



AGENDA – 108TH FRC MEETING

Date: 28 November 2023

Time: 9:30am – 3:30pm

Location: Level 29 201 Kent Street, Sydney Treasury Office

Members of the public are advised that members of the Financial Reporting Council (FRC) will attend the meeting in person or via a Microsoft Teams videoconference. Members of the public may attend the meeting via Microsoft Teams although 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 secretariat@frc.gov.au detailing:

- Name
- Affiliation
- Contact details

Registered attendees will be emailed Microsoft Teams meeting details by no later than 27 November 2023.

| Item | Report by | Time |
|--|-------------------|---------|
| PUBLIC SESSION | | |
| 1. Introduction | | 9:30am |
| A. Acknowledgement of country | Chair | |
| B. Attendees and apologies | Chair | |
| C. Declarations of interest | | |
| 2. Matters for noting / action | | 9:40am |
| A. Minutes of previous meeting – 6 September | Chair | |
| B. Matters arising | Chair/Secretariat | |
| 3. Environmental Scan | | 9:50am |
| A. Member Reflections | | |
| 1. Including member and public reactions to FRC Audit Quality Oversight Review | | |
| B. Stakeholder Reports | | |
| 4. Oversight of Australian Standards (Accounting and Auditing) per s225(1) to (2A) | | 10:30am |
| A. Australian Accounting Standards Board | Keith Kendall | |
| 1. Sustainability Report | | |
| 2. AOSSG conference highlights | | |
| B. Auditing and Assurance Standards Board | Doug Niven | |
| Morning Tea | | 11:15am |
| 5. Monitoring and influencing international developments per 225(2)(e) to (2)(f) and s225(2A)(f) to (2A)(g) | | 11:30am |

| Item | Report by | Time |
|---|---------------------------------|-------------|
| A. XRB Update – <i>verbal</i> | Michele Embling | |
| B. International developments (including recent media releases) | FRC | |
| 6. Public Sector Advisory Group per s225(2)(g), (2)(h)(i) and s225(2A)(g) and (2A)(h)(i) | Tracey Carroll | 12:00pm |
| 7. Parliamentary Inquiries | Chair | 12:15pm |
| Lunch | | 1:15pm |
| 8. Other business | | 1:45pm |
| A. Nominations Committee [per s225(2)(a) and s225(2A)(a)] | FRC Nominations Committee Chair | |
| B. Correspondence received and sent | Chair | |
| C. Key Action Items Summary | FRC Secretariat | |
| 9. Next meeting | Chair | 2:10pm |
| March 2024 – Melbourne – TBD by AASB/AUASB meetings in 2024 | | |
| NON-PUBLIC SESSION | | |
| 10. Matters for non-public session* | | 2:20pm |
| Meeting Close | | 3:30pm |

* Agenda item 10 will be held in private. The order of agenda items may be changed during a meeting.



ATTENDEES AND APOLOGIES

DESCRIPTION

Attached are the attendees and apologies for this meeting.

ACTION

- For noting.

| Participant – FRC Members | Organisation |
|---------------------------|-----------------------|
| Andrew Mills | Chair |
| Keith Kendall | AASB Chair |
| Doug Niven | AUASB Chair |
| Suzanne Bell | KPMG |
| Emma Herd | EY |
| Tracey Carroll | Department of Finance |
| Rachel Grimes | Digital Finance CRC |
| Pru Bennett | Brunswick Group |

| Observers | Organisation |
|-------------------|--------------|
| Tom Dickson | Treasury |
| Zoe Irwin | Treasury |
| Jodic Chan | Treasury |
| Athanasios Kallos | Treasury |
| Cooper Tym | Treasury |

| Guests | Organisation |
|------------------|---------------------|
| Luci Tucker | ASIC |
| Shane Barbetti | ASIC |
| Anne Waters | Office of the AUASB |
| Thea Eszenyi | ASIC |
| Nikole Gyles | AASB |
| Justin Williams | AASB |
| Matthew Zappulla | AUASB |
| April Mackenzie | XRB |

| Apologies | Organisation |
|-----------------|--------------|
| Michele Embling | XRB |



DECLARATIONS OF INTEREST

DESCRIPTION

Attached are members' Declarations of Interest.

ACTION

It is recommended that the FRC:

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

FINANCIAL REPORTING COUNCIL – REGISTER OF INTERESTS

as at 22 November 2023

| FRC Member | Stakeholder / Professional / Organisational Affiliations | Employment / Other Positions Held | Other Interests |
|------------------|--|--|--|
| Mr Andrew Mills | Member, Tax and Transfer Policy Institute Advisory Board Graduate member, Australian Institute of Company Directors Chartered Tax Advisor, The Tax Institute Member, CPA Australia Fellow, Australian Institute of Governance Executive Committee Member, International Fiscal Association Australia Branch | Chair, Cemeteries and Crematoria NSW Principal Fellow/Associate Professor, University of Melbourne Law School Commissioner of the Independent Planning Commission of NSW Chair, Risk & Compliance Committee, Independent Planning Commission of NSW Chair, Public Rulings Advisory Panel, Queensland Revenue Office Member, External Reporting Board (NZ) | Director and Secretary, Ajay Investments Pty Ltd Member of Ajay Superannuation Fund (SMSF) that holds interests in listed securities and PE partnerships Son is Director, KPMG Tax & Legal Services QANTAS Chairmans Lounge and Virgin Beyond Lounge Membership |
| Dr Keith Kendall | Member, New Zealand Accounting Standards Board Fellow, CPA Australia Graduate, Australian Institute of Company Directors Member, The Tax Institute Member, Chartered Accountants Australia and New Zealand Member, Law Institute of Victoria | Chair and CEO, Australian Accounting Standards Board Treasurer, Samuel Griffith Society Member, Investment Committee, Royal Historical Society of Victoria 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 Doug Niven | Fellow, Chartered Accountants Australia and New Zealand | Chair and CEO, Auditing and Assurance Standards Board | |

| FRC Member | Stakeholder / Professional / Organisational Affiliations | Employment / Other Positions Held | Other Interests |
|--------------------|---|---|--|
| | Member, New Zealand Auditing and Assurance Standards Board | | |
| Ms Suzanne Bell | Member, Chartered Accountants Australia and New Zealand | Audit Partner, KPMG Registered Company Auditor Advisor to the Audit and Risk Board Committee, St Vincent Health Australia | Domestic partner is the KPMG Chair as of 1 September 2023 for an initial term of three years. |
| Ms Tracey Carroll | Fellow, Chartered Accountants Australia and New Zealand | First Assistant Secretary, Shared Services, Department of Finance | |
| Ms Michele Embling | Chair, New Zealand External Reporting Board (XRB) Fellow, Chartered Accountants Australia and New Zealand (CAANZ) Independent Director, AIA New Zealand Limited | Board Member, Toitū Tahua: Centre for Sustainable Finance Independent Director, Transpower New Zealand Limited Independent Director and Chair of Risk Reinsurance Limited | |
| Ms Emma Herd | Member, Victorian Government Independent Expert Panel on Interim Targets Member, Australian Sustainable Finance Institute (ASFI) Technical Advisory Group Member, Queensland Land Restoration Fund Investment Panel Member, Green Building Council of Australia (GBCA) Green Star Advisory Committee Co-Chair, Australian Sustainable Finance | Director, EMLH Pty Ltd Partner, Climate Change and Sustainability Services, Ernst and Young Oceania | Former CEO of Investor Group on Climate Change Former Environment Commissioner with the Greater Cities Commission Former Head of Sustainability and Executive Director at Westpac Institutional Bank Former Board Member, Carbon Market Institute |

| FRC Member | Stakeholder / Professional / Organisational Affiliations | Employment / Other Positions Held | Other Interests |
|-----------------------|---|---|---|
| | <p>Institute Taxonomy Technical Expert Group (ASFI TTIG)</p> | | |
| <p>Ms Pru Bennett</p> | <p>Fellow Institute of Chartered Accountants Graduate Member Australian Institute of Company Directors Chair National Foundation for Australia China Relations Director UN Global Compact Network Australia Council Member Asian Corporate Governance Association Member Singapore Institute of Company Directors Member of the Monetary Authority of Singapore's Corporate Governance Advisory Council Member of Deakin University Integrated Reporting Centre Advisory Board</p> | <p>Partner Brunswick Group Member of the Advisory Council for Oasis Capital Hong Kong Member of the Sustainability Advisory Council for Link REIT</p> | <p>Director of Bened Pty Limited Director of Milliam Pty Limited Director of Brunswick Advisory Pty Limited</p> |

| FRC Member | Stakeholder / Professional / Organisational Affiliations | Employment / Other Positions Held | Other Interests |
|---------------------|---|--|--|
| | Board member Asian Investor Group on Climate Change | | |
| Ms Rachel Grimes AM | Graduate, Australian Institute of Company Directors Fellow, Chartered Accountants Australia and New Zealand (CAANZ), Fellow, Certified Practising Accountant Australia (CPAA) Fellow, Institute of Practising Accountant (IPA) | Director Hub24 Limited Director Australian Payments Plus Limited Director of the Accounting Professional Standards and Ethics Board (APESB) Director and Deputy Chair of Digital Finance Co-operative Research Centre (DFCRC) Director of Loreto Ministries Limited Chair of Surfing Australia Finance and Risk Committee | Director of 1972 Investments Limited (Holds one property and some Australian ASX listed shares by family) Trustee of P Grimes Employee Provident Fund (Family SMSF owns Aust and International managed funds and listed shares) |



MINUTES OF PREVIOUS MEETING

DESCRIPTION

Attached are the minutes from the FRC meeting held on Wednesday 6 September, which were approved out of session and have been published on the FRC website.

Action items are summarised in item 8C.

ACTION

- For noting.

MINUTES

DATE: Wednesday 6 September 2023
TIME: 9:30am – 2:25pm
LOCATION: Treasury’s Melbourne Office and Microsoft Teams

| ITEM | AGENDA ITEM | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|------------------------|------------|----------------------|----------------------|-------------------------------|-----------------------|--------------|------------------------------|---------------|----------------|-----------|---------------------|---------------------------------------|--------------------------|----------------|-----------------------|-------------|--------------------|---------------------------------|---------------------|--|-------------------|
| | PUBLIC SESSION | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Introduction | | | | | | | | | | | | | | | | | | | | | | |
| | The Chair gave an acknowledgement of country. The Chair welcomed all attendees and guests, noting no apologies. Doug Niven was welcomed formally as the new acting Chair of the AUASB. | | | | | | | | | | | | | | | | | | | | | | |
| 1.A | ATTENDEES | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Observers:</th> </tr> </thead> <tbody> <tr> <td>Andrew Mills (Chair)</td> <td>Zoe Irwin (Treasury)</td> </tr> <tr> <td>Dr Keith Kendall (AASB Chair)</td> <td>Jodic Chan (Treasury)</td> </tr> <tr> <td>Suzanne Bell</td> <td>Athanasios Kallos (Treasury)</td> </tr> <tr> <td>Rachel Grimes</td> <td>Guests:</td> </tr> <tr> <td>Emma Herd</td> <td>Anne Waters (AUASB)</td> </tr> <tr> <td>Michele Embling (XRB Chair) - Virtual</td> <td>Matthew Zappulla (AUASB)</td> </tr> <tr> <td>Tracey Carroll</td> <td>Shane Barbetti (ASIC)</td> </tr> <tr> <td>Pru Bennett</td> <td>Luci Tucker (ASIC)</td> </tr> <tr> <td>Doug Niven (Acting AUASB Chair)</td> <td>Thea Eszenyi (ASIC)</td> </tr> <tr> <td></td> <td>Greg Yanco (ASIC)</td> </tr> </tbody> </table> | Members in attendance: | Observers: | Andrew Mills (Chair) | Zoe Irwin (Treasury) | Dr Keith Kendall (AASB Chair) | Jodic Chan (Treasury) | Suzanne Bell | Athanasios Kallos (Treasury) | Rachel Grimes | Guests: | Emma Herd | Anne Waters (AUASB) | Michele Embling (XRB Chair) - Virtual | Matthew Zappulla (AUASB) | Tracey Carroll | Shane Barbetti (ASIC) | Pru Bennett | Luci Tucker (ASIC) | Doug Niven (Acting AUASB Chair) | Thea Eszenyi (ASIC) | | Greg Yanco (ASIC) |
| Members in attendance: | Observers: | | | | | | | | | | | | | | | | | | | | | | |
| Andrew Mills (Chair) | Zoe Irwin (Treasury) | | | | | | | | | | | | | | | | | | | | | | |
| Dr Keith Kendall (AASB Chair) | Jodic Chan (Treasury) | | | | | | | | | | | | | | | | | | | | | | |
| Suzanne Bell | Athanasios Kallos (Treasury) | | | | | | | | | | | | | | | | | | | | | | |
| Rachel Grimes | Guests: | | | | | | | | | | | | | | | | | | | | | | |
| Emma Herd | Anne Waters (AUASB) | | | | | | | | | | | | | | | | | | | | | | |
| Michele Embling (XRB Chair) - Virtual | Matthew Zappulla (AUASB) | | | | | | | | | | | | | | | | | | | | | | |
| Tracey Carroll | Shane Barbetti (ASIC) | | | | | | | | | | | | | | | | | | | | | | |
| Pru Bennett | Luci Tucker (ASIC) | | | | | | | | | | | | | | | | | | | | | | |
| Doug Niven (Acting AUASB Chair) | Thea Eszenyi (ASIC) | | | | | | | | | | | | | | | | | | | | | | |
| | Greg Yanco (ASIC) | | | | | | | | | | | | | | | | | | | | | | |
| 1.B | Declarations of Interest | | | | | | | | | | | | | | | | | | | | | | |
| | Tracey has temporarily stepped aside from the Public sector panel of the ACT Regional Council, CAANZ. Emma has joined the Australian Sustainable Finance Institute Taxonomy Technical Expert Group (ASFI TTIG) as co-Chair. | | | | | | | | | | | | | | | | | | | | | | |
| 2. | MATTERS FOR NOTING / ACTION | | | | | | | | | | | | | | | | | | | | | | |
| 2.A | Minutes of previous meeting – 5 July 2023 | | | | | | | | | | | | | | | | | | | | | | |
| | Members noted the minutes from the FRC meeting on 5 July 2023 which had been approved out-of-session. | | | | | | | | | | | | | | | | | | | | | | |
| 2.B | Matters Arising | | | | | | | | | | | | | | | | | | | | | | |
| | Members reviewed the Matters Arising list and confirmed items that had been actioned and noted those for discussion at the meeting and in progress. Action item <ul style="list-style-type: none"> FRC Secretariat to circulate the Corporate Plan for the AASB and AUASB to members. | | | | | | | | | | | | | | | | | | | | | | |
| 3. | ENVIRONMENTAL SCAN | | | | | | | | | | | | | | | | | | | | | | |
| 3.A | Members Reflections | | | | | | | | | | | | | | | | | | | | | | |
| | <ul style="list-style-type: none"> Members discussed the transition process for businesses on sustainability, and how this process differed between businesses that already make climate-related disclosures and those that did not yet do so. Members discussed issues associated with the adoption of various climate-related standards around the world. For example, it was noted that comparability | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>issues had arisen for investors regarding the Global Reporting Initiative (GRI). Members considered the importance of internationalising industry-specific standards to enable the commencement of reporting by businesses with reference to them.</p> <ul style="list-style-type: none"> • Members noted sustainability was being increasingly considered by the risk committees of the boards of businesses. |
| 3.B | Nominations for International Bodies |
| | <ul style="list-style-type: none"> • Members noted that Keith Kendall would commence as Deputy Chair of Asian-Oceanian Standard-Setters Group (AOSSG) in November. • Members agreed that the FRC continues to seek Australian candidates for roles at international reporting bodies. Members noted that roles on international bodies are often voluntary and require the person to cover their own expenses. • Doug expressed an interest in applying for a position at the Stakeholder Advisory Council of the IAASB and IESBA. The application would require approval from the Treasurer. • Members considered potential Australian candidates for a vacancy at the IFRS Advisory Council. <p>Action item</p> <ul style="list-style-type: none"> • FRC members to continue consideration of suitable Australian candidates for international bodies. • FRC Secretariat to determine which candidates should be put forward for nomination. |
| 4. | OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING) |
| 4.A | AASB Report |
| | <p>Keith Kendall provided a verbal update of the AASB’s activities including attending conferences and making relevant submissions. Activities have been constrained due to unavoidable and temporary capacity constraints.</p> <p>Highlights:</p> <ul style="list-style-type: none"> • The AASB is focusing on sustainability with exposure draft consultation for the Australian application of S1 expected to occur before the end of 2023. • The AASB supports the development of a full conceptual framework on sustainability reporting. • The AASB is hosting a closed two-day sustainability reporting symposium in November and will share information with other national standard setters. <p>Members discussed the matter of businesses having to adopt classifications such as ANZSIC for their disclosures, and the applicability of SASB standards. Members also noted the differing approaches of European and Asian jurisdictions on sustainability reporting, and how these might affect comparability and consistency. For example, the subsidiaries of EU companies are not being captured by Australian obligations, but by EU obligations on disclosures. Therefore, there is a perceived disadvantage of information inconsistency with other Australian market players.</p> |
| 4.B | AUASB Report |
| | <p>Doug Niven provided a verbal update of the AUASB’s activities.</p> <p>Highlights:</p> <ul style="list-style-type: none"> • The AUASB has prepared an initial work program on sustainability assurance, including stakeholder consultation on the IAASB’s exposure draft standard for ISSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>. • The AUASB has made a submission to IAASB regarding the proposed revised ISA 570 <i>Going Concern</i>. |

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| | Members discussed the conceptual differences between going concern and insolvency, and their observations on disclosures of these matters. Members also discussed the timing of the AUASB’s work on going concern. |
| 5. | MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS |
| 5.A | XRB Update |
| | <p>Michele Embling provided a verbal update of the XRB’s activities, particularly its work in evaluating the complexity of its standards over time.</p> <p>Highlights:</p> <ul style="list-style-type: none"> • The XRB has two projects on issues surrounding cost/benefit for smaller entities. XRB’s reporting regime was set up 20 years ago but the accounting standards have become more complex over time, making it harder for smaller entities. • Observations from the XRB’s research report on views from audit committee Chairs have revealed insight including that the level of trust that audit committee chairs have in audit reports is strong. <ul style="list-style-type: none"> ○ The XRB is educating stakeholders on sustainability scenario analysis from a governance and resilience perspective. • XRB had a very successful strategy day recently with a focus on the Ngā Pou o te kawa ora project, and the strategic direction for sustainability reporting. <p>Action Items</p> <ul style="list-style-type: none"> • FRC Secretariat to circulate the XRB’s research report on views from audit committee Chairs, regarding trust and confidence in reported information. |
| 5.B | International Developments |
| | <ul style="list-style-type: none"> • Members noted the information attached in the meeting pack. • Members noted different models for ethics standards and their standard-setting bodies, such as increased separation from the accounting profession, internationally. • Members considered an ethics code as a mechanism for accountability regarding government procurement. • Members also discussed the possibility for the existence of an ethics board based on cost recovery funding. |
| 6. | FINANCIAL REPORTING FRAMEWORK OBJECTS - INDICATORS |
| | <ul style="list-style-type: none"> • Members noted the research on costs of capital supplied by the FRC Secretariat which examined recent developments and their impacts on the access to capital for carbon-intensive operators. <p>Action Items</p> <ul style="list-style-type: none"> • FRC Secretariat to include observations of changes and impacts of changes in access to capital by carbon-intensive operators in the FRC Annual Report. |
| 7. | Public Sector Advisory Group |
| | <ul style="list-style-type: none"> • The PSAG Chair provided a verbal update of information collected from the Australian public sector, especially on the progress-on sustainability reporting. • The PSAG Chair noted that the position for the Chair of the Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC) is still vacant. |
| 8. | EMERGING ISSUES AND FRC PRIORITIES |
| | <ul style="list-style-type: none"> • The FRC is still hearing from the profession that there are decreased tertiary enrolments in accounting. There is a shortage for both universities and the professional accreditations. • Anecdotally, contributing factors are the level of interest in the profession, ethical considerations, perceptions of accountants, focus on alternative pathways to becoming an accountant, citizenship requirements to work in accounting roles in |

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| | <p>the public service, and the reluctance of businesses to hire international students as workers.</p> <ul style="list-style-type: none"> Members also noted the changing demographics of tertiary enrolments. Regarding a recent cohort of accounting graduates completing the Chartered Accountant qualification, it was observed that two thirds of the cohort were women, an increase from past cohorts. Members noted that the accounting profession may be becoming a more attractive and inclusive profession with the introduction of sustainability reporting and assurance roles that broaden the scope of career paths available to accounting graduates. The FRC agreed to commission research to gather evidence on what has been said anecdotally to obtain definitive information. <p>Action Items</p> <ul style="list-style-type: none"> FRC Secretariat to circulate a brief out-of-session regarding the comments by members about the talent attraction and retention issue. This would seek funding for an academic to undertake research to gather evidence on what has been said anecdotally as well as gathering information on strategies being used to address the problem in other jurisdictions. |
| 9. | Annual Report 2022-23 Update |
| | <ul style="list-style-type: none"> Members received the draft report as part of the meeting pack. Members provided feedback on the draft. <p>Action items</p> <ul style="list-style-type: none"> FRC Secretariat to circulate all revisions to the draft including declarations of interest from last year’s report for final turnaround by 13th September. |
| 10. | PJC Recommendations |
| | <ul style="list-style-type: none"> Members discussed incentives for audits and considered the efficacy of audit fees compared with consulting services fees. Members noted the risk posed by tax compliance to auditor independence. The AUASB Chair noted that disclosure of auditor tenure would be discussed at the AUASB meeting occurring the following week. The FRC agreed to make recommendations to the Minister pursues legislative change on disclosure of auditor tenure and audit fees in directors’ reports, addressing going concern in directors’ declarations of disclosure if disclosure is required in all audit reports, making audit quality management standards for audit firms enforceable under the Corporations Act. <p>Action items</p> <ul style="list-style-type: none"> FRC Secretariat to draft and circulate a letter to the Minister recommending legislative change on disclosure of auditor tenure and audit fees in the directors’ report, addressing going concern in directors’ declaration if disclosure is required in all audit reports, making audit quality management standards for audit firms enforceable under the Corporations Act. |
| 11. | Other Business |
| | The FRC Chair noted that the FRC’s submission had now been submitted to the Parliamentary Joint Committee on Corporations and Financial Services inquiry on <i>Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry</i> . |
| 11.A | Nominations Committee |
| | <ul style="list-style-type: none"> The Chair of the Nominations Committee provided a verbal update on the most recent Nominations Committee meeting, and acknowledged the expiration of Alison White’s term at the AASB which would lead to a vacancy. <p>Action Item</p> |

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| | <ul style="list-style-type: none"> • Amendments to be made by the FRC Secretariat in the questions from the public version of the Meeting Papers. • FRC members to explore options for recommending suitable candidates for domestic board vacancies. |
| 11.B | Correspondence received and sent |
| | Members noted the correspondence sent by the FRC to the Treasurer and other recipients. |
| 11.C | Key Action Items Summary |
| | <p>Action Items</p> <ul style="list-style-type: none"> • FRC Secretariat to circulate the Corporate Plan for the AASB and AUASB to members. • FRC members to continue consideration of suitable candidates for international bodies. • FRC Secretariat to circulate the XRB’s research report on views from audit committee Chairs, regarding trust and confidence in reported information. • FRC Secretariat to include observations of changes and impacts of changes in access to capital by carbon-intensive operators in the Annual Report. • FRC Secretariat to circulate a brief out-of-session regarding the comments by members about the talent attraction and retention issue. This would seek funding for an academic to undertake research to gather evidence on what has been said anecdotally as well as gathering information on strategies being used to address the problem in other jurisdictions. • FRC Secretariat to circulate all revisions to the draft including declarations of interest from last year’s report for final turnaround by 13th September. • FRC Secretariat to draft and circulate a letter to the Minister recommending legislative change including disclosure of auditor tenure and audit fees in the directors’ report, addressing going concern in the directors’ declaration if required in all audit reports, making audit quality management standards for audit firms enforceable under the Corporations Act. • Amendments to be made by the FRC Secretariat in the questions from the public version of the Meeting Papers. • FRC members to explore options for recommending suitable candidates for domestic board vacancies. |
| 12. | Next Meeting |
| | The next meeting shall take place at Treasury’s Sydney state office on 28 th November. |
| | <p>Action Item</p> <ul style="list-style-type: none"> • FRC Secretariat will liaise with Kathleen John from the Office of the AASB and AUASB to ensure the 2024 FRC meetings take place after AUASB and AASB meetings. |
| | Public Session closed at 2:20pm |



ITEM 2B

28 NOVEMBER 2023

MATTERS ARISING

DESCRIPTION

Attached are the matters arising from the FRC meeting held on Wednesday 6 September 2023.

Actions items have been separated between ongoing action items and action items with deadlines.

ACTION

For noting.

MATTERS ARISING – MASTER

6 SEPTEMBER 2023 ACTION ITEMS

| Number | ISSUE | Action required | Owners | Status |
|---------------|------------------------------------|--|-----------------|--|
| 1. | OVERSIGHT OF AASB AND AUASB | The AASB and AUASB to draft initial/preliminary thought leadership documents about the scope of reporting and assurance requirements, including emerging issues and investor expectations. | AASB and AUASB | In progress – an update to be provided at the July 2024 quarterly meeting. |
| 2. | DIGITAL REPORTING | The FRC to write a letter to the Treasurer on digital reporting recommending that it should be mandated. | FRC Secretariat | In progress |
| 3. | SUSTAINABILITY | Emma Herd to circulate a list of proposed sustainability stakeholders to FRC members. | Emma Herd | In progress – email has been sent to Emma. FRC Secretariat will circulate to members out of session |
| 4. | NOMINATIONS COMMITTEE | FRC Secretariat to work with Suzanne and source criteria (skills) for different committees from websites of international bodies for skills matrix, gaps, future advertisements. | FRC Secretariat | In progress |
| 5. | | Explore options for recommending suitable candidates for the AASB vacancy | FRC Members | Complete |
| 6. | | Amendments to be made in the questions from the public version of the Nominations Committee Meeting Paper | FRC Secretariat | Complete |
| 7. | IFRS | | | |

MATTERS ARISING – MASTER

| Number | ISSUE | Action required | Owners | Status |
|---------------|--|---|-----------------|---|
| 8. | | Include observations of changes and impacts in access to capital by carbon-intensive operators in the Annual Report | FRC Secretariat | Complete |
| 9. | INTERNATIONAL | Approach Gary Pflugrath regarding applying for role on IFRS Advisory Council | Keith Kendall | In progress |
| 10. | | | | |
| 11. | | Make application for IAASB/IESBA Stakeholder Advisory Council role subject to government clearance processes for taking on additional roles | Doug Niven | In progress |
| 12. | | Circulate the final New Zealand audit committee chairs report | FRC Secretariat | Complete - Report circulated to members on 22 nd September |
| 13. | STAKEHOLDER ENGAGEMENT | Add Australian Sustainable Finance Institute (ASFI) and the Financial Services Council (FSC) to the FRC's stakeholder list. | FRC Secretariat | In progress |
| 14. | | Pru Bennett to contact (Australian Council of Superannuation Investors) ACSI about responding to the FRC's stakeholder report requests. | Pru Bennett | In progress - update provided by Pru at 6 September quarterly that she has reached out |
| 15. | TALENT ATTRACTION AND RETENTION | Draft and circulate a brief out-of-session to seek funding for an academic to gather evidence on FRC members' anecdotal experiences, and to research strategies regarding talent management in other jurisdictions | FRC Secretariat | In progress |
| 16. | ANNUAL REPORT | Arrange for JSA and Home Affairs to review the sections relevant to them Make appropriate updates to tables 3.2 and 3.3 on the professional bodies Include references to the current state of the profession in the letter to the tabling Minister Circulate all revisions | FRC Secretariat | Complete |

MATTERS ARISING – MASTER

| Number | ISSUE | Action required | Owners | Status |
|--------|--------------------------------|--|-----------------|--------------------|
| 17. | | Update member biographies | FRC Members | Complete |
| 18. | PJC RECOMMENDATIONS | Draft and circulate a letter to the Minister recommending legislative change regarding disclosure of auditor tenure and audit fees in the directors' report, addressing going concern in directors' declarations if the auditor is required to make disclosure in all audit reports, and making the quality management standard for audit firms enforceable under the Corporations Act | FRC Secretariat | In progress |
| 19. | NEXT MEETINGS | Liaise with the Office of the AASB and AUASB to ensure 2024 FRC quarterly meetings take place after AASB and AUASB meetings. | FRC Secretariat | In progress |

ONGOING MATTERS

MATTERS ARISING – MASTER

| Number | Issue | Action required | Owners | Status |
|---------------|-------------------------------|---|---------------|---|
| 1. | STAKEHOLDER ENGAGEMENT | FRC members to use stakeholder engagement to identify people with skills to be a AUASB and AASB candidate. | FRC | Ongoing |
| | | The FRC to continue seeking targeted feedback on strategic issues through its Stakeholder Reports and one-on-one high level stakeholder engagement to monitor the matters referred to in the ASIC Act (such as professional ethics) on a periodic basis | FRC | Ongoing – FRC to continue sending out Stakeholder Report requests and the FRC Chair to continue meeting with stakeholders. Note that the next set of Stakeholder Reports will be prepared for the November 2023 quarterly. |
| 2. | AUDIT QUALITY | Anne Waters and the FRC Chair to continue the work on the Audit Quality Action Plan and the Audit Quality Management Review Updates suggested at the 10 March 2023 Quarterly Meeting to be made to the audit quality action plan | FRC | Ongoing – FRC to be updated on the progress at each quarterly meeting. Updates suggested at the 10 March 2023 Quarterly Meeting were actioned by Anne and a copy was circulated for the 6 September meeting as part of the meeting pack. |

MATTERS ARISING – MASTER

| Number | Issue | Action required | Owners | Status |
|---------------|--|---|---------------|--|
| 4. | FRC STRATEGY AND FUNCTIONS | The FRC to discuss the AASB and AUASB Annual Report each year to discuss any feedback on budget, staffing, business plans and priorities, and to assess the effectiveness of the Boards' consultation processes. | FRC | Ongoing – the FRC to consider the AASB and AUASB's Annual Report each November at its quarterly meetings. |
| | | The AASB and AUASB to bring any changes to their due processes, in relation to the development accounting and auditing standards, before the FRC. | FRC | Ongoing – AASB and AUASB to advise the FRC when appropriate. |
| 5. | INTERNATIONAL STANDARDS SETTING | The FRC to identify any sustainability matters not covered by the AASB, AUASB's and any other Government consultations. Based on this assessment, the FRC to undertake stakeholder engagement to inform any guidance for the two Boards and to advise the Government, and to develop and educative piece. | FRC | Ongoing |
| 6. | | Continue consideration of suitable candidates for international bodies | FRC | Ongoing |

MATTERS ARISING – MASTER

| Number | Issue | Action required | Owners | Status |
|---------------|--|---|-----------------|--------------------|
| 7. | TALENT ATTRACTION AND RETENTION | The FRC to continue to monitor talent attraction and retention in the audit and accounting profession. | FRC | Ongoing |
| 8. | OTHER | FRC Secretariat to circulate relevant media clippings about financial reporting and audit to all FRC members. | FRC Secretariat | Ongoing |
| 9. | INTERNATIONAL NOMINATIONS | Explore whether the discussed candidates for international roles should be put forward for nomination. | FRC Secretariat | In progress |



ITEM 3A

28 NOVEMBER 2023

MEMBER REFLECTIONS

DESCRIPTION

Members to update the FRC with contemporary and relevant matters from their fields of expertise including domestic and international events that may impact the Australian financial space.

Members to comment on public reactions to the FRC Audit Quality Oversight Review.

Attachment A shows recent media attention to the report and relevant issues in the auditing space.

ACTION

For discussion.

ASIC's 15 audit checks of 1900 firms 'is very low'

By Ronald Mizen

Australian Financial Review (AFR)

Tuesday 7th November 2023

396 words

Page 4 | Section: News

828cm on the page



ASIC's 15 audit checks of 1900 firms 'is very low'

Ronald Mizen

The corporate watchdog's decision to abandon naming and shaming poor audit quality among the big four consulting firms removed a key deterrent of poor behaviour, a review has concluded.

The Financial Reporting Council, which oversees Australia's financial reporting framework including accounting and auditing standards, also criticised the Australian Securities and Investments Commission's decision to slash annual audit quality checks, which were already "very low".

In a review of audit quality oversight published yesterday, the council said ASIC's decision to conduct just 15 reviews of high-risk audits in 2022-23 raised serious questions about whether it had "sufficient coverage of the audit"

to enable adequate monitoring.

That number in 2022-23 was a third of the 45 conducted the year before, which was also lower than in previous years.

"Given that there are approximately 1900 entities on the Australian Stock Exchange the number of files reviewed is very low," the report said.

The audit inspection program involves trained officers from ASIC reviewing "high-risk" audits of company accounts to assess if enough has been done to justify findings.

The FRC report noted the public reporting of poor audit quality among Australia's six largest accounting firms provided an important deterrent to poor behaviour, including media and parliamentary attention on negative findings. Now axed naming and shaming of firms was one of a few completed

recommendations of the 2020 Senate report into audit quality.

Other deterrents under the existing program included financial penalties for audit partners from a negative ASIC review imposed by the audit firm and firms being concerned about the possibility of losing or not winning audits based on higher levels of negative findings compared with competitors.

The Australian Financial Review reported in July that ASIC had scaled back its oversight program and sacked its chief accountant in a restructure that allocated more money and staff to enforcement rather than prevention.

ASIC said undertaking 45 reviews each year was too time- and resource-intensive and that a more targeted approach, focusing on specific and significant issues rather than a broad sweep, would yield better results.

The same restructure also cut staff from ASIC's corporate finance function that scrutinised mergers and acquisitions, company fundraisings and sharemarket listings. That team was reduced from more than 20 down to about 12 at one stage, sparking concern from lawyers and investor groups.

Financial Reporting Council calls for imagination to fix auditing gaps.



Not every auditor category has regulatory oversight. (Wicitr/Adobe)

A range of issues have emerged from the newly released report by the Financial Reporting Council (FRC), which deals with the state of audit quality in Australia. The most important of them is a greater need for imagination when designing regulatory solutions for auditing.

The FRC chronicles various regulatory gaps — not every auditor is overseen by an enforcement body — and it surveys the global scene to point out where Australia's regime sits about arguably similar systems.

A decline in the monitoring of audit working papers by corporate regulator the Australian Securities and Investments Commission (ASIC) is noted, as is the need for professional accounting bodies to do more work with their practice quality reviews.

The FRC report also notes some auditors are outside of the Corporations Act regime and therefore are not the subject of as much regulation or scrutiny as other people practising auditing in Australia.

Registered company auditors, for example, are subjected to ASIC oversight but there are auditors, accountants and consulting types who do not have any oversight by a government body at all.

The FRC also observes there are aspects of the accounting profession's ethical standards that do not have the force of law, and there is inadequate regulatory monitoring of compliance with these standards as a result.

While these observations might appear worrying, they should certainly not surprise anybody who has been paying attention.

The FRC foreshadowed findings in its report in a two-page submission to the Parliamentary Joint Committee on Corporations and Financial Services that was lodged earlier this year. The pithier version of its concerning assessment is worth a read if you are time-poor.

What the FRC offers up to the community is a call for greater regulation in an important sector, but it is understandably silent on the body or bodies that should fill the regulatory gaps.

The question the rest of the community and, more particularly, that rather unique subset of the community that sits in the parliament, must answer is quite simply: how do we improve what we do now given the inadequacies that the FRC highlights?

What function are we aiming to regulate?

Regulation in the accounting profession usually focuses on function. What function does an individual or entity perform? Park all of the talk of the partnerships and companies and the relative merits and demerits of the two structures for the moment because that chatter is not relevant to our purposes.

What is relevant is how we regulate those individuals or entities that engage in the provision of audit and assurance services.

That requires us to do an environmental scan to determine whether there is a model of professional services regulation that provides a template that could assist with the need to capture all those that provide auditing and assurance services in Australia.

Take a look at the Tax Practitioners Board — a separate board for tax professionals in Australia — as an example of a ready-made template for the purpose.

The TPB has top-shelf registration — the registered tax agent — for those who meet all of the registration conditions. It also has BAS agents that are registered with it that provide a different level of tax-related services.

How might this help solve the audit and assurance dilemma the FRC points out in its recent report?

Leaning on the TPB model for inspiration firstly suggests that a separate Audit and Assurance Practitioner Registration Board — AAPRB — is deemed to be better than having certain tasks such as registration sit with the corporate regulator.

A separate regulatory body that has its sole purpose as the registration, surveillance and disciplining of audit and assurance service providers would not be subject to the whims of the current corporate regulator's priorities because it would only have a single focus.

The ASIC has a portfolio of activities across which it must allocate funding, and this can result in less intense monitoring of audit quality periodically when other market problems create political and enforcement headaches.

It also leads to the notion of a national regulator so that all auditors doing audit work regardless of the size and type of entity should be registered at a national level with this body.

The federal government could give consideration to creating different tiers of auditing professionals: those sufficiently qualified and experienced to audit listed companies and similar large entities, a tier suitable for auditing larger charities and clubs, and a tier for those who provide audit or review services to smaller community entities.

What appears in the paragraph above is, of course, conceptual because there would need to be work done that defines the levels of experience, relevant competencies, professional development requirements, and the level of education that is required.

Any new regime would also require transitional rules to enable people with the necessary skills and experience to be able to transition into the new regulatory regime that would apply to the audit and assurance space if a TPB-style model were to apply.

Audit firm inspections could be done by the new body rather than the ASIC, and the new body could have disciplinary powers similar to that of the TPB.

That means an auditor would be registered, subject to oversight while registered, and potentially disciplined if they were naughty by the one body.

The other benefit of this single audit and assurance regulator suggested above would be that the tensions between the ASIC and the Company Auditors Disciplinary Board related to resourcing would disappear.

A single audit and assurance sector regulator with a disciplinary function would have its staff — as it should — and not rely on secondments from the regulator.

This approach would not be without challenges because a new regulator would need to find people prepared to be involved in the registration and inspection of auditors, and the government would have to consider the various appointments that it may wish to make on such an authority.

Expanding audit regulation

What politicians and bureaucrats will need to reflect on is how the introduction of sustainability standards that will have legal backing into the regulatory mix impacts the regulation of auditing and assurance services.

Relevant standards being drafted to deal with the auditing and assurance aspects of the move to a single set of sustainability standards will be discipline-agnostic. This means that the standards could be used by people other than members of accounting bodies.

What does this mean for the regulation of audit and assurance services?

The expansion of audit and assurance services in line with demands for disclosures to be verified in some form means that limiting the regulation of audit to those that rip financial statements apart makes no sense.

What the federal government should consider is the way the tax agent registration regime deals with people who play in the tax space — not just the garde- variety of registered tax agents.

The TPB can register financial planners, quantity surveyors, and fuel tax specialists who use tax in their work.

People involved with financial planning or financial services who are registered with the TPB have to complete 60 hours of continuing professional development over three years as opposed to 120 hours over the three years required of the regular registered tax agent registration.

Financial planners would have to also meet other training requirements set by their relevant financial planning body.

Quantity surveyors and fuel tax specialists must ensure they do at least two hours of relevant tax training each year over three years.

An audit and assurance practitioner registration body could use the same kind of conditional registration method the TPB uses to capture people who are a part of audits but auditing and assurance is not their principal service offering.

They could be registered as auditors or assurance service providers with a lower number of hours of training specified so that there is a requirement in law for them to update their knowledge of auditing and assurance requirements as they are relevant to their work.

Such a regime would also deal with questions of quality control and policing of professionals who are involved in audit and assurance even though their primary discipline might be something completely different.

It ceases to be a problem when one does an environmental scan and finds regulatory models already in existence that can be taken as a template to solve a regulatory challenge that might perplex people.

What our politicians and bureaucrats need to keep in mind is that there are answers to these issues staring them in the face if they have a quick look around.

All they need to do is exercise their grey matter and not allow this particular exercise in regulatory reform to be a victim of a lack of imagination.

READ MORE:

[FRC instructs ASIC to improve audit quantity](https://www.themandarin.com.au/234495-frc-instructs-asic-to-improve-audit-quantity/)

[\(https://www.themandarin.com.au/234495-frc-instructs-asic-to-improve-audit-quantity/\)](https://www.themandarin.com.au/234495-frc-instructs-asic-to-improve-audit-quantity/)

About the author



Smaller firms slam accounting regime as ‘useless’

Edmund Tadros *Professional services editor*



Nov 6, 2023 – 4.02pm

Smaller accounting firms say the current regulatory regime is useless and riven by conflicts of interest between the major professional bodies and the larger firms.

The larger firms counter the system is working well, revealing a split as parliament considers an overhaul of the overlapping system of government and self-regulation following the PwC tax leaks scandal.

But Top 100 Accounting Firms’ leaders were united on one matter: the growing amount of regulation and red tape imposed by government bodies is needlessly increasing costs and hitting their productivity, they say.



Sovereign Private partner Sheridan Green thinks Chartered Accountants ANZ doesn't cater effectively for smaller firms. **Dominic Lorrimer**

Leaders were asked about what changes, if any, should be made to the rules governing accounting firms, as part of the annual Top 100 survey. The PwC tax leaks scandal [<https://www.afr.com/link/follow-20180101-p5dnpn>] has triggered two federal inquiries and Treasury reviews examining different aspects of how firms and the profession are regulated.

“To put it lightly, the current regulatory regime for accounting firms is useless,” said Sheridan Green, one of two partners at tax advisory firm Sovereign Private. “There are severe conflicts between the [CA ANZ and] The Tax Institute, and their involvement with the larger firms. As a small practice, we have felt alone and abandoned by our governing bodies.

“There is little or no support for small practice and the way the [CA ANZ] treats smaller firms is terrible. Our preference would be for the establishment of a new [professional] body that represents traditional accounting firms outside of the big four and consulting.”

Self-regulation has failed

Aaron Fitchett, a tax partner at six-partner firm Baumgartners, also felt self-regulation by the professional bodies had failed.

“Government regulation could be stronger as there are many substandard accountants and tax agents we encounter on a regular basis as we pick up new clients,” Mr Fitchett said.

“Self-regulation has proven to be a failed endeavour due to conflicts of interest between the regulatory bodies and the large accounting firms.”

Regulators and the professional bodies need to “get serious about bringing dishonest and unethical practitioners to heel,” said Kristian Lunardello, the managing director of nine-partner firm hmh Advisory.

“They all seem to think it’s someone else’s responsibility,” Mr Lunardello said.

“CA ANZ and CPA must act to cancel practising certificates and withdraw memberships from dishonest and unethical practitioners. ASIC should also take action against practitioner directors of firm entities who act dishonestly.”

Too many regulators

KPMG Australia chief executive Andrew Yates said the firm was open to ASIC having “an extended regulatory role over our profession”, while Deloitte Australia boss Adam Powick noted the firm would participate in the various inquiries and reviews “openly and transparently”.

PwC Australia and EY Oceania declined to comment. The big four have upwards of 700 partners each.

Sripathy Sarma, a principal at seven-partner firm LBW Business and Wealth Advisors said “it [would] be good to have one regulator”.

Gavin Johns, the chairman of 47-partner firm DFK ANZ, said there were “too many levels of regulation”.

“Ideally, there would be fewer levels providing strong and effective regulation,” Mr Johns said.

The current regulation system for accounting firms is enforced by a mix of overlapping government bodies – such as the Australian Securities and Investments Commission and the Tax Practitioners Board – and self-regulation via professional bodies like the Chartered Accountants ANZ, CPA Australia and the Institute of Public Accountants.

During the Senate inquiry into consultants, EY Oceania boss David Larocca said the firm [<https://www.afr.com/companies/professional-services/pwc-tax-leaks-deeply-disturbing-says-rival-ey-20230718-p5dpbl>] is overseen by “33 federal state, territory and international regulators”, “19 organisations inspect our firm” and that its personnel have to adhere to, variously, standards from at least 30 licences or memberships.

Consultants, who bring in a growing proportion of income at the big four firms and other accounting outfits, are not specifically regulated by any government bodies.



hmh Advisory managing director Kristian Lunardello

Merge accounting bodies

Other firm leaders called for the three major accounting professional bodies to be merged into a single entity with consistent standards. Leaders at smaller firms also echoed Ms Green's view that CA ANZ did not cater to their specific needs.

“We need ONE BODY overseeing accountants across Australia – that's it!” said Timothy Munro, the founder and CEO of two partner-firm Change Accountants & Advisors.

“Too much self-preservation exists and the accounting professional bodies are only interested in [continuing professional development] revenue and growing their membership so their executive teams can demand higher and higher bonuses.”



Timothy Munro, director and CEO of Change Accountants & Advisors.

David Shaw, the CEO and founder of eight-partner firm WSC Group, said self-regulation was working but would be more effective if CA ANZ, CPA and the IPA merged into a single body.

Mr Shaw said this would result in “a stronger voice” for the sector when dealing with regulators.

Stefan Lipkiewicz, the managing director of 11-partner firm Caveo Partners, said amalgamation “into one professional association” would reduce confusion in the sector over standards that are “too focused on accounting when the major growth area is multidisciplinary advice”.

Current system working

Another group of leaders said the current mix of overlapping regulators and professional bodies had served the sector well.

Greg Keith, the CEO of 176-partner firm Grant Thornton, said “government regulators and self-regulation by the professional bodies complement each other, reaching into different levels within firms and applying oversight across the full body of work”.

Mark McLean, the managing partner of Ulton, which has nine partners, said increasing regulation wouldn't solve “the issue of the rare rogue party”.

Simon Byers, a senior partner at Highview Accounting & Financial, said the current regulatory “mix is right” and that most “accountants do the right thing, particularly in small- to medium-sized firms”.

Instead, he said that problems tended to emerge when firms became too big and focused on profit to the point “they lose touch with the importance of independence and integrity”. Highview has 13 partners.



Grant Thornton CEO Greg Keith.

Roy Sanderson, of 12-partner firm RJ Sanderson & Associates, said the “isolated incident” with PwC should not cause the government to change what he felt was the existing, and effective, system of self-regulation.

Tony Fittler, the chairman of the local branch of HLB Mann Judd, said the system “has worked well” but that “increasingly frequent changes” to regulation had become more challenging. “We don’t want to cultivate a regulatory environment that discourages qualified and experienced professionals from a fulfilling career,” he said. HLB has 82 partners.

Too much regulation

Many leaders agreed with Mr Fittler that regulation is becoming more onerous.

David Tomasi, the chairman of the 70-partner firm Moore Australia, said “increasing regulations and compliance requirements have made it difficult for professionals and costs have increased”.

“This is driving many advisors away from our profession, therefore limiting the pool of skill/talent and capability,” Mr Tomasi said.



Moore Australia chairman David Tomasi.

Lorin Joyce, chairman of MGI Australasia, and Jarrod Bramble, managing partner of Cutchler & Neale, also said the level of regulation meant compliance work was

“becoming more time-consuming, diverting valuable resources from strategic initiatives and client-centric services”. MGI has 31 partners, while Cutcher & Neale has 12 partners.

George Shahinian, the managing partner of seven-partner firm Economos, said regulations were “far too complicated, they cross over multiple legislations, jurisdictions and [were] very difficult for professionals to keep up with”.



RELATED

Fines to quintuple for badly behaved accountants

<https://www.afr.com/companies/professional-services/fines-to-quintuple-for-badly-behaved-accountants-20231025-p5ef1h>



RELATED

PwC tax leak scandal has exposed partnerships as regulatory havens

<https://www.afr.com/companies/professional-services/pwc-tax-leak-scandal-has-exposed-partnerships-as-regulatory-havens-20231004-p5e9u1>

Edmund Tadros leads our coverage of the professional services sector. He is based in our Sydney newsroom. *Connect with Edmund on [Twitter](#). Email Edmund at edmundtadros@afr.com.au*

FRC instructs ASIC to improve audit quantity



ASIC has reduced its number of audits. (Felix/Adobe)

The Financial Reporting Council (FRC), which oversees the development of auditing and accounting standards, has called on the corporate regulator and professional accounting bodies to improve the monitoring of the quality of audits.

An FRC report into audit quality oversight published this week says the Australian Securities and Investments Commission (ASIC) has reduced the number of audit files from major firms that it examines to assess the quality of audit, and that this approach is insufficient.

“ASIC is the statutory regulator who has the power to perform audit surveillance, however there is no legislative requirement for ASIC to undertake proactive surveillance of auditors. As a result, ASIC design their program based on their overall strategy, competing priorities and budgetary pressures,” the FRC report says.

The corporate watchdog has reviewed fewer sets of audit working papers across the major firms that do listed company audits, and this meant that

only 15 sets of working papers were reviewed for the 2022-23 financial year as opposed to 45 in the 2021-22 reporting period.

A key recommendation from the FRC is for there to be an audit working paper review process that has a wider scope.

The FRC report says that the government needs to consider which body ought to do the broader audit review program as recommended by the FRC.

“The Government should give consideration to whether ASIC undertakes this additional program and are funded to do so, or whether there should be a new independent body established whose legislated responsibility is to perform an audit surveillance program,” the report says.

“There should also be consideration as to whether the audit surveillance program covers all RCAs over an established time period, or all auditors i.e., not just [registered company auditors]. This would require consideration as to whether all auditors should be required to be members of a [professional accounting body] or some other minimum competency accreditation system.”

The FRC also says that relevant ethical standards should be given the force of law and be subject to a compliance review by a regulator, and that the professional bodies should consider the scope of their reviews and how the report on the scope and findings from their practice quality review programs.



STAKEHOLDER REPORTS

DESCRIPTION

On 3 November 2023, the FRC Secretariat sent specific questions targeted at sustainability and technology (available at **Attachment A**) to all stakeholders.

Out of requests to 19 stakeholders, the FRC received 13 Stakeholder Reports and a response from 1 confirming nil updates.

Stakeholder responses can be found at **Attachment B**.

Further, the FRC Chair has continued to facilitate meetings with high level executives to discuss matters relevant to the financial reporting space and report this information to the FRC at each quarterly meeting.

ACTION

- The FRC to discuss the reports provided by stakeholders.

STAKEHOLDER REPORT:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- [Insert]

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- .
- .
- .

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?
- What activities are being undertaken in relation to technology specifically cyber, privacy, and AI?

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- .
- .
- .

STAKEHOLDER REPORT - Australian Charities and Not-for-profits Commission (ACNC):

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- The 2023 Annual Information Statement (AIS) is now made available to the public. This includes new questions about related party transactions.
 - Medium and large charities are required to comply with AASB 124 or AASB 1060 in their annual financial reports.
 - Small charities have a simplified option to report related party transactions in the AIS.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- The ACNC has scheduled a webinar on 28 November 2023 on the topic of 'Related party transactions and the Annual Information Statement'.
- The ACNC continues to provide input from the regulator perspective to the AASB Not-for-Profit Project Advisory Panel in relation to the Tier 3 reporting framework consultation process.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?

The ACNC is aware of the [Treasury's second consultation](#) about a staggered implementation process. Registered charities do not appear to be in scope for sustainability reporting, as there are no requirements for registered charities to prepare financial reports in accordance with Chapter 2M of the Corporations Act.

- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?

No further update since the last report submitted to the FRC.

- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

In July 2023 the ACNC made a submission to the Department of Industry, Science and Resources on the safe and response use of AI in Australia: [Safe and responsible AI](#).

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- The ACNC is in the process of reviewing and updating our National Standard Chart of Accounts that charities may use to assist them in preparing financial statements. An update on this item should be available in 2024.
- The ACNC have commenced their review of 250 charity financial reports as a part of the 2022 AIS submissions and will publish a report once the review is completed in 2024.
- The ACNC made submissions on reforms to legislation in both Victoria and Tasmania. These reforms were in support of harmonising reporting thresholds. The submissions can be accessed using the links below:
 - [Submission to Tasmanian Department of Justice](#)
 - [Submission to the Victorian Government's Associations Incorporation Reform Regulations 2023.](#)

STAKEHOLDER REPORT - Australian Institute of Company Directors (AICD):

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

Key issues and developments front of mind for directors include:

- preparation for mandatory climate reporting commencing 1 July 2024;
- other non-financial reporting obligations, including modern slavery reporting, workplace sexual harassment and gender pay gap reporting, as well as voluntary reporting on emerging issues such as nature and biodiversity;
- continuous disclosure obligations, including the outcome of the current Treasury review into the 2021 reforms which introduced a fault element into the continuous disclosure laws;
- cyber security governance, including the issue of the final Australian Cyber Security Strategy and the outcome of the Privacy Act review;
- audit quality issues, including those identified in the [6 November 2023 FRC Report](#); and
- artificial intelligence (AI) governance.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- In August 2023, the AICD, in conjunction with the Australian Signals Directorate (ASD), hosted two in-person cyber security briefings for senior directors with Rachel Noble PSM, Director General of the ASD, and Abigail Bradshaw CSC, Head of the Australian Cyber Security Centre (ACSC). The purpose of the sessions, which were attended by approximately 60 members in Sydney and Melbourne, was to share insights on the current and emerging cyber threat landscape, and how boards can keep themselves, their organisations and their customers cyber-secure.
- In September 2023, the AICD was signatory to a 15 Australian peak body [submission](#) to the International Sustainability Standards Board (ISSB) on its consultation on its two-year work plan and priorities.
- On 3 October 2023, the AICD, as host of the [Climate Governance Initiative \(CGI\) Australia](#), in partnership with CGI partners Deloitte and MinterEllisons, issued the [Director's guide to mandatory climate reporting](#) aimed at assisting non-executive directors prepare for the commencement of mandatory climate reporting from 1 July 2024. The Guide, which included a foreword from ASIC Chair Joe Longo, has had over 14,000 downloads, reflecting the appetite for guidance on this issue.
- On 24 October 2023, the AICD released a [director's guide to the positive duty to prevent workplace sexual harassment](#) aimed at assisting directors understand new obligations under the Respect at Work legislation passed in December 2022, with the monitoring of key obligations commencing from December 2023. To assist directors understand the new obligations, we also hosted a complimentary [webinar](#), featuring the Sex Discrimination Commissioner and notable non-executive directors.

- The AICD has made [submissions](#) to various consultations, including relevantly: ASIC’s draft guidance on the insolvent trading safe harbour provisions, the AUASB’s Consultation into the IAASB’s Draft ISSA 5000 Sustainability assurance standard, and the Department of Industry, Science and Resources’ consultation into Safe and Responsible AI in Australia.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?

The AICD is allocating considerable resources to assisting directors prepare for the introduction of mandatory climate reporting, which is likely to commence from 1 July 2024. Most notably, we issued a comprehensive guide on 3 October 2023 which has had over 14,000 downloads. The guide is intended to be a living document, and will be updated following key policy developments (e.g. following the issue of the Government’s final policy position, and once the legislation is passed).

The AICD is also developing a self-paced e-learning and short course on climate governance, which will include a section of climate reporting. The e-learning course is due to launch on 30 November 2023, and the short-course is anticipated to launch in early 2024.

In respect to nature and biodiversity reporting, on 31 July 2023, the AICD and MinterEllison, issued [‘Biodiversity as a material financial risk – what board directors need to know,’](#) which provides an overview of biodiversity risk – its relevance and significance, and sets out key questions directors should be asking to assist their oversight of biodiversity risk and opportunity.

On assurance, in November 2023 the AICD made a submission to the AUASB’s consultation on the IAASB’s draft sustainability assurance standard, ISSA 5000.

We are otherwise engaging with directors on sustainability reporting and assurance regularly through articles in the AICD’s fortnightly Membership Update, articles in the Company Director magazine, and in consultation with the AICD’s policy committees which meet regularly to discuss key policy and governance issues.

Does this include any actions you are taking to ensure your organisation/your organisation’s members is/are prepared to engage with the recent reporting and assurance requirements?

See the above response.

Are there any key barriers your organisation/your organisation’s members have identified in this area?

As the “biggest change to corporate reporting in a generation,” the scale of the transition to mandatory climate reporting should not be underestimated. Significant upskilling is required, with the vast majority of organisations’ current climate disclosures not having anywhere near the level of detail or granularity that is required under the ISSB Standards. More specifically, there are issues in relation to:

- [data availability and quality](#), particularly in relation not emission data and climate impact data (necessary for input into climate scenario analysis);
- [climate capability and expertise](#), with a whole-of-economy shortage of climate reporting and assurance practitioners; and

- difficulties in how to make disclosures where there is measurement and outcome uncertainty, particularly in relation to forward-looking disclosures. Having clear guidance from regulators as to expectations of companies and enforcement priorities, will assist.

These challenges are compounded in relation to sustainability reporting on topics beyond climate, given reporting in these areas are less developed/mature.

What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

The AICD, Cyber Security Cooperative Research Centre (CSCRC) and Ashurst are developing a new resource which builds on the governance foundations set out in the [Cyber Security Governance Principles](#) (which have had over 20,000 downloads) to provide practical guidance to directors on how to govern through and after a significant cyber security incident. The resource is expected to be released at the end of 2023/early 2024.

To further educate members on technological regulatory and governance issues, the AICD is also hosting webinars on [cyber](#) (5 December 2023) and the key [technological regulatory changes in 2023](#) (on 12 December 2023).

On AI, the AICD, in conjunction with the Human Technology Institute (HTI), hosted a series of three webinars between August and October 2023. The AICD is working on developing a Governance of AI resource for issue in 2024.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- The AICD keeps non-executive directors engaged on key policy and governance developments through consultation with various policy committees comprised of key directors and other relevant experts/stakeholders. The Reporting Committee specifically considers financial and non-financial reporting issues. Key issues discussed with the Reporting Committee in 2023 include mandatory climate reporting (including guest presenters from the ISSB, AUASB and Deakin University) and modern slavery reporting.
- The AICD's Company Director Magazine, which is sent to all 50,000+ AICD members and has a wide readership, provides further insight into key regulatory and governance issues.



STAKEHOLDER REPORT: AUSTRALIAN BUSINESS REPORTING LEADERS FORUM

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation

The most significant issues and external developments impacting the Australian Business Reporting Leaders Forum (BRLF) and Deakin University Integrated Reporting Centre (DIRC), which provides the Secretariat for the BRLF, are the unprecedented recent and continuing changes in the global and Australian corporate reporting systems. This rapidly changing environment will dominate the landscape for years to come. Within that system, the IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB) have become recognised as the global baseline for individual jurisdictions to build on.

The significant nuances of IFRS Sustainability Disclosure Standards S1 and S2 are their enterprise value / investor / financial materiality focus, and their use of the Integrated Reporting and TCFD Frameworks as fundamental building blocks. These nuances stand IFRS Sustainability Disclosure Standards apart from the all stakeholder-focused GRI Standards and consequent approach to materiality which have achieved widespread take up in Australia given the gap being filled by the ISSB.

Decisions in relation to that consultation are likely to be made in the first quarter of 2024. It is well recognised that further and rapid ISSB action is needed. Many stakeholders in Australia have a limited (or no) understanding of these nuances and the next steps for the IFRS Foundations with the recent closure of the ISSB's 2024-25 agenda consultation.

In a desire for interoperability between the global baseline of IFRS Sustainability Disclosure Standards, and GRI Standards, the ISSB and GRI continue to work closely, for example through the November 2023 announcement of the GRI establishing a Sustainability Innovation Lab in co-ordination with the IFRS Foundation. The Lab is to be based in Singapore.

We are concerned that the Australian corporate reporting *system* - corporate governance, education and training, assurance, investing, regulation, automation, as well as reporting - is significantly under-equipped for implementing the Australian equivalents of S1 and S2, which will be key building blocks for the government's coming climate disclosure mandates, in an integrated manner.

These changes continue to have significant implications for the BRLF, and its participants, who come from all parts of the Australian corporate reporting system (participants listed in past BRLF Stakeholder Reports), and also for the Deakin Integrated Reporting Centre, which has a significant capacity building role in the system and provides the Secretariat for the BRLF.

DIRC activities include research, teaching, thought leadership and industry engagement in relation to better business reporting and assurance in general, and integrated reporting and



integrated reporting assurance in particular. Later in this report we comment on submissions made and research by the DIRC/ BRLF that may be of interest to the FRC.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- **Industry Engagement**
 - *International Connectivity.* As the IFRS Foundation's designated Integrated Reporting Community for Australia, the BRLF leadership has participated in three IFRS Foundation Integrated Reporting Communities events since the Integrated Reporting Communities program was re-invigorated earlier this year.

This program provides the DIRC with the opportunity to collaborate with Integrated Reporting Communities in jurisdictions such as the USA, Japan, ASEAN, Brazil and Latin America more generally, Turkey, South Africa and Africa more generally, in relation to similar challenges and opportunities.

BRLF meetings have been held to bring the outcomes of Integrated Reporting Communities events to BRLF participants and on occasions to hear direct from senior IFRS Foundation executives.
 - *Submissions.* The BRLF / DIRC have made numerous submissions to international and Australian bodies on matters of relevance to their agendas, as listed under 'Specific Questions for Stakeholder' below. Assurance as well as reporting has been a key focus of these submissions.
- **Research.** The DIRC has prepared numerous research papers on matters of relevance to its agenda, as listed under 'Specific Questions for Stakeholder' below.
- **Teaching.** The DIRC continues to teach integrated reporting and its assurance as a component of broader better business reporting at Deakin University. To date this has been through an undergraduate and post-graduate elective subject. We are working to bring this topic into the mainstream as a core subject offering.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting?

The activities of the BRLF and DIRC are all related to sustainability reporting. Their activities are undertaken so that BRLF participants and Deakin students are prepared to engage with future reporting requirements, which are likely to continue changing significantly in 2024 and beyond as a result of the global and national developments since 2021 referred to above. The comments above on key activities / matters relevant to the FRC objectives provide our answer to this question.



Listed below are further details which may be of interest to the FRC or its members:

Submissions:

- **February 2023** - DIRC submission on Treasury's Discovery Consultation on mandatory Climate-Related Financial Disclosures. Key recommendations:
 1. **Australian equivalents of S1 and S2** – full alignment with IFRS Sustainability Disclosure Standards such that Australian equivalents are recognised by the IFRS Foundation as being internationally aligned.
 2. **Third Board** – an *Australian Sustainability Standards Board* akin to International Sustainability Standards Board, to sit alongside the AASB and AUASB, enhancing the case for the IFRS Foundation / ISSB recognising Australia as being internationally aligned and achieving an Australian appointment to ISSB.
 3. **Enhance FRC without replacing it** – strengthened resourcing, sustainability and integrated reporting expertise, direct oversight of integrated reporting – stronger alignment with IFRS Foundation and so a case for an appointment of an Australian IFRS Foundation Trustee. Also stronger alignment with ASX Corporate Governance Council.
- **April 2023** - DIRC submission to International Auditing and Assurance Standards Board (IAASB) on its 2024-27 work plan.

There are around 5,000 companies globally who are required to obtain, or obtain voluntarily, independent external assurance on a comprehensive or partial description of their business. This number will rise to around 20,000 when the CSRD in the EU comes into force in 2024.

Brazil has an opt in integrated reporting assurance mandate (as well as an integrated reporting mandate) issued by the Brazilian securities regulator. Spain, Italy and France have opted for mandating assurance of the description of the business required by Article 19(a) of the NFRD and shortly the CSRD. Voluntary independent assurance of integrated reports under the Integrated Reporting Framework is practised in the Netherlands, India, Australia and Sri Lanka.

Key recommendations: Need standards, guidance and examples to cover complex assurance practitioner judgments about description of the business in reports containing S1 and S2 disclosures and CSRD disclosures, and in integrated reports.

- **July 2023** – DIRC submission to Treasury on its Climate-Related Financial Disclosure consultation recommended full alignment of Australian equivalents of S1 and S2 with the ISSB's S1 and S2 and re-iterated February 2023 submission (refer above).
- **September 2023** - DIRC and BRLF submissions on International Sustainability Standards Board (ISSB) consultation on its 2024-25 work plan.



Key recommendation – to prioritise an Integration in Reporting (integrated reporting) project with three phases:

1. IFRS Foundation recommendation to continue adopting Integrated Reporting Framework.
 2. Develop an Integrated Reporting Standard blending requirements of Integrated Reporting Framework with those of IASB’s Management Commentary Practice Statement, and providing the basis of suitable criteria for assurance under IAASB’s ISSA 5000 (refer below).
 3. Develop an underlying conceptual framework for corporate reporting, incorporating fundamental concepts in Integrated Reporting Framework, Conceptual Framework for Financial Reporting and Integrated Thinking Principles.
- **November 2023** - DIRC submission to International Auditing and Assurance Standards Board (IAASB) on its proposed sustainability reporting assurance standard, ISSA 5000.

Recommendations for final ISSA 5000:

1. Clarification that definition of ‘sustainability matters’ covers enterprise value – essential for coverage of IFRS Sustainability Disclosure Standards.
 2. Inclusion of guidance and examples on evaluation of descriptive matters – description of the business; description of materiality determination process; Basis of Preparation and Presentation.
- **November 2023** - Deakin University Integrated Reporting Centre submission to Australian Auditing and Assurance Standards Board (AUASB) on IAASB’s proposed sustainability reporting assurance standard, ISSA 5000, and AUASB’s submission to IAASB.

Recommendation - support ISSA 5000 to extent Deakin recommendations followed – or else close gaps in Australia.

The DIRC / BRLF will make a submission to the Australian Accounting Standards Board on its Exposure Draft SR1, ‘Australian Sustainability Reporting Standards – Disclosure of Climate-related financial information – before the due date of 1 March 2024.

Academic Papers and White Papers

- Lum, P. (principal researcher), “A Comparative Review of The First Two Years of ASX Corporate Governance Recommendation 4.3 Disclosures by Australian Large Listed Entities”. Presented assurance-related results to Australian Auditing and Assurance Standards Board (AUASB) at Deakin-AUASB research day in November 2023.



- Lum, P., Tan, E., Carey, P., Simnett, R., and Bray, M. (2023). A Comparative Review of The First Two Years of ASX Corporate Governance Recommendation 4.3 Disclosures by Australian Large Listed Entities: Mechanisms to enhance the integrity of corporate reporting. Deakin Integrated Reporting Centre, Deakin University. Available at: <https://www.deakin.edu.au/business/research/deakin-integrated-reporting-centre>.
- Zamir, F. (principal researcher), "Reporting Frameworks related Assurance Practices by ASX 300 firms outside financial statements". On track for publication in Q4. Presented assurance related results to AUASB at Deakin-AUASB research day.
- Fu, D. and Simnett, R (principal researchers, with AUASB), "Understanding and evaluating the effectiveness of ASA 720, and its role in the current environment". On track for publication in Q4. Draft with AUASB. Presented assurance related results to AUASB at Deakin-AUASB research day. In addition, hosted Deakin-AUASB research roundtable, where co-ordinated research efforts informing AUASB with regards assurance of sustainability-climate-related information.
- Bray, M, Carey, P and Tan, E (2023), "Evaluating Integrated Reporting Quality (IRQ): A comprehensive measure". Submitted for publication.
- Lu. M., R. Simnett and S. Zhou, (2023) "Using the Same Provider for Financial Statement Audit and Assurance of Extended External Reports: Choices and Consequences", Auditing: Journal of Practice & Theory, Vol. 42 No. 1 125-154.
- Lu. M., R. Simnett and S. Zhou, "Should companies use the same provider for financial statement audit and assurance of extended external reports?", Current Issues in Auditing, accepted
- Ge, I. R. Simnett and S. Zhou, "Evaluating the Use of International Standards for Assurance Engagements by Non-accounting Practitioners" Auditing: A Journal of Practice & Theory, accepted
- Bradbury M., and R. Simnett, (2023), "Trust and Confidence: Views from Audit Committee Chairs". Available at: <https://www.xrb.govt.nz/dmsdocument/4988>.
- Bapuji H., and C. Higgins (2023), "Leadership for Inclusion and Impact: A Renewed Vision", Business & Society, Vol 61 No. 1 3-8.
- Knechel, W. R., M. Siegel, F. Kinserdal, R. Simnett, and S. Dingel (2023), "Assurance and Measurement in a Sustainable world", Accountability in a Sustainable World Quarterly, Issue 2. 35-54.
- du Plessis, JJ "'Shareholder capitalism'" or an all-inclusive stakeholder model What is the preferred corporate governance model for South Africa?" Financial Inclusion Regulatory Practices in SADC: Addressing Prospects and Challenges in the 21st Century

Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the future reporting requirements?

Refer above



Are there any key barriers your organisation/your organisation's members have identified in this area?

The key barriers identified by BRLF participants relate to the lack of capacity in the Australian corporate reporting system to deal with the nuances of sustainability reporting and its assurance referred to above (investor focus, integrated reporting building block for IFRS and therefore Australian Sustainability Disclosure Standards which at this stage have not been finalised even though large entities will be required to implement them in their 2024-25 reporting.

Possibly more concerning is the lack of awareness in the system of these nuances, with many participants seeming to assume that they will be ready because they have been adopting GRI Standards.

We believe that organisations who have been adopting integrated reporting and complying with the TCFD Recommendations will be better placed than those who have not.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

The AASB is proposing to limit the Australian equivalent of IFRS Sustainability Disclosure Standard S1 (General Requirements) to climate-related financial disclosures, at least in the first instance. It is likely that this would lead to the ISSB not recognising Australia as being aligned with the global baseline of IFRS Sustainability Disclosure Standards.

STAKEHOLDER REPORT: CHARTERED ACCOUNTANTS AUSTRALIA AND NEW ZEALAND

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- The conduct of a few members has cast a shadow over the broader profession. We are engaging with all Parliamentary inquiries and appearing at several of them. Our investigation into PwC Australia is continuing.
- Following a review into our Professional Conduct Framework earlier this year, members have voted in favour of implementing the recommendations to further strengthen CA ANZ's Professional Conduct Framework ensuring it remains robust, safeguarding the integrity of the CA designation and the profession more broadly.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- We have worked with IFAC to internationalise our [Audit Quality Toolkit](#) to help SMPs around the world to implement the IAASB Quality Management Standards. CA ANZ originally released the toolkit in May 2022.
- We have published a new guide; [Understanding Audit](#), that aims to empower investors and other stakeholders with a better understanding of what audit entails and what auditors do. Through a series of frequently asked questions, and using plain English, this guide is designed to break down complex concepts into digestible information making auditing more accessible to a wider audience.
- CA ANZ and CPA Australia, with the assistance of HLB Mann Judd, have developed a guide; [Understanding accounting standards](#), to provide simple, concise direction to assist with deciphering the various aspects of accounting standards and related material.
- We have published the full [2023 CA ANZ Retail Investor Confidence](#) reports and, for the fifth year in a row, auditors remain the most trusted group when it comes to those charged with advancing shareholder protection. Pleasingly, investor confidence, which dipped sharply in 2022, has begun to recover but has not yet returned to pre-pandemic levels.
- Together with the Joint Accounting Bodies we have produced [FAQs](#) for SMSF auditors on SMSFs using investment management service organisations.
- The initial findings from a study on [Audit Market Structure and Competition in Australia from 2019-2022](#), by Dr Sarowar Hossain and Professor Gary Monroe at the University of New South Wales were presented at the Accounting and Finance Association of Australia and New Zealand (AFAANZ) conference in July 2023. This study is part of a research program developed by the AFAANZ Audit and Assurance Special Interest Group, CA ANZ and CPA Australia.
- We have collaborated with the University of Melbourne and the University of Queensland to release the third annual set of [benchmarking and data-driven research insights reports](#).

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
- Locally, we convene and contribute to activities through our connections with peak bodies within Australia and New Zealand as well as industry leaders and as co-chair of the Australia/New Zealand Chapter of the Professional Bodies Climate Action Charter. We provided submissions to Treasury's [first](#) and [second](#) consultations on the design and implementation of a climate-related disclosures regime in Australia. We will also be providing a submission to the AASB on its [ED of Australian Sustainability Reporting Standards](#).
- Globally, we convene and contribute to activities relating to raising awareness of and advocating for sustainability reporting with other professional accounting bodies via [the Global Accounting Alliance](#), [Chartered Accountants Worldwide](#) and as a founding member of the Accounting for Sustainability [Accounting Bodies Network](#). We were also the first Australian body to join the ISSB capacity building partnership. We will be providing a submission to the IAASB on its [ED of ISSA 5000](#).
- As part of our Graduate Diploma of Chartered Accounting (GradDipCA), (our foundational professional qualification the CA Program) candidates can select an elective '[Sustainability for Accountants](#)'. This elective specifically includes learning material related to the sustainability reporting.
- We have developed a series of micro-courses which incorporate learning material covering sustainability reporting and assurance: [Sustainability essentials](#), [Sustainability reporting](#), [Sustainable supply chain management](#), [Assessing climate-related risks and opportunities](#), [Sustainability assurance](#) and [Applying ISAE 3000 \(Revised\)](#).
- We have established the [CA Sustainability Community](#) and are running a series of webinars to build awareness and understanding within the membership of sustainability-related risks and opportunities.
- We have incorporated sustainability reporting and assurance into our broader conference programs to support capacity building within the membership including our flagship Trans-Tasman Accounting and Audit Conference, plus we delivered our inaugural Sustainability Conference.
- We have centralised our resources for members relating to climate and climate-related disclosures on our [Climate Hub](#).
- We are developing and publishing guidance information for members to increase their understanding of sustainability and support the implementation of climate-related disclosures and the ISSB Standards. To date these have included [Carbon Accounting Frequently Asked Questions \(FAQs\)](#) and a series of [ISSB getting started guides](#).
- We have published sustainability playbooks to support members in [small and medium sized entities](#) and [not-for-profit organisations](#) become more sustainable and move towards more resilient business models and also one on [sustainability assurance](#).

- One of our team is a member of IESBA's Sustainability Task force – working to develop ethical and independence standards for sustainability assurance that is both profession and framework neutral.
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
- Yes, see above activities.
 - Are there any key barriers your organisation/your organisation's members have identified in this area?
 - We consider our members have the relevant skills to undertake work in this space and many are already doing so (refer also IFAC's study on the [State of Play in Sustainability Assurance](#) including in Australia. However, there is an urgent need to increase the capacity of the profession in sustainability reporting and therefore for more of our members to develop the necessary capabilities. Whilst we are providing the resources to support our members, there is a gap in their available time and resources.
- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.
- We are working on a joint publication with the ACCA on how firms are embracing technology within their audit practices.
- For cyber security, we have developed a [cyber security hub](#) for members which includes a playbook for SMEs, checklist and on demand training. We also made a [submission](#) to the government's consultation on the development of a cyber security strategy.
- We made a [submission](#) to the government's consultation on Privacy Act Review Report.
- We recently hosted a seminar on generative artificial intelligence for members and a [masterclass on AI](#) with partners Stone and Chalk. We also responded to the government's recent [consultation on responsible AI](#).

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- We facilitated input from members and completed several [submissions](#) including: IASB ED 2023/2 Amendments to the Classification and Measurement of Financial Instruments (IFRS 9, IFRS 7), International Valuation Standards, IAASB ED ISA 570 Going Concern, IASB PFI: PIR IFRS 9 Impairment, IASB PFI: PIR IFRS 15 Revenue, and IESBA Strategy and Workplan.
- We led the #AuditorProud celebrations on Thursday 28 September 2023 with record social media engagement.
- We undertook several activities for [Global Ethics Day](#).
- Our online Sharing Knowledge: Reporting and Audit Update for end of financial year attracted over 1,600 members.

STAKEHOLDER REPORT - Institute of Public Accountants:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your

organisation. The IPA is being impacted by the Parliamentary Joint Committee inquiry into *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry* and the two years of reviews announced by the federal government in response to the matters relating to PwC. The outcomes of these inquiries and reviews have the potential to change the regulation of the accounting and audit profession.

- The IPA lodged its submission to the inquiry, which makes reference to the FRC and other regulators in terms of optional frameworks for the regulation of the accounting and audit professions. The submission can be found [here](#).
- The IPA appeared with CA ANZ and CPA Australia at a hearing before the PJC to give evidence with respect to our submission and other matters relevant to the inquiry.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- NA.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
No further activities since the last report.
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?
NA
- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.
Numerous activities are being undertaken, including:

- continuing development of a program called *CyberRewards* in collaboration with a technology company specialising in cyber defence. The program is currently being piloted by IPA members. It provides a wide range of assistance for accountants and small businesses.
- CPD and training on cyber, AI, ethics and related topics is offered to members on an ongoing basis.
- The IPA has recently reviewed its privacy policies, including what can be disclosed by and to members and by and to other stakeholders, including regulators. This matter was recently highlighted in a meeting with the directors of the Tax Practitioners Board. Information sharing with regulators and other professional associations was discussed and is the subject of further legal advice, in the context of the PJC inquiry noted above and in the context of potential MOUs (or other information sharing arrangements) with regulators and other stakeholders.
- The IPA's ICT transformation continues. The AML program in the UK has been launched. The Quality Review Program in Australia is undergoing member testing, with staff and stakeholder testing completed.
- The MyCommunity platform has been successfully launched with members using the platform to discuss a wide range of topics.
- Other projects which are part of the ICT transformation (including a new CRM, new website and numerous online member forms etc) are progressing.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- NA.

STAKEHOLDER REPORT - Grant Thornton:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Concern over the proposed treasury paper on Climate-related financial disclosure: Second consultation application for the Australian market—specifically, concerns over resource requirements and technical expertise at the company level.
- Concern over the current timetable for the treasury paper noted above and the implications for the auditing standards.
- Increasing the cost of compliance vs reducing the cost of capital requires rebalancing in the market comparability to overseas markets (e.g. FRS 102 (IFRS SME) for preparers and AICPA audits for auditors, or the introduction of Less Complex Entities within the non-corporations act market).
- Joint parliamentary Regulation of Auditing in Australia—10 points plan from 2020 has never been responded to by government or significant elements implemented within the Australian market, such as International Control Financial Reporting opinions (Sarbanes Oxley lite) etc.
- Concern about the regulatory environment in Australia and whether we could face a situation similar to the issue encountered by Marcum LLP. They conducted a significant number of SPAC audits without having the required skills and quality control measures in place. This problem could be prevalent within the Australian market.
- Increased financial reporting and auditing expertise at ASIC for discussions on technical matters for both companies and professionals.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- Increased the use of data assurance within our engagements to ensure a risk-based approach over the financial statements line items. The Technology Advisory group's meeting with the AUASB identified areas that could use more guidance material in the Australian market. This group however has been put on hold given the changes in the auditing standards.
- Increased the review of client acceptance and continuance of engagements to include aspects of client readiness and expertise.
- Focused on the attractiveness of the profession and availability of skilled workforce. We have been strategically looking and will continue to review alternative access to

resources, diversification of skill sets and specialisation and health and wellbeing of our people and attractiveness of the profession as a whole.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
 - The firm is developing our overall strategy and education program for our clients and our people.
 - The firm will also perform readiness assessments for our clients in Cohort 1, evaluating their ability to meet the proposed requirements for their 2025 reporting periods.
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?
 - Key barriers are client education and resources, audit professionals with skills and competence in the areas of sustainability, timeliness of the auditing and accounting boards in providing guidance and standards for implementation. We are not worried about Cohort 1 and 2. We can handle them comfortably. But we are concerned about Cohort 3. The volume and size of companies that need to report is a concern. Can the market handle this volume from a professional services perspective? We are also worried about the expertise of clients in cohort 3 on ESG reporting obligations.
- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.
- We have implemented stronger privacy and offshore resource usage guidelines in our firm's resource management. Additionally, we reviewed companies' comprehension of cyber risks, enhanced training for engagement teams, and expanded our reliance on specialists. Our data team has also enhanced the use of data interrogation to support auditors in their engagements and deployed on-site AI for data privacy protection and greater use of AI related to provision of client services is still under development.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- Brand impact of the recent and continuing negative commentary of the auditing profession, e.g. Academic integrity, PWC tax confidentiality and CADB activity.
- The attractiveness of the profession of registered company auditors and auditing and accounting professionals continues to decline.

- The Australian market is becoming more complex due to legislative changes, such as enhancements to Modern Slavery laws.

STAKEHOLDER REPORT - EY:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Introduction of the exposure drafts in relation to disclosure of climate related risks and ISA 5000 in relation to sustainability assurance engagements

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- Joint AASB and EY session on the application of new sustainability standards in Melbourne, Sydney, Perth and Brisbane and what they mean for clients. Well attended in each location
- Identification of Group 1 entities captured in first wave of climate related disclosures and adoption of appropriate training for teams and clients on application of these standards.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance? Training and updated guidance for assurance and climate change professionals on the disclosure standards and related assurance procedures.
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area? Appropriate sustainability and climate expertise to adopt various reporting requirements.
- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI. – All remain focus areas for the digital assurance team including incorporation of related risks as appropriate into assurance engagements.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- No other matters

STAKEHOLDER REPORT - CPA Australia:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- Considering recommendations from the FRC's [Oversight of Audit Quality in Australia – A Review](#) that are relevant to CPA Australia
- Audit and assurance:
 - CPA Australia, CA ANZ and IPA jointly developed the following resources:
 - : [FAQs](#) on Audit considerations relating to an SMSF using an investment management service organisation to assist members auditing in the self-managed superannuation funds
 - : Revise and reissue [Competency Requirements for assurance practitioners undertaking review engagements in Australia](#).
 - Submissions made:
 - : CPA Australia and CA ANZ provided our feedback on the [joint submission](#) to the Auditing and Assurance Standards Board (AUASB) on the Australian-specific questions for the International Auditing and Assurance Standards Board (IAASB)'s proposed ISSA 5000 General Requirements for Sustainability Assurance Engagements.
 - : IAASB proposed International Standard on Auditing [570 \(Revised\) Going Concern](#)
 - : IAASB proposed International Standard on Auditing [500 \(Revised\) Audit Evidence](#)
- Financial reporting:
 - Publication of our jointly developed (with CA ANZ and HLB Mann Judd) [guide to understanding accounting standards](#)
 - Joint submissions (with CA ANZ) made:
 - : [IASB Exposure Draft – Amendments to IFRS 9 and IFRS 7](#)
 - : [IASB Post Implementation Review \(PIR\)- IFRS 9 Impairment](#)
 - : [IASB PIR- IFRS 15 Revenue from Contracts with Customers](#)
 - : AASB ITC 54 PIR of AASB 1056 and interpretation of AASB 1019

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- **What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?**

As the government proposals to introduce mandatory climate reporting and assurance requirements continue to be developed, we are providing input to these developments through our submissions and other feedback to Treasury, AASB, AUASB and relevant international standard-setters.

- **Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?**
 - **Are there any key barriers your organisation/your organisation's members have identified in this area?**

We have developed resources to inform our members of these developments, which are available on our [ESG](#) web page. We will be aiming to provide further resources once the proposals are finalised.

We have not identified any specific barriers other than those that have already been identified, including a potential lack of resources and competencies.

- **What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.**

Our cybersecurity resources for members can be found on this [page](#).

We regularly publish articles on cybersecurity, data governance and privacy in our member publications, In The Black and In Practice. Here are a sample of those articles:

- : [How auditors can assess cybersecurity risks](#)
- : [Director responsibilities for cyber security](#)
- : [8 ways cyber security keeps your firm from becoming another Optus](#)
- : [A "hacker's" insider guide to outsmarting cyber attacks](#)
- : [A warning on hoarding data: Your clients are in danger](#)
- : [Privacy Act amendments: what you need to know](#)
- : [Has data become the new 'trans fat'](#)

We published and promoted our annual [Business Technology survey](#) through a webinar, [podcast](#) and an [article](#). The survey includes analysis on how members and their employers are using AI, and managing data governance and cybersecurity.

We run semi-regular webinars for members on cybersecurity. The most recent being '[Tips for protecting your practice from cyber attack.](#)'

On AI, we have published several articles to assist members, including:

- : [3 skills accountants need in a 'post-truth' era](#)
- : [Can you use AI and CHatGPT in your accounting practice?](#)

Relevant professional development offered by CPA Australia includes:

- : [Mastering work productivity with AI](#)
- : [Effective remote auditing](#)
- : [ChatGPT](#)
- : [Protecting your data: Your business obligations](#)

- : [Data and documentation management](#)
- : [Emerging technology in auditing](#)

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Nothing in addition to what has been provided above.

STAKEHOLDER REPORT - Deloitte:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- Economic conditions including high interest rates, inflation and business and consumer confidence.
- Attractiveness of the profession.
- Increasing focus on ESG Reporting and challenges related to multiple jurisdictional requirements.
- Rapidly evolving technology including generative AI, Cloud-Based Audit Tools and the associated challenges of privacy and security.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

Sustainability Reporting & Assurance (climate)

Deloitte is investing heavily developing our people and resources. We continue to take actions as a global network to address the climate challenge. All our Australian auditors have received training on how to factor climate into our audit approach and we continue to work proactively with professional bodies, regulators, standard setters, investors and audited entities to encourage meaningful reporting and accountable business behaviours.

In partnership with AICD and Minter Ellison, we launched *A director's guide to preparing for mandatory climate reporting in Australia*.

Leadership on digital reporting

We continue to support the implementation of digital reporting in Australia due to the economy wide benefits. Our analysis shows Australia's economy would be approximately \$7.7 billion larger per year by 2030 if digital reporting was adopted by all large businesses. This benefit to our economy comes from improved labour productivity, when digital reporting helps to reduce time doing manual data gathering, fact-checking, reviewing, approving, proofing, and error fixing. The release of our report, [Embracing the power of digital corporate reporting: a mandate for change](#) includes a number of recommendations.

We have continued to bring together interested stakeholders to encourage this important step in corporate reporting.

Audit Quality

Deloitte's commitment to audit quality is central to everything we do. We consistently deliver on this commitment by instilling a culture of quality and excellence across the network. We recently refreshed and updated our Annual Audit Quality Strategy and published our [Transparency Report](#) that shares key information about our audit practice and the steps we are taking to ensure our audit business is resilient and fit for the future.

Making sure audit quality keeps pace with emerging economic, business and regulatory conditions, as well as technological advances, is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the corporate reporting ecosystem.

Talent – driving audit quality and building a sustainable profession

Deloitte's culture of excellence and design of learning programs and experiences place our people at the forefront. We invest in our people not only from a technical viewpoint, but also from a coaching and leadership basis – empowering them to co-create the right culture for their peers to succeed. Attracting, developing and retaining our very best practitioners is key to consistently performing high-quality audits.

We have seen increasing media and political scrutiny of our profession which can impact on the attractiveness of the profession to future auditors. We are committed to the sustainability of our profession and continue to invest in our talent programs including Deloitte Flex and Work-Well as well as transforming the audit by working smarter, not harder using technology and conscious timing of procedures to smooth out the periods of heavy work load. The Elizabeth Broderick & Co *Independent Review into Workplace Culture at EY Oceania* commissioned by EY recognised long working hours as a significant issue and while there are many actions we can take as a firm and a profession, some structural issues remain including ASX reporting deadlines that will require a more systemic approach.

Ongoing contribution to development of Corporate Reporting & Assurance

In addition to our leadership on digital reporting we have made a number of submissions to various consultations from Treasury, AASB and AUASB.

Three Deloitte partners hold current board roles at AASB and AUASB.

We regularly publish thought leadership and resources to assist Corporate Australia prepare for reporting challenges including climate reporting.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?

Refer above.

- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?

ASX reporting deadlines continue to provide a significant challenge by concentrating considerable work effort for corporates and auditors to a short time frame. While we work to create a sustainable and attractive profession consideration should be given to the extension of reporting deadlines to assist with a reasonable workload for auditors and corporates.

- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

We utilise a range of sophisticated data analytics, automation technologies, data engineering capability and AI in our audits and we are exploring audit use cases for the use of generative AI at both an Australian and global level in Australia. In Australia, we made the unique strategic decision many years ago to invest in a team of data scientists and technologists within the audit practice and this team, combined with our strength of our broader technology capability, places us in a leading position to embrace emerging technologies to maintain our commitment to audit quality and service excellence.

Critical to use of AI and data is the need for robust privacy and security.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

No other matters.

STAKEHOLDER REPORT: AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY - NOVEMBER 2023 REPORT

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- APRA has been focused on a range of prudential matters. These include macroeconomic conditions and the risk these may pose to financial stability.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- APRA has been responding to the consultation from the AUASB on the IAASB's Proposed ISSA 5000 *General Requirements for Sustainability Assurance Engagements and conforming and consequential amendments to other IAASB standards.*
- APRA has also provided feedback to the AASB on its post implementation review of AASB 1056 *Superannuation Entities.*
- APRA continues to participate on the AASB 17 *Insurance Contracts* Transition Resources Group. AASB 17 is presently in its implementation phase.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?

APRA has provided input on the Basel Committee and IAIS comment letters on sustainability reporting and assurance. APRA is monitoring international and national developments in relation to sustainability reporting and assurance. APRA has also shared its position with the AUASB on its proposals.

Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?

Please see above.

- *Are there any key barriers your organisation/your organisation's members have identified in this area?*

Not to date. APRA is presently reviewing the AASB proposals relating to Exposure Draft ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information which is open for comment until 1 March 2024.

What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

APRA has had a significant focus on cyber resilience of its regulated entities and is supporting the Government's work on critical infrastructure. Over the past year, APRA has collaborated closely with other regulators and across government agencies to address a number of high-profile cyber issues.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

- N/A. Please see above.

STAKEHOLDER REPORT - PwC:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

The key focus area impacting our organisation relates to the evolution of sustainability reporting. We are also in the early stages of exploring the application of Generative AI and have been reinforcing the importance of cyber security and data governance.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- Since our previous response in July 2023, PwC has prepared a response to the Treasury Consultation on Climate-related financial disclosure: Consultation Paper (June 2023).
- In November 2023, we have submitted our response to the AUASB Consultation Paper on the IAASB's Proposed ISSA 5000 General Requirements for Sustainability Assurance Engagements
- The AASB released Exposure Draft ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information in October 2023 and we will be submitting a response by 1 March 2024.
- We have been developing a Generative AI tool for use by our employees across the firm.
- We ran a cyber awareness month in October for our employees across the firm.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?

In addition to that noted above, at a global level, PwC has provided commentary on the proposed IAASB 5000 'Sustainability' assurance standard. We recently attended roundtable discussions with the AUASB with regards to this proposed new assurance standard.

PwC continues to provide a range of services (both consulting-type services and assurance) to a range of clients in relation to sustainability reporting. In addition to those services described in July 2023, we are receiving requests from our clients to understand how their current reporting aligns to the AASB's Exposure Draft. Some are also impacted by the EU's Corporate Reporting Sustainability Directive (CSRD).

- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?

PwC Australia has continued to prepare for future reporting requirements. These include:

- Continued involvement with PwC global networks of Corporate Reporting Specialists and Assurance Quality representatives, in order to enhance risk management policies and assurance methodology.
- Expanding our ESG Assurance team to deliver services to our clients
- Continued refinement of reporting template, tools and guidance to deliver these engagements at the highest quality.
- Enhancing training in ESG assurance
- Are there any key barriers your organisation/your organisation's members have identified in this area?

We foresee future challenges in our industry in identifying and recruiting experienced ESG reporting specialists with strong assurance capability, noting that a greater volume of assurance services will be required in the coming years based on the Treasury Consultation paper.

We are welcoming consistency in the release of the Draft IAASB standard and AASB Exposure Draft and look forward to these being finalised in the year ahead.

- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

We are in the process of launching a PwC developed Generative AI tool for use by our employees. Within our Assurance practice it will be initially trialled by a selection of individuals, with restrictions in relation to the types of data which can be used and the non-audit services it can be piloted on (noting it will not be used in audits)

We ran a cyber awareness month in October related to the technology, processes and practices designed to protect our network, devices, digital assets, data and, most importantly, our people from attacks or unauthorised access to information.

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

No other activities noted.

STAKEHOLDER REPORT - BDO:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- There are indications of an upturn in the labour market and we have seen decreased attrition rates in the past 12 months has reduced the pressure on resources marginally
- Depth and strength of resources at our clients continues to be a challenge and has a significant influence on the execution of audit engagements
- Sustainability assurance - refer below for specific responses

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

- Implementation of our System of Quality Management on 15 December 2022 and completion of first annual evaluation
- Investment in our Quality Management Function (refer to our Transparency report)
- Implementation of ASA 315 revised across all audit engagements
- Ongoing investment in tools and technologies to enable efficient and effective execution of audit and assurance engagements.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
 - A sustainability services committee is in place to consider both Advisory engagements and Assurance engagements
 - Contributing to projects in our global organisation to develop the assurance methodologies for executing sustainability assurance engagements
 - Ongoing publication of resources and guidance from the team of experts
 - Sustainability learning requirements for staff
 - Publication of firms own sustainability report
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?
 - Client readiness and acceptance requirements
 - Upskilling of staff
 - Identification of relevant frameworks

- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.
 - Ongoing investment in tools and technologies in our digital audit suite
 - Mandatory learning requirements for cyber security
 - Introduction of responsible AI use policy

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC's objectives and were undertaken by your organisation since the last reporting period.

STAKEHOLDER REPORT - KPMG:

KEY ISSUES/DEVELOPMENTS

In this section, please insert the key issues and external developments currently impacting your organisation.

- KPMG Australia has been participating in the Senate Finance and Public Administration References Committee's *Inquiry into the management and assurance of integrity by consulting services and the Parliamentary*; the Joint Committee on Corporations and Financial Services *Inquiry into Structural Challenges in the Audit, Assurance and Consultancy Industry* and a NSW Parliamentary Inquiry into Consulting Services. As part of these inquiries we have made extensive written submissions and appearing at a number of public hearings. KPMG recognises the important work being done by the Committees and appreciates the opportunity to work with policy makers to put in place further measures to restore trust in the profession.
- At our appearances and in our submissions to the Inquiry's we have outlined a number of reforms for the Committee's consideration. KPMG is supportive of a government review into whether ASIC should have an extended regulatory role over our profession. We are open to what this would look like and would work constructively with government and regulators on this matter.
- In addition, KPMG welcomed the recent commitment from the Federal Government that announced a number of measures directed at the audit, assurance and consulting sector and strongly supports this package of reforms as a significant, sensible and constructive step forward in restoring trust in our profession. KPMG supported a number of these recommendations during the Parliamentary Committee process and look forward to actively engaging in the consultation processes.

Other external developments impacting the sector:

- Increasing cyber security threats pose a risk to the broader industry and economy, as firms seek to keep up with best practice.
- Continuing advancements in AI technology: It is necessary to assess risks associated with new technologies and ensure that our protections and systems keep pace. For example, KPMG has developed KymChat – a private version of ChatGPT – available for the use of our people.
- KPMG continues to monitor geopolitical considerations as they relate to our firm.

KEY ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of key activities relevant to the FRC's objectives undertaken by your organisation since the last reporting period.

The FRC's purpose is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. KPMG Australia conducts many activities relevant to the FRC's purpose including:

- Core work in the auditing and accounting fields with a range of listed and unlisted organisations;
- Contribution to public and regulatory discourse including submissions to government and regulatory body inquiries on a range of matters impacting capital markets; and

- Regular engagement with regulatory bodies and professional associations including the Accounting Professional & Ethical Standards Board (APESB) and Chartered Accountants Australia and New Zealand (CA ANZ) on relevant standards that impact the audit, assurance and accounting sectors.

SPECIFIC QUESTIONS FOR STAKEHOLDER

The FRC considers the responses to the following specific questions to your organisation are relevant to its objectives and current work agenda. Please respond as substantively as possible.

- What activities are being undertaken in relation to the recent developments of sustainability reporting and assurance?
- Does this include any actions you are taking to ensure your organisation/your organisation's members is/are prepared to engage with the recent reporting and assurance requirements?
 - Are there any key barriers your organisation/your organisation's members have identified in this area?

KPMG Australia is taking several actions to ensure its organisation and members are prepared to engage with the recent requirements in relation to sustainability reporting and assurance. These include:

- Having a very mature and sizeable Climate Change & Sustainability team that works with organisations to manage the risks and opportunities associated with climate change and sustainability matters, and to enhance all aspects of reporting and communication. The team also provides assurance services over climate and other sustainability-related disclosures to enhance the credibility of reported information.
- Offering services to help organisations understand and identify the material issues that have the most impact on their business, develop performance monitoring and evaluation frameworks, design and implement robust governance models and processes for collecting and reporting information, or provide assurance over market disclosures.
- Responding to the Australian Treasury's consultation paper on mandatory climate-related financial disclosures where the firm welcomed the essential alignment of the Australian proposals to the International Sustainability Standards Board (ISSB) approach.
- Being involved in an ongoing global project to provide a submission to the IAASB on the proposed ISSA 5000.
- Participating in recent roundtables hosted by the AUASB and CAANZ/CPA Australia on the proposed ISSA 5000.
- Hosting internal and external webinars on the ISSB Sustainability Disclosure Standards, discussing the changes and their impact on the Australian sustainability-related disclosures landscape. The webinars covered an overview of the developments in international sustainability reporting standards, the implications of the Treasury proposals for Australian entities, and a roadmap of activities to consider as organisations prepare to report. In addition to this, KPMG Australia also offers regular Accounting and Reporting Webinars that provide timely insight into the changing world of accounting, including sustainability standards.
- Identifying an industry-wide need to ensure enough assurance practitioners are registered on the Clean Energy Regulator's "Register of auditors" to fill the demand anticipated by Treasury's proposal for future assurance engagements on IFRS sustainability disclosure standards. There

will need to be a sufficient level of capacity in the market to conduct limited assurance of Scope 1 and 2 emissions by 2024-25 for Group 1 entities.

- What activities are being undertaken in relation to technology? Specifically cyber, privacy, and AI.

KPMG is actively engaged in a variety of activities related to technology, specifically in the areas of cyber, privacy, and AI.

In the realm of cybersecurity, KPMG is focusing on adversarial AI, which includes aspects such as data poisoning, machine drift, and AI attacks. The firm believes that these areas will be the next wave of cyber-attacks and is therefore investing in research and development to counter these threats – see the KPMG Australia publication: [Cyber Security Insights 2022](#). KPMG also provided a submission in response to the Discussion Paper Australian Cyber Security Strategy. KPMG’s submission calls out opportunities to address challenges, such as developing measurable cyber security goals and the establishment of a range of metrics that could be utilised by government to measure the success of a cyber security uplift in response.

Regarding privacy, KPMG is addressing key concerns raised by AI/Machine Learning adoption, such as the aggregation and analysis of data from customers and business partners. The firm is also working on ensuring compliance with privacy laws and regulations, including the Privacy Act, and is considering the impact of AI on personal information and consent models – see the KPMG Australia publication: [Safe and Responsible AI in Australia Submission](#). KPMG has also been actively involved in the Review of the Privacy Act (the review), providing submissions in response to both the Issues Paper and Discussion Paper.

In the field of AI, KPMG is focusing on ethical AI. The firm recognises that AI brings new risks to brand and profitability, and can potentially drive inequality and violate privacy. Therefore, KPMG is working on developing a holistic, technology-agnostic and broadly endorsed approach to AI governance and risk management. This includes conducting AI impact assessments, aligning AI with organisational and stakeholder values, and ensuring that AI decisions are traceable and auditable. See the KPMG Global publication: [Trust in AI](#).

Moreover, KPMG has developed a checklist to guide the implementation of AI solutions, which includes considerations for data governance, AI governance, ethics, and shared benefits – see the KPMG Global publication: [Navigating AI: Analysis and Guidance on the Use and Adoption](#).

OTHER ACTIVITIES / MATTERS RELEVANT TO THE FRC OBJECTIVES

Insert 2 - 3 bullet points of any other activities not covered above which are relevant to the FRC’s objectives and were undertaken by your organisation since the last reporting period.



Item 4A 28 November 2023

AASB CHAIR REPORT

DESCRIPTION

The AASB Chair's Report covering the key activities undertaken during September – November 2023.

The AASB Chair to provide a verbal update regarding the recent AOSSG and AASB meeting.

ACTION

For noting.



Item 4B 28 November 2023

AUASB CHAIR REPORT

DESCRIPTION

The AUASB Chair's Report covering the key activities undertaken during August – November 2023.

ACTION

- Chair to report.



ITEM 5A
28 NOVEMBER 2023

XRB UPDATE

DESCRIPTION

Report provided by Chair of the XRB, Michele Embling.

ACTION

- To note



INTERNATIONAL DEVELOPMENTS

DESCRIPTION

Attachment A provides a summary of key recent media releases by international financial reporting bodies and other stakeholders.

Attachment B provided by the XRB, is a detailed update on recent developments in the financial and climate reporting landscape (for internal viewing only).

Attachment C is the Global Regulatory Report for September and October 2023 that summarises globally significant public policy and regulatory developments impacting the accounting and auditing profession (for internal viewing only).

ACTION

- For noting.

ATTACHMENT A

RECENT MEDIA RELEASES

[Lee White to depart IFRS Foundation early 2024; Trustees initiate international search for successor.](#) Lee White will leave the IFRS Foundation early 2024, following six years of service as Managing Director. He has accepted the role of Chief Executive Officer at the International Federation of Accountants (IFAC), effective March 2024.

Sustainability

- The International Sustainability Standards Board (ISSB) is close to completion of [its project to update the Sustainability Accounting Standards Board's \(SASB\) standards](#) for international applicability.

PJC Ethics Hearing

- [Auditors referred to the corporate watchdog could avoid public scrutiny by resigning before an investigation is complete](#) – PJC Hearing

Of the 41 auditors who came to ASIC's attention, 27 had resigned.

- Talent attraction and retention - [ASIC chairman Joe Longo told a parliamentary inquiry into the regulator on Friday that the auditing profession also had "long-term staffing challenges"](#)

Cyber Security

- The Joint Chiefs of Global Tax Enforcement (J5) [countries host Cyber Challenge focused on data mining and financial reporting.](#)

The J5 includes the Australian Taxation Office, the Canada Revenue Agency, the Dutch Fiscal Information and Investigation Service, His Majesty's Revenue and Customs from the U.K. and IRS-CI from the U.S.

The Big 4

- Powerful parliamentary oversight committees in the [US and the UK have been urged to pressure consultancy firm PwC to publish a report](#) used to clear its international partners of wrongdoing.
- [Pioneer Credit is suing PwC Australia for almost \\$32 million in losses and damage](#), the latest chapter in a long-running dispute between the listed debt collector and its former auditor over the way its financial assets were valued.



ITEM 6

28 NOVEMBER 2023

PUBLIC SECTOR ADVISORY GROUP

DESCRIPTION

Chair of the PSAG, Tracey Carroll, to provide a verbal update about the PSAG meeting on 14 November 2023.

ACTION

- FRC to note the PSAG information.



PARLIAMENTARY INQUIRIES

DESCRIPTION

Background

On 9 March 2023, the Senate referred an inquiry into the management and assurance of integrity by consulting services provided for by the Australian Government to the Senate Finance and Public Administration References Committee for inquiry and report by 26 September 2023. PwC was expected to appoint an independent expert to undertake a review that evaluated PwC's governance, accountability and culture arrangements which would include documentation review, interviews, case studies and focus groups.

In May 2023, PwC Australia commissioned Dr Ziggy Switkowski AO to conduct the [Independent Review of Governance, Culture and Accountability at PwC Australia](#). (Switkowski Report). The review was conducted over approximately 14 weeks and included a review of over 1,300 documents, over 90 consultations with senior leaders and partners and 18 focus groups across multiple locations.

On 22 June 2023, the Parliamentary Joint Committee on Corporations and Financial Services (PJC) resolved to commence an inquiry (*Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*) into recent allegations of and responses to misconduct in the Australian operations of the major accounting, audit, and consultancy firms.

On 31 August 2023, the FRC made a submission to this PJC inquiry and offered to supply any information they could. Following the FRC's submission, the FRC was invited to attend a PJC hearing on 2 November 2023. Subsequently, the FRC's appearance at the PJC hearing was postponed to 2024 along with the AASB and AUASB. To prepare for a likely future PJC hearing, the FRC, AASB and AUASB have contributed ideas on a Q&A document.

The key themes of the FRC Chair's likely approach for this PJC hearing includes the operations and membership of the FRC, recent events with PwC and the Switkowski Report, and the current structure of the Big 4 firms.

On 27 September 2023, PwC released the Switkowski Report to the public as well as a 19 page response to the Switkowski Report's findings titled [PwC Australia's Commitments to Change](#).

Government response about conflicts of interest



In relation to these inquiries, further changes have been made by Government as a consequence of recent events involving the Big 4. One of these responses includes the potential barring of partners and executives with financial links to the Big 4 accounting firms from the Tax Practitioners Board. The changes are contained in the Treasury Laws Amendment (2023 Measures No. 1) Bill 2023, which is currently before the Senate. Further information can be found at **Attachment A**.

ACTION

- The FRC to consider the Switkowski Report's findings and PwC's response.
- The FRC to consider preparations for the PJC hearing in 2024 and what information the Parliamentary Joint Committee may request from the FRC, AASB and AUASB.
- The FRC to reflect on the future of the accounting and auditing profession in relation to the involvement of the Big 4 firms, and any lessons learnt from recent events.

Big four ban after revamp of tax board

By Tom McIlroy

Australian Financial Review (AFR)

Wednesday 8th November 2023

371 words

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Big four ban after revamp of tax board

Tom McIlroy

Partners and executives with financial links to the big four accounting firms will be barred from the Tax Practitioners Board as part of a crackdown on possible conflicts of interest after the PwC tax leaks scandal.

Changes to membership rules for the board – the body that uncovered PwC's misuse of confidential tax information – is the first legislative response.

Under a deal between Labor and the Greens, amendments to Treasury laws establishing the change will be intro-

duced to the Senate today.

It will mean former senior executives or partners working at a tax firm with more than 100 employees, or with financial links to a large firm, will be ineligible for appointment to the board.

Current board member Peter Hogan was a corporate tax partner at PwC. His term is due to end in August 2024.

Board chairman Peter de Cure, who had a 25-year career at KPMG, is unaffected by the decision as he has no ongoing financial links to the firm.

Greens senator Barbara Pocock – a leading inquisitor in parliamentary hearings into the PwC scandal – said the changes would improve transparency and the performance of the board.

"We're kicking the foxes out of the henhouse," she said.

"Through this amendment, we're fixing the loophole that allowed big consultants to regulate themselves."

At the time the scandal broke, more

than 40 per cent of the board's members were former partners at the big four firms that dominate the industry – PwC, EY, KPMG and Deloitte – including two PwC alumni who were receiving financial benefits from the firm.

"Thanks to the Greens amendment, the remaining former PwC partner on the board will not be able to be reappointed," Senator Pocock said.

"Never again will we have members of the Tax Practitioner Board financially tied to those same large tax agents they are regulating."

The board has faced serious scrutiny since it was revealed former PwC partner Peter Collins broke a confidentiality agreement and briefed clients about information received from Treasury.

The Tax Office referred Mr Collins to the board in July 2020, sparking investigations of his conduct and that of PwC.

► **Accounting & Consulting p35**

Political correspondent



NOMINATIONS COMMITTEE

DESCRIPTION

On 8 November 2023, the Nominations Committee convened to shortlist candidates for the AASB board member position. Following discussions, 5 candidates were selected to be interviewed on 27 November 2023. An out of session resolution will be sent to members in the coming weeks to formally agree on the appointment of the new AASB member.

The Nominations Committee Chair, Suzanne Bell, to provide a verbal update on the committee's decisions.

In addition, the following AASB and AUASB members' terms will expire at the end of the year and are subject to reappointment:

AASB

- Dean Hanlon, 1st term expires 31 December 2023
- Toby Langley, 1st term expires 31 December 2023
- Caroline Spencer, 1st term expires 31 December 2023

AUASB

- Julie Crisp, 2nd term expires 31 December 2023
- Noel Harding, 2nd term expires 31 December 2023
- Michelle Shafizadeh, 1st term expires 31 December 2023

If the Council agrees to the recommendations below, the FRC Secretariat will have the reappointments added to the Federal Register of Legislation before the close of 2023 and inform the Chair of the AASB and AUASB.

RECOMMENDATIONS

The Nominations Committee recommends that the Council:

- Agree to reappoint **Dean Hanlon** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.
- Agree to reappoint **Toby Langley** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.
- Agree to reappoint **Caroline Spencer** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.
- Agree to reappoint **Julie Crisp** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.
- Agree to reappoint **Noel Harding** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.
- Agree to reappoint **Michelle Shafizadeh** for a term commencing on 1 January 2024 (or as soon as possible after that date) and ending on 30 June 2026.



CORRESPONDENCE

DESCRIPTION

On 18 October 2023, the FRC Annual Report was tabled at Parliament and was sent to stakeholders in late October.

On 30 October 2023, the FRC sent the Hon Stephen Jones MP a letter and an embargoed copy of the FRC's *Oversight of Audit Quality in Australia – A Review*.

On 6 November 2023, the FRC publicly released the FRC's *Oversight of Audit Quality in Australia – A Review* on the FRC website and distributed it to key stakeholders.

ACTION

- For noting.



ITEM 8C

28 NOVEMBER 2023

KEY ACTION ITEMS SUMMARY

DESCRIPTION

FRC Chair and Secretariat to provide a summary of the action items arising from the 28 November 2023 meeting.

The FRC Secretariat will circulate an action items list to FRC members following the finalisation of the meeting minutes.

ACTION

- For the FRC to note.



ITEM 9

28 NOVEMBER 2023

NEXT MEETING

DESCRIPTION

Next meeting date will be in March 2024 in Sydney - Level 29 201 Kent Street, SYDNEY NSW 2000.

Dates to be confirmed following confirmation of AASB and AUASB meetings in 2024.

ACTION

- For noting.