



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 28 November 2023 and the key matters considered and decided are outlined below:

Environmental Scan	<ul style="list-style-type: none">• The FRC discussed:<ul style="list-style-type: none">– The recent media and public reactions about the FRC’s Audit Quality Review.– The recent announcement by the Treasurer to restructure the FRC, AASB and AUASB.– The impact of artificial intelligence on accounting and auditing.– The ISSB’s sustainability standards, particularly S1, S2 and projections for S3.– Their concern with the overall governance of audit in Australia.• The FRC noted the recent stakeholder reports and discussed the lack of commentary on the recent events relating to the major firms in Australia.
AASB and AUASB	<ul style="list-style-type: none">• AASB report highlights:<ul style="list-style-type: none">– Focus on the exposure draft sustainability standard since the last FRC quarterly meeting.– The Asian-Oceanian Standard-Setters Group (AOSSG) Conference was a success with hundreds of international representatives in attendance and positive feedback about the inclusion of the sustainability symposium.– The AASB was successful in being elected to the AOSSG’s Vice Chair role which will be represented by the AASB Chair.• AUASB report highlights:<ul style="list-style-type: none">– The baseline for the AUASB’s sustainability assurance work will be the international standard ISSA 5000 which is being developed.– As a starting point, the AUASB is aiming to have an Exposure Draft on ISA 240 <i>The Auditor’s Responsibilities Relating to Fraud in an Audit of a Financial Report</i> out in early 2024 following the expected release of an IAASB exposure draft.
XRB	<ul style="list-style-type: none">• XRB report highlights:<ul style="list-style-type: none">– In November, the XRB travelled to Europe to attend 16 meetings over 5 days with a range of standard setters and regulators.– Dr Andreas Barckow travelled to New Zealand to discuss several matters with the XRB including climate-related matters and intangible assets. Mark Babington, Executive Director at the UK FRC and member of the IESBA’s work on sustainability, also visited to discuss contemporary matters relevant to the XRB’s work.– The Greenhouse Gas Emission Assurance standard will be enforced from 2024.
Public Sector Reporting	<ul style="list-style-type: none">• The PSAG Chair provided a verbal update of information collected from the public sector in Australia during this quarter.• The Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC) is likely to confirm the new Chair soon.• For preparers and assurers, the attraction and retainment of staff is still an issue.
Parliamentary Inquiries	<ul style="list-style-type: none">• FRC members discussed the Parliamentary Joint Committee on Corporations and Financial Services (PJC): Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry.• The FRC noted that the FRC Chair and FRC member Rachel Grimes (attending in her capacity as APESB Director), would be on a panel with Senator Deborah O’Neil at the IPA National Congress on 30 November 2023.• The FRC discussed governance, ethics, disclosure, whistleblowing and transparency concerns regarding the larger firms and the professional bodies.
Nominations Committee	<ul style="list-style-type: none">• The Nominations Committee Chair provided a verbal update about the recent interviews for the AASB member position to replace Alison White when her term ends on 31 December 2023.• Members agreed to the recommended reappointment of AASB and AUASB members.
Suzanne Bell	<ul style="list-style-type: none">• Suzanne Bell, a member of the FRC since 2019, announced her resignation at the FRC meeting. The FRC thanked Suzanne for her significant contributions to the FRC.

