



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 4 December 2024 and the key matters considered and decided are outlined below:

<p>UK Model for a Merged Financial Reporting Body</p>	<ul style="list-style-type: none"> • Mark Babington updated members on the UK’s progress towards establishing the Audit, Reporting, and Governance Authority (ARGA), with a draft bill expected for scrutiny in Q1 2025 and the regulator launching in early 2027. • ARGA will have statutory authority over accountants, auditors, and directors, focusing on improving audit quality, particularly for mid-tier firms. • Members considered the relevance of the UK’s regulatory reforms, including the potential for mandatory audit tendering, and their implications for Australia’s ongoing regulatory reforms.
<p>Environmental Scan</p>	<ul style="list-style-type: none"> • Members discussed the challenges in sustainability reporting, including inefficiencies from reconciling third-party data and internal datasets. • Members emphasised the importance of continued collaboration with regulators and stakeholders and international alignment in sustainability reporting.
<p>AASB and AUASB</p>	<ul style="list-style-type: none"> • AASB report highlights: <ul style="list-style-type: none"> - The AASB’s sustainability standards, with implementation for Group 1 commencing in January 2025. - The AASB is focusing on stakeholder engagement and educational resources to support implementation. - The AASB has been appointed to the Accounting Standards Advisory Forum (ASAF) as part of a joint application with New Zealand, starting in January 2025. • AUASB report highlights: <ul style="list-style-type: none"> - The AUASB’s work on sustainability assurance standards, including upcoming consideration of ISSA 5000 and assurance phasing at the December board meeting. - The AUASB continues its working on guidance and educational materials for auditors.
<p>XRB</p>	<ul style="list-style-type: none"> • XRB report highlights: <ul style="list-style-type: none"> - New Zealand’s phased implementation of climate-related disclosures and the deferral of Scope 3 emissions disclosures by one year. - New Zealand’s efforts to integrate indigenous perspectives into sustainability frameworks, including the development of a draft conceptual framework.
<p>Final report of Parliamentary Joint Committee on Corporations and Financial Services on Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry</p>	<ul style="list-style-type: none"> • Members noted the final report by the Parliamentary Joint Committee on Corporations and Financial Services on ethics and professional accountability in the audit industry, discussing the intersection with FRC, AASB, and AUASB frameworks. • Members reviewed the PJC’s recommendations on audit tendering and governance, emphasizing the need for balance between regulatory measures and fostering competition.
<p>Public Sector Reporting</p>	<ul style="list-style-type: none"> • The Public Sector Advisory Group (PSAG) Chair provided a verbal update of recent PSAG meeting: <ul style="list-style-type: none"> - Challenges in attracting younger cohorts to the accounting profession, especially in attracting and retaining talent in the public sector. - The need for further guidance on AASB S2 for public sector in light of its ongoing implementation. - The need for work on service performance reporting measurement in different public sector jurisdictions.

Professional Development Pathways	<ul style="list-style-type: none"> • Simon Grant, Chelsea Wymer and Samantha Wilson from CA ANZ shared initiatives aimed at addressing declining enrolments in accounting programs, including a revised Fundamentals pathway for high school graduates, and promoting the profession through social media and school partnerships as part of attracting younger talent. • Members discussed the importance of continued engagement with universities and employers to bolster interest in accounting as a career.
Update from the Accounting Professional & Ethical Standards Board (APESB)	<ul style="list-style-type: none"> • APESB provided an update on its 2021-2025 Strategy Plan, including the reissuance of APES 320 on Quality Management and proposed revisions to the Code for Tax Planning and Related Services.
Address from the New Auditor-General for Australia	<ul style="list-style-type: none"> • Dr Caralee McLiesh, the new Auditor-General, outlined her focus on enhancing public sector auditing and addressing workforce challenges. • Dr McLiesh highlighted the ANAO's commitment to promoting transparency in government institutions.
Nominations Committee	<ul style="list-style-type: none"> • The Nomination Committee Chair noted the re/appointments of members to the AASB and AUASB who will commence on 1 January 2025.
The next FRC meeting is scheduled to be held in Melbourne on 5 March 2025	