



# MINUTES

**DATE:** Tuesday 28 November 2023  
**TIME:** 9:30am – 1:50pm  
**LOCATION:** Treasury’s Sydney Office and Microsoft Teams

ITEM	AGENDA ITEM																														
	<b>PUBLIC SESSION</b>																														
<b>1./1.A</b>	<b>Introduction</b>																														
	The Chair began with an acknowledgement of country and welcomed all attendees to the meeting.																														
<b>1.B</b>	<b>ATTENDEES AND APOLOGIES</b>																														
	<table border="1"> <thead> <tr> <th>Members in attendance:</th> <th>Guests:</th> </tr> </thead> <tbody> <tr> <td>Andrew Mills (Chair)</td> <td>Anne Waters (AUASB)</td> </tr> <tr> <td>Dr Keith Kendall (AASB Chair)</td> <td>Justin Williams (AASB/AUASB)</td> </tr> <tr> <td>Suzanne Bell</td> <td>April Mackenzie (XRB)</td> </tr> <tr> <td>Rachel Grimes</td> <td>Greg Yanco (ASIC)</td> </tr> <tr> <td>Emma Herd - Virtual</td> <td>Clare LaBouchardiere (ASIC)</td> </tr> <tr> <td>Tracey Carroll</td> <td>Thea Eszenyi (ASIC)</td> </tr> <tr> <td>Pru Bennett</td> <td>John Ngiam (CAANZ)</td> </tr> <tr> <td>Doug Niven (AUASB Chair)</td> <td>Tiffany Tan (CPA)</td> </tr> <tr> <td></td> <td>Matthew Zappulla (AUASB)</td> </tr> <tr> <th>Apologies:</th> <th>Observers:</th> </tr> <tr> <td>Michele Embling (XRB Chair)</td> <td>Zoe Irwin (Treasury)</td> </tr> <tr> <td></td> <td>Jodic Chan (Treasury)</td> </tr> <tr> <td></td> <td>Athanasios Kallos (Treasury)</td> </tr> <tr> <td></td> <td>Cooper Tym (Treasury)</td> </tr> </tbody> </table>	Members in attendance:	Guests:	Andrew Mills (Chair)	Anne Waters (AUASB)	Dr Keith Kendall (AASB Chair)	Justin Williams (AASB/AUASB)	Suzanne Bell	April Mackenzie (XRB)	Rachel Grimes	Greg Yanco (ASIC)	Emma Herd - Virtual	Clare LaBouchardiere (ASIC)	Tracey Carroll	Thea Eszenyi (ASIC)	Pru Bennett	John Ngiam (CAANZ)	Doug Niven (AUASB Chair)	Tiffany Tan (CPA)		Matthew Zappulla (AUASB)	Apologies:	Observers:	Michele Embling (XRB Chair)	Zoe Irwin (Treasury)		Jodic Chan (Treasury)		Athanasios Kallos (Treasury)		Cooper Tym (Treasury)
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<b>1.C</b>	<b>Declarations of Interest</b>																														
	Members had no further updates.																														
<b>2.</b>	<b>MATTERS FOR NOTING / ACTION</b>																														
<b>2.A</b>	<b>Minutes of previous meeting – 6 September 2023</b>																														

	Members noted the minutes from the FRC meeting on 6 September 2023 which had been approved out-of-session.
<b>2.B</b>	<b>Matters Arising</b>
	<p>Members reviewed the Matters Arising list and confirmed items that had been actioned and those in progress.</p> <p><b>Action item</b></p> <ul style="list-style-type: none"> <li>• FRC Secretariat to update the Matters Arising document.</li> <li>• Pru to write an introductory email to introduce the CEO of ACSI, Louise Davidson to Andrew Mills.</li> <li>• FRC Secretariat to add the three sustainability stakeholders sent through by Emma to the FRC stakeholder list.</li> <li>• AASB/AUASB to inform FRC Secretariat of their Board meeting dates for 2024.</li> <li>• FRC to review the corporate strategy and AASB/AUASB annual reports at the March 2024 quarterly.</li> <li>• FRC Secretariat to send updates to members as soon as the FRC is in the media.</li> </ul>
<b>3.</b>	<b>ENVIRONMENTAL SCAN</b>
<b>3.A</b>	<b>Members Reflections</b>
	<p>Members discussed the current financial reporting climate and the impacts of recent events.</p> <p>The FRC discussed and commented on:</p> <ul style="list-style-type: none"> <li>• The media attention and mixed public reactions following the FRC’s Audit Quality Review release on 6 November 2023. <ul style="list-style-type: none"> <li>– ASIC communicated at the meeting that contrary to the reduced audit file reviews, the impact of their investigations within the financial sector has made more of a change than has been publicised. ASIC also said that their enforcement action and review of firm culture has the attention of the audit firms. The chair acknowledged the ASIC view but noted that other views existed on the need for a broader file review program.</li> <li>– The FRC Chair stated that he had met with an important government stakeholder to discuss the AQR and its implications.</li> </ul> </li> <li>• The recent announcement by the Treasurer to merge the FRC, AASB and AUASB.</li> </ul>

	<ul style="list-style-type: none"> <li>The impact of artificial intelligence on accounting and auditing. While there is hesitancy about utilising AI within the profession, the thoroughness of AI could result in more effective assurance.</li> </ul> <p>The PSAG Chair also noted at the recent CA ANZ’s Leadership in Government awards, Peter Gibson, a member of PSAG, won an award for outstanding contribution to the public sector and accounting sector.</p>
<b>3.B</b>	<b>Stakeholder Reports</b>
	<p>The FRC members noted the stakeholder reports and commented on the information provided.</p> <ul style="list-style-type: none"> <li>The FRC noted the importance of having more active investor and user representation in the stakeholder list to provide a more holistic understanding of the financial sector.</li> <li>There are some inconsistencies in information provided by stakeholders in their reports including a lack of commentary on the recent events relating to the major firms in Australia. Members agreed the stakeholder report template should request more direct information on key activities, current priorities, and ongoing matters. <ul style="list-style-type: none"> <li>The FRC would be interested in obtaining further information from the larger audit firms on governance matters.</li> </ul> </li> <li>Members discussed their concern with the overall governance of audit in Australia. There is a structural issue where ASIC supervises the auditors rather than the firms.</li> <li>The FRC discussed the ISSB’s sustainability standards particularly S1, S2 and the future projections for S3.</li> </ul> <p><b>Action item</b></p> <ul style="list-style-type: none"> <li>FRC Secretariat to write to the Big 6 audit firms for additional information about stakeholder reports regarding governance.</li> <li>FRC Secretariat to make changes to the Stakeholder report questions to make it clearer about the information the FRC is requesting.</li> </ul>
<b>4.</b>	<b>OVERSIGHT OF AUSTRALIAN STANDARDS (ACCOUNTING AND AUDITING)</b>
<b>4.A</b>	<b>AASB Report</b>
	<p>The AASB Chair provided a verbal update of the AASB’s main activities this quarter including sustainability, the Asian-Oceanian Standard-Setters Group (AOSSG) Conference and the recent exposure draft sustainability standard.</p> <p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>The exposure draft sustainability standard has been the primary focus since the last FRC quarterly meeting. NZ were advised by IFRS/ISSB that they will make an announcement around COP28 regarding adoption: either jurisdictions are adopting or on a journey to adoption.</li> </ul>

	<ul style="list-style-type: none"> <li>• Members discussed the importance of data and modelling for investors. The AASB Chair detailed how much the AASB will reach out to not-for-profit companies beyond Tier 3.</li> <li>• Climate reporting has partially begun in NSW public sector. NSW Treasury has released guidance about public sector sustainability reporting.</li> </ul> <p><b>AOSSG Conference Highlights</b></p> <ul style="list-style-type: none"> <li>• The AASB was successful in being elected to the AOSSG’s Vice Chair role which will be represented by the AASB Chair.</li> <li>• The event ran from 20 – 24 November 2023 and included a sustainability reporting symposium. Hundreds of international representatives attended the event both from the Asian Oceania region as well as Europe. There was positive feedback from representatives about the inclusion of the sustainability reporting symposium in the event. <ul style="list-style-type: none"> <li>– The Chair of the IASB, Dr Andreas Barckow, also attended in person and spoke at the conference.</li> </ul> </li> </ul>
<b>4.B</b>	<b>AUASB Report</b>
	<p>The AUASB Chair provided a verbal update of the AUASB’s main activities this quarter.</p> <ul style="list-style-type: none"> <li>• The baseline for the AUASB’s sustainability assurance work will be the international standard ISSA 5000 which is being developed. The AUASB have completed roundtables with the IAASB and finalised a submission on the IAASB exposure draft.</li> <li>• The AUASB is focusing on several aspects of sustainability and the auditing and assurance standards, for example, legislation i.e. who provides what and when? Demand for voluntary assurance creates additional challenges.</li> <li>• 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.</li> </ul>
<b>5.</b>	<b>MONITORING AND INFLUENCING INTERNATIONAL DEVELOPMENTS</b>
<b>5.A</b>	<b>XRB Update</b>
	<p>April Mackenzie provided a verbal update of the XRB’s current priorities, goals, and achievements.</p> <ul style="list-style-type: none"> <li>• In November, the XRB representatives travelled to Europe to attend 16 meetings over 5 days with a range of standard setters and regulators to reaffirm and build new stakeholder relationships. <ul style="list-style-type: none"> <li>– Some jurisdictions focused more on financial materiality for investors.</li> <li>– Spain, A4S and Coalition of Capitals had a sense that focusing on financial materiality would not shift the dial enough for sustainability.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Following the AOSSG event, Dr Andreas Barckow travelled to New Zealand for 5 days to discuss several matters with the XRB including climate-related matters and intangible assets.</li> <li>• Mark Babington, Executive Director at the UK FRC and member of the IESBA's work on sustainability, also visited New Zealand to discuss contemporary matters relevant to the XRB's work.</li> <li>• The XRB noted that the attractiveness of the audit partner route is shrinking.</li> <li>• The XRB confirmed that the Greenhouse gas emission assurance standard will be enforced from 2024.</li> </ul>
<b>5.B</b>	<b>International Developments</b>
	Members noted the information attached in the meeting pack.
<b>6.</b>	<b>Public Sector Advisory Group</b>
	<p>The PSAG Chair, Tracey Carroll, provided a verbal update of information collected from the public sector including sustainability reporting.</p> <ul style="list-style-type: none"> <li>• The Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC) chair is likely to be confirmed soon.</li> <li>• HoTARAC and the Australasian Council of Auditors General (ACAG) both expressed interest in being included in the FRC stakeholder reports.</li> <li>• The feedback on talent management regarding preparers and assurers is that there are still issues on attracting and retaining staff.</li> <li>• Themes in financial reporting and audit quality in the public sector may be distilled for the next FRC quarterly, when jurisdictions reporting processes are complete.</li> </ul>
<b>7.</b>	<b>Parliamentary Inquiries</b>
	<ul style="list-style-type: none"> <li>• FRC members discussed the Parliamentary Joint Committee on Corporations and Financial Services (PJC): <i>Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry</i>. <ul style="list-style-type: none"> <li>– The FRC, AASB and AUASB's hearing date has been deferred to 2024.</li> </ul> </li> <li>• The FRC noted that the FRC Chair and FRC member, Rachel Grimes (attending in her capacity as APESB Director), would shortly be on a panel with Senator Deborah O'Neil at the IPA National Congress to discuss the topic <i>Post-PWC: Where do we go from here?</i></li> <li>• The FRC discussed governance, ethics, disclosure, whistleblowing and transparency concerns regarding the larger firms and the professional bodies. <ul style="list-style-type: none"> <li>– Members noted that practitioners have expressed concern about the management of ethics by professional bodies and whether ethic reviews occur frequently enough. It</li> </ul> </li> </ul>

	<p>was noted that there needs to be more transparency for reporting starting with government policy changes.</p> <ul style="list-style-type: none"> <li>– The XRB sets the professional and ethical standards for assurance practitioners who are required to follow XRB standards (via law or contract). The XRB does not set the ethical code for professional accountants who are not assurance practitioners.</li> <li>• The FRC members also gave their thoughts on the Switkowski report and noted that the FRC, AASB and AUASB’s attendance at the PJC hearing in 2024 may include matters raised in that report and its recommendations.</li> </ul>
<b>8.</b>	<b>Other Business</b>
<b>8.A</b>	<b>Nominations Committee</b>
	<p>Suzanne Bell, Chair of the Nominations Committee, provided a verbal update on appointments and the outcome of the recent interview process for the AASB member position.</p> <ul style="list-style-type: none"> <li>• Interviews for 5 candidates occurred on 27 November with one standout candidate. Other candidates were found suitable, and contact will continue with the unsuccessful candidates for future positions.</li> <li>• FRC members agreed to the recommended reappointment of AASB and AUASB members specified in the meeting papers. The terms of reappointment will end in mid-2026 to coincide with timing of institutional reforms.</li> </ul>
<b>8.B</b>	<b>Correspondence received and sent</b>
	Members noted the correspondence sent to the Treasurer.
<b>8.C</b>	<b>Key Action Items Summary</b>
	<p>At the close of the meeting, the Nominations Committee Chair, Suzanne Bell, announced her resignation from the FRC. The FRC Chair thanked Suzanne for her enormous contributions to the FRC over her years of service.</p> <p><b>Action Items</b></p> <ul style="list-style-type: none"> <li>• FRC Secretariat to update the Matters Arising document.</li> <li>• Pru to write an introductory email to establish Louise Davidson as the ACSI contact.</li> <li>• FRC Secretariat to add the three sustainability stakeholders sent through by Emma to the FRC stakeholder list.</li> <li>• AASB/AUASB to inform FRC Secretariat of their Board meeting dates for 2024.</li> <li>• FRC to review the corporate strategy and AASB/AUASB annual reports at the March 2024 quarterly.</li> </ul>

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<b>10.</b>	<b>Next Meeting</b>
	The FRC Secretariat will notify members with proposed dates for meetings in 2024.
	<b>Public Session closed at 1:50pm</b>