2001*, which requires the report to be tabled in each House of Parliament as soon as practicable.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Andrew Mills'.

Andrew Mills
Chair



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A snapshot of key and ongoing initiatives

Climate and sustainability related disclosure standards

In November 2021, the IFRS Foundation announced the establishment of the ISSB to deliver a comprehensive global baseline of sustainability-related disclosure standards.

The AASB has since commenced consultation on two ISSB exposure draft standards – *S1 General Requirements for Disclosure of Sustainability-related Financial Information* and *S2 Climate-related Disclosures*. The FRC also agreed to amendments to the AASB and AUASB Charter to expand membership of each board from 12 to 14 members. It is expected the new members will have demonstrable expertise in sustainability related reporting.

Domestically, the FRC welcomes the Government's commitment to developing a standardised, globally-aligned reporting framework for climate-related risk disclosures and looks forward to supporting the delivery of Australian climate reporting standards. The FRC notes the preparatory steps taken by the AASB and AUASB to date to accommodate sufficient flexibility for any longer term Government vision for the design of Australia's sustainability and climate disclosure and reporting frameworks.

Impact of global economic conditions on financial reporting

The FRC recognises recent global and domestic macroeconomic conditions have given rise to greater uncertainty and profound challenges to preparers of financial reports and auditors. Such conditions include the conflict in Ukraine, domestic price inflation, volatile and elevated commodity prices, and skill shortages across the economy including shortages of accounting and auditing skills. These conditions could present significant challenges to the financial reporting system, including audit quality.

The FRC has identified these global economic conditions as an emerging issue for ongoing monitoring and potential action. Accordingly, the FRC reached out to stakeholders and the broader community following its June 2022 meeting to seek views on the impact of global economic conditions on confidence in financial statements, and in accounting and auditing standards and practices.

Talent attraction and retention

Stakeholders continue to identify talent attraction and retention as a significant challenge for both preparers of financial reports and the broader audit profession. In 2021–22, the FRC identified this matter as a key emerging issue in the financial reporting landscape that is likely to become even more challenging as climate and sustainability reporting progresses.

Accordingly, the FRC, with the support of the AUASB, has commenced a new project to collect quantitative data and qualitative stakeholder perspectives on the talent shortage, including potential causes and any actions taken by stakeholders in response. The outcomes of this data collection initiative will inform the FRC's forward work plan and any relevant strategic policy advice.

Auditor disciplinary processes

In 2021–22, the FRC reached out to key stakeholders, including ASIC, CADB, CA ANZ, CPA Australia and IPA to better understand the relationship between auditor disciplinary outcomes and actual or perceived risks to audit quality in Australia. The FRC will continue to seek updates from these bodies on their auditor disciplinary processes and outcomes. Access to this information better positions the FRC to identify and advise on potential gaps and overlaps of the auditor discipline responsibilities of ASIC, CADB and the professional accounting bodies. The FRC has also agreed to refresh its 2019 *Auditor Disciplinary Processes: Review*.

Auditor disciplinary matters have been the focus of domestic and overseas media and regulatory attention in recent months. The FRC continues to monitor developments with respect to the matters underlying this attention, which has recently included a professional accounting body announcing a review of its professional conduct framework.

Inquiry into regulation of auditing

On 11 November 2020, the Parliamentary Joint Committee on Corporations and Financial Services' (PJC) *Regulation of Auditing in Australia: Final Report* was tabled in Parliament. In this report, the PJC noted it stood by the recommendations it made in *Regulation of Auditing in Australia: Interim Report* dated February 2020. The government is yet to respond to the interim or final reports. The FRC has provided Treasury with its view on each recommendation in the PJC's interim report.

The recommendations in the PJC's interim report propose actions for the Australian Government, FRC, ASIC and APESB. The FRC looks forward to the government responding to the report. Ahead of the response, the FRC has continued preparatory work with other bodies, towards implementing the recommendations proposing FRC action, in particular those relating to fee disclosures and prohibitions on non-audit services, auditor tenure, and reporting requirements for fraud prevention and detection and going concern.

The PJC's report and the FRC's actions in response to the report are covered in detail in Section 3 of this annual report.

Other international developments

The FRC continues to monitor and participate in international developments to ensure international best practice is considered for adoption in Australia. In particular, in 2021–22 the FRC:

- oversaw and supported AASB and AUASB engagement with the ISSB, including by supporting the AASB's proposal to nominate one of its Board members to the Sustainability Standards Advisory Forum
- agreed to make a joint submission with the AASB and AUASB in 2022–23 to the IPSASB global consultation on public sector sustainability reporting.
- continued to monitor UK developments following the release of *Restoring trust in audit and corporate governance*, published in May 2022, in which the UK Government responded to the *Independent Review of the Financial Reporting Council (FRC)* led by Sir John Kingman in December 2018, the Final Report of the *Statutory audit services market study* by the UK Competition and Markets Authority in April 2019 and the *Report of the Independent Review into the Quality and Effectiveness of Audit* by Sir Donald Brydon in December 2019.

Stakeholder engagement

In 2021–22 the FRC agreed to change its expectations around stakeholder engagement by requesting targeted information of relevant stakeholders on matters relevant to the FRC's work agenda.

The FRC considers it essential that regular contact be maintained, and communication continually strengthened with all stakeholders interested in, or affected by, financial reporting.

FRC stakeholders

We thank those stakeholders who communicate with us, particularly:

- Association of Superannuation Funds of Australia
- Australian Business Reporting Leaders Forum
- Australian Charities and Not-for-profits Commission
- Australian Institute of Company Directors
- Australian Institute of Superannuation Trustees
- Australian Public Policy Committee
- Australian Shareholders' Association
- APRA
- ASIC
- ASX
- CA ANZ
- CPA Australia
- Commonwealth Department of Finance
- Governance Institute of Australia
- Group of 100
- Heads of Treasuries Accounting and Reporting Advisory Committee
- Institute of Internal Auditors-Australia
- IPA
- New South Wales Treasury
- The Commonwealth Treasury
- XRB.

The number of organisations listed above demonstrates the broad range of stakeholders affected by the financial reporting system.



FRC objectives and functions

The financial reporting system

Part 12 of the ASIC Act establishes the framework for Australia's financial reporting system. The objectives of Part 12 are set out in section 224 of the ASIC Act, and include:

- facilitating the development of accounting standards that:
 - allow users to make and evaluate financial decisions
 - assist directors to fulfil their statutory financial reporting obligations
 - are relevant, reliable, easy to understand and facilitate comparability
- facilitating the development of auditing and assurance standards that provide Australian auditors with relevant and comprehensive guidance in determining whether financial reports comply with statutory requirements, and require auditors' reports to be reliable and readily understood by users
- facilitating the Australian economy by:
 - reducing the cost of capital
 - enabling Australian entities to compete effectively overseas
 - having accounting and auditing standards that are clearly stated and easy to understand
- maintaining investor confidence in the Australian economy (including its capital markets).

Functions of the FRC

The FRC is the peak body responsible for overseeing the effectiveness of the financial reporting system in Australia. The FRC's functions, as set out in the ASIC Act, include:

- providing broad oversight of the accounting and auditing standard setting processes and giving the Minister reports and advice about such matters
- establishing appropriate consultative mechanisms
- appointing members of the AASB and AUASB (other than the Chairs)
- giving advice or feedback to the AASB and AUASB on their priorities, business plans and procedures
- giving advice or feedback to the offices of the AASB and AUASB on their budget and staffing arrangements
- determining the broad strategic direction of the AASB and AUASB
- monitoring the operation of accounting and auditing standards and the effectiveness of consultative arrangements of the AASB and AUASB
- giving strategic policy advice and reports to the Minister and professional accounting bodies in relation to the quality of audits conducted by Australian auditors
- monitoring the development of international accounting and auditing standards
- furthering the development of a single set of accounting and auditing standards for worldwide use

- promoting the continued adoption of international best practice standards in the Australian standard setting processes.

The FRC is also responsible for advancing and promoting the main objects of Part 12 of the ASIC Act, concerning the Australian financial reporting system.

Statutory obligations

The FRC has reviewed its performance in 2021–22 against its obligations under the ASIC Act. Following the review, the FRC is satisfied it continues to meet its statutory obligations.

In particular, the following FRC activities in 2021–22 advanced and promoted the objects of the ASIC Act relating to the Australian financial reporting system:

- Appointed one new member and reappointed two members of the AASB. Each appointee brought significant depth of expertise in areas relevant to the work of the AASB, and so facilitated the development of relevant, reliable, comparable, understandable, and usable accounting standards.
- Appointed four new members and reappointed one member to the AUASB. Each appointee brought significant depth of expertise in areas relevant to the work of the AUASB, and so facilitated the development of auditing and assurance standards and related guidance materials that provide relevant and comprehensive guidance and support reliable and understandable auditor reports.

- Continued its work directed at enhancing the quality of financial reports, contributing to the development of common international accounting and auditing standards, and facilitating the harmonisation of Australian standards with international standards. This work, which included supporting the adoption of digital financial reporting, monitoring developments in international standards and promoting a coordinated approach to Australian standards, facilitates investor confidence in Australian firms, promotes cross-border comparisons by investors, and facilitates Australian firms accessing international capital markets at lower cost.
- Monitored the impact of macroeconomic conditions and skill shortages on the financial reporting system and audit quality and continued to obtain qualitative and quantitative data from stakeholders on matters including auditor disciplinary processes. This work facilitates the development of financial reporting standards and investor confidence by enabling any impacts of such matters on accounting and auditing standards and practices to be identified and addressed.
- Issued a joint position statement on extended external reporting and assurance with the AASB and AUASB. This work promotes the development of reporting standards, the ability of Australian entities to compete overseas (including in obtaining capital), and investor confidence through enhanced clarity on the approach of the Boards to extended external reporting.
- Supported the AASB's proposal to nominate an AASB member to sit on the Sustainability Standards Advisory Forum to be established by the ISSB. This work aims to enable Australian entities to compete overseas by expanding Australia's influence on developments of sustainability-related financial reporting standards that meet the needs of investors.
- Continued to monitor financial reporting and auditing issues relevant to the public sector through its FRC Public Sector Working Group, comprising members of the FRC and the public sector. During 2021–22, the FRC Public Sector Working Group:
 - oversaw the independent post-implementation review of AASB 1049 *Whole of Government and General Government Financial Sector Reporting*, which was completed in late 2021
 - consulted with stakeholders across the year regarding the potential for a third tier of reporting requirements for public sector entities and provided input to the FRC and AASB on a possible framework and design
 - monitored domestic and international developments regarding public sector sustainability reporting and sustainability-related financial disclosures and provided feedback and input to various governing bodies.

Oversight of Australian standard setting

FRC's role in the standard setting process

As noted, the FRC oversees Australia's accounting and auditing standard setting processes, and the standard setting boards themselves. This role includes:

- appointing members of the AASB and AUASB (other than the Chairs)
- giving advice or feedback to the AASB and AUASB on their priorities, business plans and procedures
- giving advice or feedback to the offices of the AASB and AUASB on their budgets and staffing arrangements
- determining the broad strategic direction of the AASB and AUASB
- promoting the continued adoption of international best practice accounting and auditing standards in Australian standard setting practices
- monitors the operation of Australian accounting and auditing standards and the AASB's and AUASB's consultative arrangements.

Appointing members of the AASB and AUASB

In 2021–22, the FRC appointed one new member and reappointed two members to the AASB. These appointments deepened the experience and expertise of the AASB including in relation to accounting and assurance practices in the public sector and in large accounting firms, international accounting standard setting, and the preparation of financial reports for listed entities.

The FRC also appointed four new members and reappointed one member to the AUASB. Three of these commenced in 2021–22 and the remaining two commenced in 2022–23. These appointments deepened or continued the AUASB's depth of experience and expertise on accounting and assurance practices in large accounting firms, and in international jurisdictions.

The FRC also agreed to proposed amendments to the AASB and AUASB Charter which will expand the maximum number of members of each board from 12 to 14 members. The FRC Nominations Committee has commenced preparations for the recruitment of these new members. It is expected the Nominations Committee will seek to recruit members with expertise in sustainability-related reporting and assurance.

Giving advice or feedback to the AASB, AUASB and their offices

The FRC primarily provides advice to the AASB, AUASB and their offices at meetings of the FRC. The Chairs of the AASB and AUASB attend and provide written and oral reports on the activities of their respective boards at each FRC meeting. In 2021–22, the AASB and AUASB reports included items covering:

- AASB and AUASB strategic priorities
- AASB and AUASB Corporate Plans for 2021–22
- AASB and AUASB’s key activities including progress on key strategic priorities.

FRC members reviewed these reports and provided advice and feedback to the AASB and AUASB at FRC meetings, including on the AASB and AUASB strategic priorities, business plans and emerging topics. The FRC also provided advice and feedback to the AASB and AUASB on staffing arrangements through its recruitment and appointment of appropriate AASB and AUASB members to meet the skills and qualifications needed by the Boards. The FRC did not provide advice to the Offices of the AASB and the AUASB on their budgets in 2021–22.

The FRC continued to encourage alignment of AASB and AUASB plans, projects and activities where practicable and welcomed the ongoing collaboration between the boards in 2021–22. In particular, the FRC has supported the boards working closely together on undertaking preparatory steps to support the future implementation of IFRS Sustainability Disclosure Standards and related assurance in Australia. The AASB and AUASB also worked together on progressing recommendations of the PJC in its report on the regulation of auditing in Australia, including those concerning fee disclosures and prohibitions on non-audit services (recommendation 3), auditor tenure disclosure (recommendation 6) and the adequacy of fraud prevention and going concern reporting requirements (recommendation 8).

In addition to the work conducted in preparation for IFRS Sustainability Disclosure Standards and related assurance detailed below, the AASB and the AUASB undertook the following activities in 2021–22:

AASB

- Conducted a formal ‘agenda setting’ consultation to seek views from Australian constituents on which projects the AASB should address for the period 2022–2026.
- The AASB added Sustainability Reporting to its work program and decided to use the work of the ISSB as the foundation, with modifications for Australian matters and requirements.

- Issued the following amendments to Australian Accounting Standards:
 - AASB 20224 *Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities*
 - AASB 20223 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
 - AASB 20222 *Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1*
 - AASB 20221 *Amendments for Initial Application of AASB 17 and AASB 9 – Comparative Information*
 - AASB 20217 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
 - AASB 20216 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
 - AASB 20215 *Amendments for Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- Updated the AASB *For-Profit Entity Standard-Setting Framework* and AASB *Not-for-Profit Entity Standard-Setting Framework*. These documents set out the principles for setting the requirements of Standards.
- Commenced post-implementation reviews (PIR)¹ of multiple domestic Australian Accounting Standards, including:
 - AASB 1058 *Income of Not-for-Profit Entities*
 - Appendix F *Australian implementation guidance for not-for-profit entities of AASB 15 Revenue from Contracts with Customers*
 - Appendix E *Australian implementation guidance for not-for-profit entities of AASB 10 Consolidated Financial Statements*
 - Appendix E *Australian implementation guidance for not-for-profit entities of AASB 12 Disclosure of Interests in Other Entities*
 - the application of the requirements of AASB 124 *Related Party Disclosures by not-for-profit public sector entities*
 - the specific disclosure requirements addressing the extent of compliance with the recognition and measurement requirements of Australian Accounting Standards when certain not-for-profit private sector entities prepare special purpose financial statements (AASB 20194 *Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*)
 - AASB 1059 *Service Concession Arrangements: Grantors*.
- Commenced the PIR of selected Public Sector Standards such as AASB 1004 *Contributions*, AASB 1050 *Administered Items*, AASB 1051 *Land under Roads*, AASB 1052 *Disaggregated Disclosures* and Interpretation, AASB 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

¹ A PIR considers the impact of an issued pronouncement, including whether the pronouncement was effective and efficient in meeting its original objectives.

- Released the following Staff Papers:
 - *Review of Executive Remuneration Disclosure Requirements*, which provides a basis to support relevant regulators, working collaboratively with other standard setters, users and stakeholders in their efforts to keep Australian executive remuneration reporting aligned with global best practices
 - *Going Concern Disclosures: A Case for International Standard-Setting*, which identifies potential areas for improvement relating to the existing going concern disclosure requirements in the IFRS Standards
 - *Intangible Assets: Reducing the Financial Statements Information Gap through Improved Disclosures*, which aims to facilitate discussion of possible solutions to a perceived financial statements information gap relating to intangible assets, focusing on disclosures about unrecognised internally generated intangible assets that could be made in financial statements, having regard to costs and benefits.
- Responded to the nine IASB Exposure Drafts and Invitations to Comment and one IPSASB Exposure Draft.
- The AASB together with the University of New South Wales, co-hosted the annual AASB Research Forum on 29 November 2021, where academics and financial reporting stakeholders from the for-profit and not-for-profit sectors came together to discuss various research projects.

AUASB

- Issued standards, guidance and thought leadership publications to support auditors in improving audit quality, including:
 - a Bulletin *Supporting Auditors in Enhancing Audit Quality* to communicate actions taken by the AUASB to assist auditors in response to matters identified during recent ASIC audit inspections
 - implementation support for the new and revised Quality Management Standards including a bulletin to highlight how the new and revised Quality Management Standards will support enhanced audit quality
 - implementation support for ASA 315 *Identifying and Assessing the Risks of Material Misstatement* with a focus on audits of less complex entities
 - revised ASA 600 *Audits of a Group Financial Report (Including the Work of Component Auditors)* which is expected to enhance audit quality by reinforcing the accountability and ultimate responsibility of the Group Engagement Partner, adopting a risk-based approach to planning and performing a group audit engagement, and emphasising the need for robust communication and interactions between the group and component auditors
 - revised Guidance Statement 010 *Responding to Questions at an Annual General Meeting* and Guidance Statement 016 *Bank Confirmation Requests*
 - a Bulletin *Auditor's considerations in times of changing and uncertain economic conditions* to support auditors to perform a high-quality audit in the worsening economic and external environment.

- Established a Public Sector Project Advisory Group consisting of representatives from state auditors general to address specific matters in relation to applying certain AUASB Standards on public sector audit and assurance engagements. This resulted in the issuing of Guidance Statement 023 *Special Considerations – Public Sector Engagements* which includes guidance when applying Auditing Standard ASA 210 *Agreeing the Terms of Audit Engagements* and ASA 570 *Going Concern* to public sector engagements.
- Established a Technology Project Advisory Group consisting of representatives from the major firms, and issued guidance on practical issues when using technology when performing an audit:
 - a Bulletin *Integrity of Data Obtained for the Purpose of an Audit of a Financial Report*
 - frequently asked questions on *Auditing General IT Controls*.
- Responded to the IAASB's request for feedback on its Proposed auditing standard for audits of Lower Complex Entities.
- Conducted a post implementation review of ASAE 3100 *Compliance Engagements*.
- Commenced a formal agenda consultation to seek views from Australian constituents on which projects the AUASB should be addressing, with an emphasis on projects and priorities that are primarily domestic in nature.

Determining the strategic direction of the AASB and AUASB

Since its establishment, the FRC has made three determinations concerning the broad strategic direction of the AASB and AUASB:

- to require the AASB to work towards the adoption of accounting standards that are the same as those issued by the IASB (Direction approved 5 September 2002)
- to require the AASB to pursue the harmonisation of GFS and GAAP reporting (Direction approved 12 December 2002)
- to require the AUASB to use auditing standards issued by the IAASB as a base from which to develop the Australian standards, to develop auditing and assurance standards other than for historical financial information, and to participate in audit research that is conducive to the AUASB's standard-setting activities (Direction approved 4 April 2005).

Each of these directions is still current, and the FRC continues to monitor their appropriateness. The FRC is satisfied that the AASB and the AUASB have implemented these directions to the extent practicable.

Monitoring international developments

The FRC's functions include monitoring the development of international accounting and auditing standards and furthering the development of a single set of accounting and auditing standards for worldwide use.

The FRC monitors the development of international standard-setting in a range of ways, including by inviting speakers from international financial reporting organisations to present at its meetings and reviewing media and publications from international bodies and other jurisdictions.

The AASB and AUASB also provide regular reports to the FRC on their efforts to build and enhance relationships with global and national standard setters, through which the FRC and the boards can monitor and influence international developments.

The FRC consistently seeks opportunities to further the development of internationally harmonised standards and the adoption of international best practice in Australian standard-setting practices.

International accounting standards

In line with its mandate to further the development of a single set of accounting standards for worldwide use, the FRC supports the AASB's adoption of the IFRS international accounting standards issued by the IASB. These standards continue to have the most widespread impact, having been adopted in over 100 countries.

The FRC and the AASB regularly reassess the appropriateness of using the IFRS (rather than IPSASB standards) as a base for the Australian public sector. The AASB also utilises IPSASB guidance to modify IFRS for the not-for-profit sector where appropriate.

International auditing standards

In line with its mandate to further the development of a single set of auditing standards for worldwide use, the FRC supports the AUASB's adoption of the international auditing standards issued by the IAASB. These standards continue to have the most widespread impact, having been adopted in over 120 countries.

The AUASB monitors and contributes to the work of the IAASB through Mr Bill Edge (Chair of the AUASB and member of the FRC) who is a member of the IAASB, and Ms Rene Herman (Deputy Technical Director) who acts as Technical Advisor to Mr Edge.

Both IAASB and AUASB auditing standards are designed to be sector neutral and apply equally to private and public sector audits, with application guidance specific to the audits of public sector entities included where appropriate in AUASB auditing standards.

International sustainability standards

On 3 November 2021, the IFRS Foundation announced the establishment of the ISSB, to deliver a comprehensive global baseline of sustainability-related disclosure standards for companies' sustainability-related risks and opportunities.

The FRC has closely monitored the establishment and activities of the ISSB, including its release of exposure draft standards on general requirements for disclosure of sustainability-related financial information and climate-related disclosures.

The FRC notes the Australian standard-setting boards have been proactive in taking preparatory steps to support future implementation of Australian sustainability-related and climate-risk disclosure and assurance standards. The AASB and AUASB have:

- responded to the IFRS Foundation Exposure Draft Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards.
- established a Sustainability Reporting Project Advisory Panel consisting of practitioners, professional bodies and academics who specialise in sustainability reporting and assurance to identify initiatives to support implementation in Australia.
- in conjunction with the FRC issued a Position Statement on Extended External Reporting and Assurance to communicate their support to Australian stakeholders and the steps being taken.
- issued a staff paper *Globally consistent reporting for sustainability-related information: Australian perspectives* which details the current state of sustainability reporting and assurance in Australia.
- issued the proposed ISSB [Draft] *S1 General Requirements for Disclosure of Sustainability-related Financial Information* and [Draft] *S2 Climate-related Disclosures* for public comment, and have conducted extensive outreach, including round-tables with stakeholders, to inform their joint submission to the ISSB.
- issued Staff Article *Project insights: Developing sustainability-related financial reporting standards in Australia*. This staff article provides an overview of the AASB's proposed approach to developing sustainability-related financial reporting standards in Australia.
- in line with the AUASB's International Influencing Strategy and in his capacity as an IAASB member, the AUASB Chair is continuing to influence the direction and timely attention by the IAASB on the development of Sustainability assurance standards.
- ongoing discussions with representatives from the professional accounting bodies and the APESB on the broader implications for the accounting and auditing profession.
- issued a Bulletin *Extended External Reporting Assurance Guidance* to contextualise the IAASB's EER Non-Authoritative Guidance for Australia.

The AASB has also nominated for appointment to the ISSB's Sustainability Standards Advisory Forum.

International appointments

In 2021–22, the FRC welcomed the following international appointments of Australian accounting and auditing profession leaders:

- Mr Bill Edge (Chair, AUASB and Member, FRC) was appointed to the IAASB, which sets international auditing, assurance and quality control standards.
- Mr Channa Wijesinghe (CEO, APESB) was appointed to the IESBA, which sets international ethics standards for professional accountants, including auditor independence requirements.

- Ms Kris Peach (Director, Permanent Care and Adoptive Families Inc. and former Chair, AASB) was appointed to the PIOB Standard-Setting Boards Nominations Committee, which selects members for the IAASB and the IESBA.
- Mr Anthony Close (Parliamentary Budget Office, Victoria) was appointed to the IPSASB Consultative Advisory Group (CAG). The CAG is an important part of the IPSASB's formal process of consultation.
- Ms Merran Kelsall (President and Chairman, CPA Australia) was appointed to the International Federation of Accountants (IFAC) Nominating Committee. The IFAC Nominating Committee is responsible for selecting volunteer members to serve on the independent standard-setting boards, the IFAC Board and committees.
- Ms Sharon Ditchburn (Managing Director/ Founder of Capital Advantage Consultants) was appointed to the PAIB Advisory Group. The PAIB Advisory Group focuses on ensuring accountants meet the future needs of business and the public sector.

Regional relationships

Australia and New Zealand continue to work closely together to facilitate harmonisation of trans-Tasman standard setting. This relationship is enhanced by the arrangement for cross-appointment to financial reporting oversight and standard setting boards between Australia and New Zealand.

The FRC Chair has sought appointment as a member of the XRB, and the XRB Chair is a member of the FRC as part of the arrangement for cross-appointments between Australia and New Zealand. The Chairs of the AASB and AUASB and the NZASB and NZAuASB are also members of their counterpart board.

Monitoring the operation of accounting and auditing standards

The FRC monitors the operation of Australian accounting and auditing standards to assess their continued relevance and effectiveness in achieving their objectives in respect of both the private and public sectors in the Australian economy. Based on the reports of the Chairs of the AASB and AUASB and the FRC members' knowledge of how the standard setting processes and standards themselves operate in practice, the FRC is satisfied that the AASB and AUASB:

- have incorporated IFRS and ISA within reasonable time-frames in accordance with the strategic directions issued by the FRC
- have adequate post-implementation review processes to assess the effectiveness of new standards and guidance
- have regular consultation processes to identify if further guidance is necessary for existing accounting and auditing standards
- consult appropriately before issuing new standards or guidance
- have consultation mechanisms that appropriately include round-tables, targeted outreach, education sessions, webinars and relevant social media.

Audit quality

FRC's role on audit quality

Australia's legislative framework for audit is mainly set out in the *Corporations Act 2001* (Corporations Act). ASIC has key regulatory responsibility for the regime, including for surveillance, investigation and enforcement of audit requirements.

The Corporations Act framework gives legal effect to the auditing standards developed by the AUASB. The auditing standards require auditors to adhere to relevant ethical standards issued by the APESB.

As already noted, the FRC's functions under the ASIC Act include giving strategic policy advice and reports to the Minister and the professional accounting bodies in relation to the quality of audits conducted by Australian auditors. This advice may include advising and reporting on the Corporations Act audit framework, auditing standards or codes of conduct, and the quality assurance reviews, auditor disciplinary processes and education on professional ethics undertaken by the professional accounting bodies.

FRC Audit Quality Action Plan

In February 2018, the FRC developed an Audit Quality Action Plan. The FRC issued a revised version of the Action Plan in November 2021. The Action Plan's objectives include to:

- engage with users of financial reports to better understand their views on audit quality
- undertake appropriate actions on the learnings of ASIC's audit inspection program to contribute to the continuous development of best practice programs to assess audit quality
- engage with professional accounting bodies, firms providing audit services and other stakeholders to support new initiatives that improve audit quality.

The FRC is implementing the Action Plan with the support of the AUASB. However, the FRC notes implementation is an ongoing process that relies on many stakeholders, particularly ASIC, the accounting firms and the professional accounting bodies, to improve audit quality.

In 2021–22 the FRC and AUASB progressed the following elements of the Action Plan:

- Have engaged academics who specialise in audit research, to interview Audit Committee Chairs to understand their perspectives on audit quality, what influences this, and their approach to assessing and supporting audit quality. The results of this project will be finalised in early 2022/23.
- Continuing to progress the recommendations of the PJC inquiry into the regulation of auditing in Australia.
- Continuing to review the adequacy of auditor disciplinary processes.
- In response to matters raised in ASIC's Audit Inspection Findings the AUASB issued a Bulletin *Supporting Auditors in Enhancing Audit Quality* to communicate actions taken by the AUASB with respect to specific auditing standards that assists auditors to enhance audit quality.

PJC inquiry into regulation of auditing

The PJC undertook an inquiry into the regulation of auditing in Australia in 2019 and 2020. On 11 November 2020, the PJC's report, *Regulation of Auditing in Australia: Final Report* was tabled in Parliament. In the report, the PJC noted that it stood by the recommendations in its interim report of February 2020.

The interim report's recommendations propose actions by the Australian Government, FRC, ASIC and APESB. The recommendations directed to the FRC include:

- Recommendation 3: that the FRC, in partnership with ASIC oversee consultation, development and introduction under Australian standards of:
 - defined categories and associated fee disclosure requirements in relation to audit and non-audit services
 - a list of non-audit services that audit firms are explicitly prohibited from providing to an audited entity.
- Recommendation 6: that the FRC oversee the revision and implementation of Australian standards to require audited entities to disclose auditor tenure in annual financial reports. Such disclosures should include both the length of tenure of the entity's external auditor, and of the lead audit partner.
- Recommendation 8: that the FRC oversee a formal review of the sufficiency and effectiveness of reporting requirements under the Australian standards in relation to:
 - the prevention and detection of fraud
 - management's assessment of going concern.

The FRC recognises the significant interest in action on the PJC's recommendations from across the financial reporting landscape. In 2021–22, the FRC took active steps to progress key recommendations within its mandate including recommendations 3, 6 and 8. The FRC notes the Government is yet to respond to the recommendations and that the FRC has previously provided Treasury with its view on the recommendations.

Adequacy of auditor disciplinary processes

In 2021–22, the FRC continued to engage with ASIC and the professional accounting bodies to progress its work related to audit quality, including the adequacy of auditor disciplinary processes.

ASIC audit inspection program

ASIC inspects audit firms that audit listed entities and significant public interest entities. The reviewed audit partners are all RCAs. The objective of ASIC’s audit inspections is to promote the improvement and maintenance of audit quality. ASIC’s Information Sheet 224 *ASIC audit inspections* provides further information on ASIC’s audit inspection process.

In November 2021, ASIC released the results of audit firm inspections for the 12 months to 30 June 2021 (ASIC Report 709 *Audit inspection report 1 July 2020 to 30 June 2021*).

Report 709 relates to the audits of financial reports up to 31 December 2020. The report on ASIC’s reviews of audits and firm quality controls in the 12 months to 30 June 2022 will be issued in the second half of 2022, after the date of this annual report.

The results from ASIC’s audit firm inspections are summarised in the table below. ASIC has also published individual audit inspection reports for each of the largest six audit firms for 2020–21 on its website.

Table 3.1: Negative findings from ASIC reviews of key audit areas

	18 months to 30 June 2019	12 months to 30 June 2020	12 months to 30 June 2021
Audit firms reviewed	19	13	16
Total audit file population of firms reviewed	N/A	N/A	N/A
Audit files reviewed	58	53	45
Key audit areas reviewed	207	179	149
Key audit areas with findings	26%	27%	32%

Note: The FRC is exploring avenues to obtain further data to better inform its understanding of audit quality in Australia and ASIC’s findings, within the broader financial reporting environment.

ASIC found the largest numbers of negative findings were in the audit of revenue and the audit of asset values, particularly impairment of non-financial assets.

ASIC noted that firms should carefully evaluate the effectiveness of their existing initiatives to improve audit quality and implement improvements and further initiatives. This includes promoting a strong culture focused on audit quality, attracting and retaining the right talent for complex audits, thorough supervision and review of audits and holding partners and others accountable for audit quality.

The findings of Report 709 do not necessarily mean the audited financial reports were materially misstated. Rather, ASIC considered the auditors did not have a sufficient basis to support their opinion on the financial report. Further, ASIC's inspections considered a limited number of files and focused on higher risk audit areas and so caution is necessary in generalising the results across the entire market.

During 2021–22, ASIC publicly consulted on moving from communicating negative findings from its file reviews to directors and audit committees on an exception basis to routine reporting of negative findings. Submissions on ASIC's consultation paper supported the change. ASIC issued a revised regulatory guide RG 260 *Communicating findings from audit files to directors, audit committees or senior managers* on 1 July 2022. Routine reporting will enhance the ability of directors and audit committees to question auditors as to how ASIC's findings are being addressed and to support audit quality.

Other ASIC activities

ASIC's other activities to review audit quality include its financial reporting surveillance program, surveillance of auditors (which is not related to their inspections), investigations into corporate collapses and addressing complaints and other intelligence. The financial reporting surveillance program, a risk-based surveillance of the financial reports of listed entities and other public interest entities, led to material changes to three to five per cent of financial reports reviewed in recent years.

Changes in ASIC's initiatives to promote audit quality in recent years include increased dedicated resources for auditor enforcement actions. In 2021–22, ASIC action contributed to charges, fines or disciplinary action against three auditors and an authorised audit company.

ASIC extended the deadline for both listed and unlisted entities to lodge financial reports by one month for balance dates from 23 June to 7 July 2021 and for unlisted entities to lodge financial reports for balance dates from 24 December 2021 to 7 January 2022 and 24 June 2022 to 7 July 2022 (inclusive) to facilitate the spreading of audit work for smaller entities over a longer period. The most recent extended deadlines recognise that companies and audit firms may have reduced staff numbers due to varying travel restrictions and increased staff resignations in the last two years. There may be higher staff absences due to recent and expected increases in COVID-19 case numbers. Some companies may be required to prepare consolidated financial statements for the first time. There may also be a need to make more difficult judgments on asset values, provisions and disclosures given changed economic and other conditions.

ASIC international engagement

ASIC works with securities and audit regulators in other countries to promote audit quality including meeting with the global leadership of the six largest firms on improving audit quality.

In March 2022, IFIAR released its tenth annual survey of inspection findings from its member regulators' individual inspections of audit firms affiliated with the six largest global audit firm networks. Since first tracking this statistic in 2014, the percentage of audits with findings declined from 47 per cent to 30 per cent in the 2021 survey. The rate of findings remains high and IFIAR urges the Global Public Policy Committee networks and their member firms to continue efforts to address the high level of findings to achieve consistently high-quality audit performance.

ASIC is a member of the IOSCO Sustainability Technical Review Coordination Group and the IOSCO Sustainability Audit Work Stream which are working with the ISBB and IAASB on sustainability reporting and assurance developments. Among other matters, IOSCO held an international round-table on possible future assurance of climate and sustainability information in February 2022.

Professional accounting bodies

The FRC continues to encourage initiatives by the professional accounting bodies, CA ANZ, CPA Australia and the IPA, to improve audit quality in Australia, including collaboration to achieve improvements.

In 2021–22, the FRC engaged with the accounting bodies on matters affecting audit quality including skill shortages, talent attraction, and the impact of the pandemic and global economic conditions. This included obtaining qualitative and quantitative data to facilitate monitoring conditions and inform its forward work agenda. It also collected information regarding the operation of each professional accounting body's audit quality initiatives. These initiatives included education programs, tools, resources, and guidance to support their members as well as liaison with regulators and standard setters.

Each professional accounting body also conducts an inspection or review program to support the regulation of audits and auditors in Australia. The program at each organisation is different, with complementary management of different risks, participants and types of engagement. Accordingly, statistics gathered by each organisation may not be comparable.

The results of these programs are summarised in the following tables:

Table 3.2: Outcomes of review programs – Quality assurance reviews of audit firms¹

	CA ANZ ²				CPA Australia ³			
	2020–21		2021–22		2020–21		2021–22	
	No.	%	No.	%	No.	%	No.	%
Satisfactory / fully compliant	100	82	56	80	–	–	44	96
Requires re-review / non-compliant	20	16	12	17	–	–	2	4
Unsatisfactory / disciplinary action required	2	2	2	3	–	–	0	0
Total	122	100	70	100	–	–	46	100

Notes:

1. The IPA does not current conduct audit quality reviews on firms. Its reviews are conducted on individual Members regardless of whether they are a sole trader or a partner in a small or large practice. This is largely based on statutory registrations and professional and ethical standards being reliant on individual compliance. The IPA has recently introduced entity membership and will be changing its review process to encompass firms which have entity membership.
2. CA ANZ's review program assesses whether a firm has implemented an appropriate system of quality control as set out in APES 320 *Quality Control for Firms* and ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*. The number of audit practices reviewed in 2022 is less than 2021 due to COVID-19.
3. Due to the ongoing impacts of COVID-19, CPA Australia's review program was temporarily postponed in 2020–21. In 2021–22, CPA Australia completed 86 program assessments which included 134 individual members selected for review. The program assessments are now conducted at a firm level and incorporate all CPA Australia Public Practice Certificate holders within the same assessment. Within the 86 Program assessments conducted, 46 firms (62 individual members) provide audit services.

Table 3.3: Outcomes of review programs – Quality assurance reviews of individual members¹

	IPA ²				CPA Australia ³			
	2020–21		2021–22		2020–21		2021–22	
	No.	%	No.	%	No.	%	No.	%
Satisfactory / fully compliant	68	78	33	80	-	-	60	97
Requires re-review / non-compliant	19	22	8	20	-	-	2	3
Unsatisfactory / disciplinary action required	0	0	0	0	-	-	0	0
Total	87	100	41	100	-	-	62	100

Notes:

1. CA ANZ completes quality assurance reviews of firms not individual members, see Table 3.2.
2. See note 1 to Table 3.2. The IPA requires all members to undertake a quality assurance review every three to six years. All RCAs and SMSF Auditors are required to be reviewed every three years. All RCAs were compliant with the quality review program in 2021-22, except two; both non-compliances were rectified, and the changes were verified by the IPA. All SMSF auditors were either compliant or compliant after remediation. The IPA separates findings of non-compliance into two categories – minor non-compliance and major non-compliance. In 2021-22, of the 8 non-compliant findings, all were major non-compliance.
3. See note 3 to Table 3.2.

The FRC will continue to seek updates from these bodies on their audit quality initiatives and review processes and outcomes. Access to this information better positions the FRC to identify and advise on the processes used by the professional accounting bodies for audit quality assurance and auditor discipline. It also better

positions the FRC to advise on potential gaps and overlaps in auditor disciplinary responsibilities within the broader financial reporting and regulatory regime. As noted above, the FRC plans to refresh its 2019 *Auditor Disciplinary Processes: Review*.

Standards and guidance

As noted, an element of the Audit Quality Action Plan is revising or issuing new standards and guidance to respond to matters raised in ASIC's Audit Inspection Findings. Progress against this element in 2021–22 included:

- issuing AUASB Bulletins *Integrity of Data Obtained for the Purpose of an Audit of a Financial Report, Supporting Auditors in Enhancing Audit Quality* and *Auditor's considerations in times of changing and uncertain economic conditions*
- the AUASB issuing FAQs on *Auditing General IT Controls*
- the AUASB releasing implementation support for its revised ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, which became effective on 30 June 2022
- the AUASB releasing implementation support for its revised Quality Management Standards, which will become effecting on 31 December 2022
- the AUASB and FRC continuing to consult with ASIC and other stakeholders on the operation of ASIC's Audit Inspection Program.

FRC Nominations Committee

FRC Nominations Committee members

As at 30 June 2022, the FRC Nominations Committee comprised **Lawrie Tremaine** (Chair), **Andrew Mills**, **Keith Kendall**, **Bill Edge** and **Suzanne Bell**.

Operations of the FRC Nominations Committee

In 2021–22, the FRC Nominations Committee:

- reviewed the composition of, and criteria for appointment to, the AASB and the AUASB
- made recommendations to the FRC for the appointment of members to the AASB and AUASB
- reviewed the succession needs of the AASB and AUASB
- considered and reported to the FRC on the performance of the AASB and AUASB members including through peer review
- considered amendments to the charters of each of the AASB and AUASB.

Appointment of members to the AASB and AUASB

In 2021–22, the FRC Nominations Committee recommended the following appointments and reappointments to the AASB and AUASB. These recommendations were accepted by the FRC.

AASB

- **Sean Osborn** (appointment commencing 1 January 2022)
- **James Grant** (reappointment commencing 1 January 2022)
- **Paul Rogers** (reappointment commencing 1 January 2022).

AUASB

- **Tracey Barker** (appointment commencing 1 January 2022)
- **Joanne Lonergan** (appointment commencing 1 January 2022)
- **Klynton Hankin** (reappointment commencing 1 January 2022)
- **Jason Thorne** (appointment commencing 1 July 2022)
- **Marje Russ** (appointment commencing 1 July 2022).

The FRC acknowledges the contributions of Peter Gibson who retired from the AASB in 2021–2022.

The FRC also acknowledges the contributions of Carolyn Ralph, Rodney Piltz, Jo Cain, Gareth Bird and Robert Buchanan who retired from the AUASB in 2021–22.

On 2 June 2022, the FRC agreed to proposed amendments to the AASB and AUASB Charter which would expand the maximum number of members of each board from 12 to 14 members. The FRC Nominations Committee

has commenced preparations for recruiting an additional two members to each board. It is expected the new members will have demonstrable expertise in sustainability related reporting.

Attendance at FRC Nominations Committee meetings

The FRC Nominations Committee held six meetings in 2021–22. Members’ attendance is shown in the following table.

Table 4.1: FRC Nominations Committee meeting attendance in 2021–22

Member	Number of eligible meetings attended
L Tremaine (Chair)	6 of 6
A Mills	2 of 3
B Edge	6 of 6
K Kendall	6 of 6
S Bell	5 of 6

FRC membership

FRC members

Members of the FRC are appointed on a part-time basis by the Minister.

In 2021–22:

- Andrew Mills was appointed as Chair of the FRC from 30 March 2022 to 29 March 2025
- Lawrie Tremaine's term as Chair of the FRC expired on 31 December 2021. He was reappointed to the FRC for three months from 29 April 2022 and was appointed Acting Deputy Chair of the FRC on 2 June 2022 for the duration of his membership.
- Suzanne Bell was reappointed to the FRC for a further three years, commencing 29 April 2022.
- Bill Edge was reappointed to the FRC from 29 July 2022 to 30 June 2023 or until his appointment as Chair of the AUASB ends (whichever is earlier).
- Stewart Walters's term on the FRC expired on 12 March 2022.

The FRC thanks Stewart for his significant contribution to the FRC over the term of his appointment. Stewart was appointed to the FRC in 2020 and chaired the FRC's Public Sector Working Group.

The FRC also thanks Lawrie for his contributions as Chair of the FRC until 31 December 2021.

The membership of the FRC as at 30 June 2022 is set out on the following pages.

Andrew Mills
(Chair)



Andrew is a Senior Fellow of the University of Melbourne Law School and a member of the NSW Independent Planning Commission's Risk and Compliance Committee.

Andrew has over 40 years' experience in commercial, accounting and legal practice, government and academic roles, having been Second Commissioner of Taxation at the Australian Taxation Office, Executive Director of The Tax Institute, Director-Partner and Managing Director at Greenwoods & Freehills and a member of the Audit and Risk Committee of the ATO and of AASB and AUASB.

Andrew was first appointed as Chair of the FRC and as an FRC member on 30 March 2022.

Mr Lawrie
Tremaine
(Acting Deputy
Chair)



Lawrie is the Chief Financial Officer of Origin Energy, where he leads the teams responsible for all finance activities, strategy, mergers and acquisitions, procurement and investor relations.

Lawrie has over 30 years' experience in financial leadership, predominantly in the resources and minerals processing industries. He has held senior positions at Woodside Petroleum (including as CFO of Woodside for over six years) and Alcoa (where he worked for 17 years).

Lawrie was first appointed to the FRC on 29 April 2019 and served as FRC Chair from 1 January to 31 December 2021.

Mr Bill Edge



Bill is the Chair of the AUASB, where he helms the AUASB's work to develop, issue and maintain auditing and assurance standards for the Australian economy. He was also Chair of the AUASB from 2002 to 2004.

Bill has over 40 years' experience in the financial reporting sector, having been a partner of PwC for 18 years, including as lead of the PwC Australia Risk and Quality Group and PwC Australia Professional Standards Group.

Bill was first appointed to the FRC on 29 July 2014 and served as FRC Chair from 29 April 2016 to 31 December 2020.

Dr Keith Kendall



Keith is the Chair of the AASB, where he helms the AASB's work to develop a conceptual framework for the evaluation of proposed standards and to develop, issue and maintain accounting standards for the Australian economy.

Keith has 25 years' experience across law, academia, accounting and government, having previously been a partner at Rigby Cooke Lawyers, a barrister, a Senior Lecturer at La Trobe University and a member of the Administrative Appeals Tribunal.

Keith was first appointed to the FRC on 3 May 2020.

Ms Suzanne
Bell



Suzanne is a partner at KPMG, where she specialises in the audits of large, multinational listed clients in the transportation and logistics, and consumer and industrial markets industries.

Suzanne has over 30 years' experience in the provision of audit and advisory services, including to clients ranging from start-ups to some of Australia's largest global companies. She is also a member of the Audit Executive and has previously led People Experience. Suzanne is a former Board member of Plan International Australia and the Melbourne Fringe Festival.

Suzanne was first appointed to the FRC on 29 April 2019.

Ms Tracey
Carroll



Tracey is First Assistant Secretary, Financial Analysis, Reporting and Management Division in the Department of Finance, where she oversees preparation of the Australian Government Consolidated Financial Statements, monthly financial statements and budget estimates, and development and implementation of accounting policy for the Australian Government.

Tracey has over 20 years' experience in the financial reporting sector with more than 15 years' experience in public sector finance and accounting, including in senior roles at the Department of Social Services and the National Disability Insurance Agency. Tracey is currently Chair of the Australian Government Portfolio Department CFO Forum.

Tracey was first appointed to the FRC on 16 April 2021 and currently serves as Chair of the FRC Public Sector Working Group.

Ms Michele
Embling



Michele is a full time non-executive director and Chair of the XRB, where she helms the XRB's work to establish and maintain New Zealand's financial reporting strategy and to develop frameworks and standards for integrated reporting in New Zealand.

Michele has over 30 years' experience in financial reporting and standard setting, including as Chair of PwC New Zealand, lead of PwC New Zealand's assurance practice, inaugural Chair of the NZASB, former member of the AASB and a founding board member of the XRB. She has over 10 years governance experience across private sector, public sector and not for profit entities.

Michele was first appointed to the FRC on 10 October 2019.

Mr Cameron
McDonald



Cameron is Head of Research for Evans and Partners, where he oversees the research team, and makes investment recommendations. Cameron also utilises his extensive experience within the transport and infrastructure sectors to make investment recommendations on securities within those sectors.

Cameron has 28 years' experience in the financial services sector, including as a Director and Deputy Portfolio Manager for The Utilities Trust of Australia at Hastings Funds Management, non-executive director on the Perth Airport Board, and Director and Head of Transport and Infrastructure Research at Deutsche Bank.

Cameron was first appointed to the FRC on 4 April 2020.

Transparency

In 2021–22, the FRC continued to allow members of the public to observe its meetings, demonstrating the FRC’s strong commitment to transparency and stakeholder engagement.

Disclosure and conflict of interests

The FRC has processes to manage conflicts of interest of members. Members are required to disclose relevant interests both on their appointment and at the commencement of FRC meetings. The FRC also maintains a register of interests.

Attendance at FRC meetings

The FRC held three meetings in 2021–22 in September, December, and June. Members’ attendance is shown in the following table.

Table 5.1: FRC meeting attendance in 2021–22

Member	No. meetings attended/No. eligible to attend
A Mills (Chair)	1 of 1
L Tremaine	3 of 3
K Kendall	3 of 3
B Edge	3 of 3
S Bell	3 of 3
T Carroll	3 of 3
M Embling	3 of 3
C McDonald	3 of 3
S Walters	2 of 2

Other matters

Communication and consultation

The FRC primarily communicates and consults with stakeholders and other interest groups via meetings and through its website (www.frc.gov.au). Key stakeholders are invited to prepare a Stakeholder Report for each FRC meeting. A communique from each FRC meeting is published on the website and distributed to key stakeholders. The website also includes information about FRC members, minutes of meetings, published reports and procedural rules.

The FRC did not utilise its information gathering powers under section 225A of the ASIC Act in 2021–22.

The FRC thanks all stakeholders who supported its work by providing requested information and data.

Finances

In 2021–22, the Australian Government provided funding through the Treasury to support the FRC. The FRC's Secretariat is provided by staff of Treasury's Markets Group. Expenditure and performance of its functions are included in Treasury's annual financial statements.

Information about the funding of the AASB and AUASB (including the sources of that funding) is included in the annual report of the AASB and AUASB.

Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act. Each agency must display a plan on its website showing what information it publishes in accordance with the Information Publication Scheme requirements. All information published by the FRC can be accessed from links on the home page of the FRC's website (www.frc.gov.au).

Regulation Impact Statements

The FRC did not submit any Regulation Impact Statements in 2021–22.

Abbreviations

AASB	Australian Accounting Standards Board
ACC	Audit Committee Chair
ACNC	Australian Charities and Not-for-profits Commission
APESB	Accounting Professional and Ethical Standards Board
APRA	Australian Prudential Regulation Authority
ASA	Australian Shareholders' Association
ASIC	Australian Securities and Investments Commission
ASIC Act	Australian Securities and Investments Commission Act 2001
ASX	Australian Securities Exchange
AUASB	Auditing and Assurance Standards Board
CA ANZ	Chartered Accountants Australia and New Zealand
CADB	Companies Auditors Disciplinary Board
EER	Extended External Reporting
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GFS	Government Financial Statistics
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board

IESBA	International Ethics Standards Board for Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IOSCO	International Organisation of Securities Commissions
IPA	Institute of Public Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISSB	International Sustainability Standards Board
NZASB	New Zealand Accounting Standards Board
NZAuASB	New Zealand Auditing and Assurance Standards Board
PAIB	Professional Accountants in Business
PIOB	Public Interest Oversight Board
PJC	Parliamentary Joint Committee on Corporations and Financial Services
RCA	Registered Company Auditor
SMSF	Self-Managed Superannuation Fund
XRB	External Reporting Board of New Zealand

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