



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 23 November 2022 and the key matters considered and decided are outlined below:

AASB and AUASB	<ul style="list-style-type: none">• The FRC noted the AASB and AUASB Chair reports, and the Boards' Corporate Plan 2022-23 and Annual Report 2021-22.• The FRC further noted the AASB and AUASB's work on sustainability reporting (including the AASB's recruitment of sustainability staff), digital financial reporting and audit quality.
Audit Quality	<ul style="list-style-type: none">• Professor Roger Simnett and Professor Ken Trotman presented the preliminary findings from their interviews of a select sample of Audit Committee Chairs. These findings can be found in the attachment to item 5 of the meeting pack, published on the FRC website.• The FRC agreed to discuss the results of the final report and consider any suggestions directed to the FRC, AASB and AUASB.
Sustainability Reporting	<ul style="list-style-type: none">• The FRC agreed to engage with stakeholders on sustainability matters not covered by the AASB, AUASB and any other potential Government consultation. Such matters may include sustainability reporting capabilities and education. The FRC further agreed to enquire about the legal and insurance elements of sustainability reporting.• Stakeholder feedback will then inform any FRC guidance to the AASB and AUASB, and any advice to the Government.
Digital Financial Reporting	<ul style="list-style-type: none">• The AASB Chair provided an update on the AASB's work on digital financial reporting. Since the 8 September 2022 FRC meeting, the Board has undertaken activities to further educate stakeholders about digital financial reporting.
Talent Attraction and Retention	<ul style="list-style-type: none">• The FRC discussed the National Skills Commission's (NSC) Skills Priority List, as it pertains to the 'accountant' and 'auditor' occupations. It discussed whether the NSC also considered skills shortages through a forward-looking lens when developing its Skills Priority List.• The FRC Chair and Deputy Chair intend to meet with senior representatives at the NSC and the Department of Home Affairs to discuss the talent shortage in the accounting and auditing profession.
Public Sector Reporting	<ul style="list-style-type: none">• The Chair of the FRC Public Sector Advisory Group (PSAG) provided an update on the PSAG's areas of focus for 2023: talent attraction and retention, sustainability reporting in the public-sector, public-sector audit quality and audit themes, and simplified financial reporting for the public sector.
Public Beneficial Ownership	<ul style="list-style-type: none">• The FRC discussed the Treasury Public Beneficial Ownership consultation paper, noting the classification of beneficiaries in certain trust structures and the challenges that may be created by custody arrangements.
Cyber Security	<ul style="list-style-type: none">• The FRC discussed whether certain risks, such as cyber security, should be explicitly captured by accounting and assurance standards, noting that some stakeholders have reported that the current standards are adequate in relation to cyber security.• The FRC further discussed the role of internal safeguards in relation to cyber security.
Australian Casino Royal Commission and Inquiries	<ul style="list-style-type: none">• The AASB Chair reported that the AASB staff reviewed the reports following the inquiries and determined that there was nothing of relevance to the current standards. However, consideration will be given to a thought leadership item that could explore the scope of future reporting seeking feedback from stakeholders.
Nominations Committee	<ul style="list-style-type: none">• The FRC noted the recent AASB and AUASB appointments to bring sustainability expertise to the two boards.
Impact of Macroeconomic Conditions	<ul style="list-style-type: none">• The FRC continues to seek 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.

Next Meeting

The next FRC meeting will be held on 10 March 2023.