



Australian Government
Financial Reporting Council

Financial Reporting Council

Annual Report
2024–25

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In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.



Australian Government
Financial Reporting Council

Chair: Mr Andrew Mills
Secretariat: c/ The Treasury
Langton Crescent
Canberra ACT 2600
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16 September 2025

The Hon Daniel Mulino MP
Assistant Treasurer
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Financial Reporting Council (FRC) annual report for the year ended 30 June 2025.

This year has been a period of significant progress in Australia's financial reporting landscape, particularly in advancing sustainability reporting and assurance frameworks. The FRC acknowledges the strong efforts made by the Australian standard-setting boards in developing high-quality sustainability and assurance standards. The FRC recognises the importance of these standards in benefiting investors and the broader public through greater transparency and utility of sustainability disclosures.

The FRC continued to maintain strong engagement with stakeholders to remain responsive to emerging issues across the financial and sustainability reporting ecosystem. This included the impacts of parliamentary inquiries and developments in major accounting firms. The FRC also facilitated targeted stakeholder roundtables, ensuring that the voices of the accounting and auditing professions were considered in discussions around sustainability reporting and assurance.

This report has been prepared in accordance with section 235B of the Australian Securities and Investments Commission Act 2001 (ASIC Act), which requires the report to be tabled in each House of Parliament as soon as practicable.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Mills'.

Andrew Mills
Chair

Financial Reporting Council Members



Andrew Mills
Chair



Amy Fox
Member



Dr Keith Kendall
Member



Alison White
Member



Doug Niven
Member



Emma Herd
Member



Rachel Grimes
Member



Pru Bennett
Member

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Our past year

The FRC's activities in the 2024–25 reporting year reflected its commitment to strengthening confidence in financial reporting in Australia. The FRC continued to enhance financial and sustainability reporting and assurance frameworks through:

- targeted environmental scans and strategic oversight
- active engagement with domestic and international stakeholders
- support for the implementation of climate and sustainability reporting standards aligned with global frameworks.

The FRC continued its collaboration with the Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB) and other stakeholders. By doing so, the FRC promoted international consistency and comparability, which helped shape Australia's sustainability reporting standards.

This annual report outlines the FRC's priorities, actions and achievements during the 2024–25 reporting year. It highlights the FRC's commitment to maintaining an effective and inclusive financial reporting system for the benefit of all Australians.

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Snapshot of key and ongoing initiatives

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Climate and sustainability-related standards

During the 2024–25 reporting year, the FRC supported the efforts of the AASB and the AUASB in advancing sustainability reporting and assurance frameworks. This reflected the FRC’s commitment to enhancing the quality, consistency and reliability of climate and sustainability disclosures in Australia’s regulatory environment.

The AASB and AUASB developed 3 sustainability reporting and assurance standards:

- *AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information*
- *AASB S2 Climate-related Disclosures*
- *Assurance standard ASSA 5000 General Requirements for Sustainability Assurance Engagements.*

AASB S1 and AASB S2 create a global baseline for sustainability-related financial disclosures. ASSA 5000 aligns with the International Auditing and Assurance Standards Board’s (IAASB’s) International Standard on Sustainability Assurance (ISSA). These 3 standards will support greater confidence in sustainability information presented in annual reports as part of the Australian Government’s mandatory climate-related financial disclosures regime.

These efforts in 2024–25 were a significant step forward in embedding climate and sustainability considerations into Australia’s reporting landscape. The development of new standards aligns Australia with global sustainability standards. It also enhances the integrity and utility of sustainability disclosures for investors, regulators and the broader community.

Audit Quality Management

Recognising the evolving landscape of reporting, particularly with the introduction of sustainability disclosures, the FRC acknowledged the significant efforts made by the AUASB and AASB in developing comprehensive guidance and educational resources. These materials help auditors implement new auditing standards. Providing guidance and resources helps ensure audit practices keep pace with the increasing complexity and breadth of reporting requirements.

The FRC continues to engage with and consider the implications of the recommendations made by the Parliamentary Joint Committee on Corporations and Financial Services in its final report, Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry (2024).

International Financial Reporting Standards

The FRC maintained its commitment to ensure alignment of Australia's financial reporting framework with international standards. The FRC supported various appointments of Australians to international standard-setting bodies and forums of influence by identifying and nominating suitable candidates, reinforcing Australia's standing in global standard-setting discussions.

The FRC emphasised the importance of proactive engagement in international forums to ensure that Australia's standards reflect global trends and domestic needs. The AASB and AUASB regularly report to the FRC on their activities to strengthen and expand relationships with global and national standard-setting bodies. This allows the boards to effectively monitor and contribute to international developments.

Talent attraction and retention

During the 2024–25 financial year, the FRC continued to focus on the challenges of talent attraction and retention within the accounting profession.



The FRC acknowledged ongoing research initiatives led by Professional Accounting Bodies (PABs) that seek to better understand the multifaceted challenges involved in attracting and retaining skilled professionals. This research is vital in identifying barriers and enablers across various stages of professional development, from early career entry level to senior leadership roles. The FRC noted declining enrolments in accounting-related university degrees, which could be addressed by promoting financial reporting career opportunities at the high school level.

The FRC recognised several factors influencing talent dynamics in the profession, such as workplace inclusivity, diversity, and work-life balance, which can significantly impact employee engagement and long-term retention. The FRC also recognised the need for more structured, transparent and diverse career pathways that enable professionals to navigate their career progression with greater clarity and confidence.

The FRC noted that addressing these challenges requires a coordinated, collaborative approach involving many stakeholders, including:

- regulatory bodies
- professional associations
- accounting firms
- educational institutions.

The FRC supports initiatives aimed at fostering a culture of continuous learning, professional growth and inclusion, thereby strengthening the capacity of the accounting profession to meet future challenges and stakeholder expectations effectively. The FRC continues to engage with the Accounting Professional & Ethical Standards Board (APESB) and International Ethics Standards Board for Accountants (IESBA) on international best practices to ensure community ethical expectations are understood and achieved.

Public sector reporting developments

Public sector reporting continued to be a focus area for the FRC during the 2024–25 reporting year.

Discussions held by the Public Sector Advisory Group (PSAG) throughout the year recognised that attraction and retention of suitably qualified staff to the public sector organisations present ongoing challenges in effective and high quality reporting, underscoring the need for targeted capability and capacity-building initiatives.

The FRC emphasised the critical importance of building capability and securing adequate talent in public-sector entities. This is particularly vital in regional and remote areas, where access to sustainability-related expertise can be limited. Strengthening these areas is essential to supporting effective implementation of sustainability reporting standards. It will also enhance the overall quality and relevance of public-sector disclosures.

The AASB continues to develop its Service Performance Reporting framework. The framework aims to improve how public sector entities capture and communicate their non-financial performance metrics. By providing stakeholders with clearer insights into how public services are delivered, and the impact of those services, the Service Performance Reporting framework will help enhance transparency and accountability, and move public service reporting beyond traditional accounting measures.

The FRC aims to promote a robust, transparent, and culturally sensitive public sector reporting environment that is:

- contemporary with international jurisdictions, and
- meets the evolving expectations of government stakeholders and the broader domestic and international community.





Other international developments

The FRC closely monitored international regulatory reforms and considered their relevance to Australia. Particular attention was given to developments in the United Kingdom (UK), where the UK Financial Reporting Council plans to transition to the Audit, Reporting and Governance Authority (ARGA). At the FRC quarterly meeting, members discussed the implications of ARGA's expanded powers, including potential lessons on how to enhance Australia's audit oversight framework.



Stakeholder engagement

Engagement with stakeholders remained central to the FRC's strategy to identify and address emerging issues in financial reporting and auditing. Activities during the 2024–25 reporting year included:

- identifying difficulties in talent attraction and retention for the accounting and auditing professions
- holding targeted stakeholder roundtables to gather feedback on sustainability reporting and assurance.

These activities highlighted important themes.

- The necessity of addressing audit firms' cultural and structural challenges to enhance audit quality and professional standards.
- The critical need for firms to develop strategies to attract, develop and retain skilled professionals amid evolving market demands.

The FRC's active stakeholder engagement ensured it remained responsive to sector developments and could adapt its oversight strategies effectively. This proactive approach supports continuous improvements in Australia's financial reporting and auditing frameworks.

FRC stakeholders

The FRC thanks stakeholders for their communication, particularly:

- Australian Business Reporting Leaders Forum
- Australian Charities and Not-for-profits Commission
- Australasian Council of Auditors-General
- Australian Institute of Company Directors
- Australian Institute of Superannuation Trustees
- Australian Accounting and Assurance Public Policy Committee
- Accounting Professional & Ethical Standards Board
- Australian Shareholders' Association
- Australian Prudential Regulation Authority
- Australian Securities Exchange
- Australian Securities and Investments Commission
- Business Reporting Leaders Forum
- Chartered Accountants Australia and New Zealand
- CPA Australia
- Commonwealth Department of Finance
- Commonwealth Treasury
- Deloitte
- Ernst & Young (EY)
- External Reporting Board of New Zealand (XRB)
- Grant Thornton
- Heads of Treasuries Accounting and Reporting Advisory Committee
- Institute of Internal Auditors-Australia
- Institute of Public Accountants
- KPMG
- New South Wales Treasury
- PwC

This list indicates the range of stakeholders demonstrating an interest in Australia's financial reporting framework. This list is not intended to be exclusive. The FRC welcomes other stakeholders to engage if they have significant interest in Australia's financial reporting framework.



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FRC objectives and functions

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The financial reporting system

Part 12 of the ASIC Act establishes the framework for Australia's financial reporting system. The objectives of Part 12 are set out in section 224 of the ASIC Act and include:

- facilitating the development of accounting and sustainability standards that:
 - allow users to make and evaluate financial decisions
 - assist directors to fulfil their statutory financial reporting obligations
 - are relevant, reliable, easy to understand and facilitate comparability
- facilitating the development of auditing and assurance standards that provide Australian auditors with relevant and comprehensive guidance in determining whether financial reports comply with statutory requirements and require auditors' reports to be reliable and readily understood by users
- facilitating the Australian economy by:
 - reducing the cost of capital
 - enabling Australian entities to compete effectively overseas
 - having accounting, sustainability and auditing standards that are clearly stated and easy to understand
- maintaining investor confidence in the Australian economy (including its capital markets).

Functions of the FRC

The FRC is the peak body responsible for overseeing the effectiveness of the financial reporting system in Australia. The FRC's functions, as set out in the ASIC Act, include:

- providing broad oversight of the accounting, sustainability and auditing standard setting processes and giving the Minister reports and advice about such matters
- establishing appropriate consultative mechanisms
- appointing members of the AASB and AUASB (other than the Chairs)
- giving advice or feedback to the AASB and AUASB on their priorities, business plans and procedures
- giving advice or feedback to the offices of the AASB and AUASB on their budget and staffing arrangements
- determining the broad strategic direction of the AASB and AUASB

- monitoring the operation of accounting, sustainability and auditing standards and the effectiveness of consultative arrangements of the AASB and AUASB
- giving strategic policy advice and reports to the Minister and professional accounting bodies in relation to the quality of audits conducted by Australian auditors
- monitoring the development of international accounting, sustainability and auditing standards
- furthering the development of a single set of accounting, sustainability and auditing standards for world-wide use
- promoting the continued adoption of international best practice standards in the Australian standard setting processes.

The FRC is also responsible for advancing and promoting the main objects of Part 12 of the ASIC Act, concerning the Australian financial reporting system.

Statutory obligations

The FRC has met its statutory obligations under the ASIC Act through the following activities.

- Appointed one new member and reappointed one member of the AASB. Each appointee brought significant depth of expertise in areas relevant to the work of the AASB such as sustainability. As such, they facilitated the development of relevant, reliable, comparable, understandable and usable accounting and sustainability standards.
- Appointed 2 new members and reappointed 2 members to the AUASB. Each appointee brought significant depth of expertise in areas relevant to the work of the AUASB, including sustainability. As such, the members facilitated AUASB's development of auditing and assurance standards and related guidance materials. These standards and materials provided relevant and comprehensive guidance and supported reliable and understandable auditor reports.
- Continued work directed at enhancing the quality of financial reports, which:
 - contributed to the development of common international accounting, sustainability and auditing standards
 - facilitated the harmonisation of Australian standards with international standards.

This work included monitoring developments in international standards and promoting a coordinated approach to Australian standards. As a result, the FRC:

- facilitated investor confidence in Australian firms
 - promoted cross-border comparisons by investors
 - enhanced the ability of Australian firms to access international capital markets at lower cost.
- Monitored the impact of macroeconomic conditions and skill shortages on the financial reporting system and audit quality.
 - Continued to obtain qualitative and quantitative data from stakeholders on matters including:
 - auditor disciplinary processes
 - talent retention
 - skill shortages
 - sustainability.

This work facilitated the development of financial reporting standards and investor confidence by enabling any impacts of such matters on accounting, sustainability and auditing standards and practices to be identified and addressed.

- Corresponded with Australian Government ministers about the contemporary financial environment including supporting and funding international standard setting and digital reporting.
- Continued to monitor financial reporting and auditing issues relevant to the public sector through its FRC Public Sector Advisory Group, comprising members of the FRC and the public sector.

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Oversight of Australian standard setting

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Giving advice or feedback to the AASB, AUASB and their offices

The FRC primarily provides advice to the AASB, AUASB and their offices at meetings of the FRC. The Chairs of the AASB and AUASB are members of the FRC. They provide written and oral reports on the activities of their respective boards at each FRC meeting. In 2024–25, AASB and AUASB reports included items covering:

- AASB and AUASB strategies
- AASB and AUASB Corporate Plans for 2024–25
- AASB and AUASB's key activities including progress on key strategic priorities.

FRC members reviewed these reports and provided advice and feedback to the AASB and AUASB at FRC meetings, including on AASB and AUASB strategic priorities, business plans and emerging topics. The FRC did not directly provide advice to the offices of the AASB and the AUASB on their budgets and staffing in 2024–25. However, the FRC did contribute to the strategic priorities and thereby influenced budgets and staffing indirectly.

The FRC continued to encourage alignment of AASB and AUASB plans, projects and activities where practicable and welcomed the ongoing collaboration between the boards in 2024–25. In particular, the FRC supported the boards to work closely together on preparatory steps to support the implementation of:

- AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*
- AASB S2 *Climate-related Disclosures*
- Assurance standard ASSA 5000 *General Requirements for Sustainability Assurance Engagements*.

The AASB and the AUASB undertook the following activities in 2024–25.

AASB

- Issued AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures*.
- Issued amendments to Australian Accounting Standards:
 - AASB 2025-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures*
 - AASB 2025-1 *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*
 - AASB 2024-4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*

- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*
- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*.
- Issued the following exposure drafts:
 - ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures*
 - ED 337 *Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures*
 - ED 336 *Provisions – Targeted Improvements*
 - ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*
 - ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*
 - ED 333 *Equity Method of Accounting*
 - ED 332 *Classification and Measurement of Financial Instruments: Tier 2 Disclosures*
 - ED 331 *Climate-related and Other Uncertainties in the Financial Statements*.
- Engaged in the following Post-implementation Review (PIR) activities:
 - Commenced the PIR of the Leases Standard by issuing ITC 55 PIR of AASB 16 Leases covering the IASB's IFRS 16 PIR for for-profit private sector entities and the AASB's domestic PIR of AASB 16 for not-for-profit and public sector entities
 - Continued working on the PIR of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and AASB 2020-2 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
 - Resumed the PIR of AASB 1059 *Service Concession Arrangements: Grantor* (ITC 49 *Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors*)
 - Resumed the PIR of certain not-for-profit topics (ITC 51 *Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements*)
 - Completed the PIR of Income of Not-for-Profit Entities (ITC 50 *Post-implementation Review – Income of Not-for-Profit Entities*).

- Released the following Research Reports:
 - AASB-MASB (Malaysian Accounting Standards Board) Joint Research Report *Addressing Key Accounting Challenges*
 - Research Report 23 *Understanding the Impact of Accounting Standards on the Cost of Capital*.
- Made the following submissions:
 - AASB submission on IASB Exposure Draft/2024/8 Provisions – Targeted Improvements – Proposed amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
 - AASB submission on IASB Exposure Draft Equity Method of Accounting IAS 28 *Investments in Associates and Joint Ventures*
 - AASB submission on IASB Exposure Draft/2024/6 Climate-related and Other Uncertainties in the Financial Statements
 - AASB submission on IASB Exposure Draft/2024/3 Contracts for Renewable Electricity: Proposed amendments to IFRS 9 and IFRS 7.
- Provided these submissions in its role as Asian-Oceanian Standard-Setters Group (AOSSG) Working Group leader on Financial Instruments and Liabilities, jointly with the AOSSG Chair:
 - AOSSG submission to IASB Exposure Draft/2024/3 Contracts for Renewable Electricity: Proposed amendments to IFRS 9 and IFRS 7
 - AOSSG submission to IASB Exposure Draft/2024/8 Provisions – Targeted Improvements – Proposed amendments to IAS 37.
- The AASB and University of Technology Sydney co-hosted the annual AASB Research Forum on 6 November 2024. This year the AASB offered the opportunity to attend in Sydney or virtually from any other location worldwide (118 in-person attendees; 183 virtual attendees).

AUASB

- Released a Bulletin to provide guidance on the audit implications of the new Consolidated Entity Disclosure Statement.
- Issued these exposure drafts and consultation papers:
 - Exposure Draft – Proposed Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits or Reviews of Information in Sustainability Reports Under the Corporations Act 2001*

Oversight of Australian standard setting

- Consultation Paper – Prohibiting Sustainability Assurance Practitioner from Using Direct Assistance by Internal Auditors
- Exposure Draft – Proposed Amendments to ASSA 5000 *General Requirements for Assurance Engagements* and ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (including approach to practical issues arising from sustainability ethics requirements and changes to effective date for voluntary assurance)
- Consultation Paper – IAASB's *Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project* and drafted submission to IAASB.
- Approved these standards:
 - ASSA 5000 *General Requirements for Sustainability Assurance Engagements*
 - ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*
 - A revised ASAE 3500 *Performance Engagements*
 - ASA 2025-1 *Amendments to Australian Auditing Standards* (PIE Track 1 amendments)
 - A revised ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*
 - A revised ASA 570 *Going Concern and consequential amendments to other standards*.
- Approved in-principle ASA 240 *The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements* and consequential amendments to other standards.
- Drafted these standards for board approval in July 2025:
 - AUASB 2025-5 *Amendments to AUASB Standard for changes to APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) on taxation advice
 - AUASB 2025-7 *Amendments to AUASB Standards for changes to APES 110 on the use of external experts and sustainability assurance, from the effective dates in APES 110*.
- Prepared proposals for consideration by the Board on consulting on whether during the phasing-in of mandatory sustainability assurance the directors' declaration should be covered, and the impact of proposed legislation to allow entities to elect to prepare a sustainability report under the Corporations Act earlier than required.

- Commenced projects to update Australian-specific Guidance Statements:
 - GS 002 *Audit Implications of Prudential Reporting Requirements for Registered Superannuation Entities* (and related illustrative assurance report)
 - GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*
 - GS 011 *Third Party Access to Audit Working Papers*.
- Issued these research reports:
 - Research Report 11 *State of Assurance Choices for Medium Sized Australian Charities*
 - Research Report 12 *Understanding and evaluating the effectiveness of ASA 720, The Auditor's Responsibilities Relating to Other Information, and its role in the current environment*
 - Research Report 13 *University of Sydney – Deakin – AUASB Sustainability assurance research workshop: Overviews of research projects to inform the AUASB's work programme*.
- The AUASB Chair participated in the November 2024 and May 2025 IAASB/IESBA Stakeholder Advisory Council, providing strategic advice to the international boards.
- The AUASB Chair and Director–National also participated in the IAASB's Jurisdiction Standard Setters meeting in May 2025.

Determining the strategic direction of the AASB and AUASB

Since its establishment, the FRC has made 3 determinations concerning the broad strategic direction of the AASB and AUASB. These determinations require:

- the AASB to work towards the adoption of accounting standards that are the same as those issued by the IASB (Direction approved 5 September 2002)
- the AASB to pursue the harmonisation of reporting between Government Finance Statistics and Generally Accepted Accounting Principles (Direction approved 12 December 2002)
- the AUASB to use auditing standards issued by the IAASB as a base from which to:
 - develop the Australian standards
 - develop auditing and assurance standards other than for historical financial information
 - participate in audit research that is conducive to the AUASB's standard-setting activities (Direction approved 4 April 2005).

These directions remain current and the FRC continues to monitor their appropriateness. The FRC is satisfied that the AASB and the AUASB have implemented these directions.

Monitoring international developments

The FRC monitors the development of international standard setting in a range of ways, including by:

- inviting speakers from international financial reporting organisations to present at its meetings
- reviewing media from international bodies and other jurisdictions.

The AASB and AUASB provide regular reports to the FRC on their efforts to build and enhance relationships with global and national standard setters, through which the boards can monitor and influence international developments.

International accounting standards

In line with its mandate to further the development of a single set of accounting standards for worldwide use, the FRC supports the AASB's adoption of the IFRS accounting standards issued by the IASB. These standards continue to have the most widespread impact, having been adopted in over 100 countries.

The AASB regularly reassesses the appropriateness of using the IFRS (rather than International Public Sector Accounting Standards Board (IPSASB) standards) as a base for the Australian public sector. The AASB also uses IPSASB guidance to modify IFRS for the not-for-profit sector where appropriate.

The AASB actively supported Vietnam in adopting and implementing IFRS Standards. The AASB worked with the IFRS and Vietnamese Ministry of Finance to deliver training on specific financial reporting standards.

International auditing standards

The FRC supports the AUASB's adoption of the international auditing standards issued by the IAASB. This is consistent with the AUASB's mandate under the ASIC Act to further the development of a single set of auditing standards for worldwide use. These standards have been adopted in over 140 countries.

The AUASB monitors and contributes to the work of the IAASB through:

- the AUASB Chair's membership of the IAASB and IESBA Stakeholder Advisory Council
- participating in the Jurisdictional Standard Setters meetings with the IAASB
- outreach to stakeholders and submissions on IAASB exposure drafts
- meetings with the Chair and staff of the IAASB on developments and key issues

- supporting a member of the IAASB by reviewing IAASB papers and providing suggestions on issues to be raised at IAASB meetings. The AUASB Director (Technical) acts as an IAASB technical adviser and provides detailed AUASB input to the member.

IAASB and AUASB auditing standards apply to private and public sector audits. Standards and application guidance specific to the audits and related services for public sector entities are covered (where appropriate) by AUASB standards.

International sustainability standards

In the 2024–25 financial year, the FRC closely monitored the ISSB’s activities, including its release of exposure drafts and sustainability standards.

In 2023, ISSB released its new sustainability standards:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information,
- IFRS S2 Climate-related Disclosures.

Both will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions.

The FRC notes that Australian standard-setting boards proactively took steps to formulate and make Australian sustainability-related and climate-risk disclosure and assurance standards.

- The AASB Board formally voted to pronounce AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures* at its 209th meeting in September 2024. More than 50 staff papers were presented to finalise these 2 standards in response to stakeholder feedback on ED SR1.
 - AASB S1 is a voluntary standard with the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, except for some transition reliefs that have been modified or omitted to align with the Standard’s voluntary status.
 - AASB S2 is a mandatory standard for certain entities that incorporates most of the requirements in IFRS S2 *Climate-related Disclosures* with some modifications.
- The AASB issued ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to AASB S2* in April 2025, which:
 - incorporate ISSB ED/2025/1 (ISSB Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2*), and
 - propose to clarify and provide additional relief for specific greenhouse gas emissions disclosure in response to application challenges identified by international stakeholders.

Oversight of Australian standard setting

- The AASB made these submissions:
 - AASB submission to ISSB on Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2*
 - AASB, FRC and SSBJ joint submission to ISSB on Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to IFRS S2*.
- The AASB formed the AASB S2 Implementation Advisory Panel (IAP) – a dedicated forum to support consistent, principles-based application across Australia. The IAP held its inaugural meeting in May 2025.
- The AASB completed 2 project plans to support Australian entities as they commence a phased approach to mandatory reporting using AASB S2 *Climate-related Disclosures* from 1 January 2025:
 - AASB S2: Implementation Support
 - AASB S2: Industry-based Information.
- The AASB launched the AASB S2 Knowledge Hub, which provides a repository of information to assist entities in understanding and preparing climate-related financial disclosures and information. The AASB has since published an Overview of Australian Sustainability Reporting Standards document and AASB S2 to Task Force on Climate-Related Financial Disclosures Comparison document on the Knowledge Hub.
- In August 2024 the AASB hosted the Vice-Chair of the ISSB, who delivered a presentation on the uptake of the ISSB Standards and recently released Work Plan.
- The AASB hosted the ISSB Vice-Chair in May 2025. She participated in the inaugural meeting of the IAP and delivered keynote addresses at the Australasian Investor Relations Association's Annual Conference, and the Responsible Investment Association Australasia's Conference.
- The AASB Chair and staff engaged with stakeholders throughout 2024–25. They presented on climate-related financial disclosures at:
 - Impact X Summit
 - Monash Sustainability Industry Engagement session
 - Australian Dairy Products Federation breakfast forum on Sustainability Reporting
 - S&P Global Market Intelligence Live Webcast: Deciphering the Australian Climate Risk Disclosures event
 - KPMG *Leaders 2050 Panel*
 - Victorian Public Sector Climate Working Group
 - CPA and IAI Business Breakfast
 - Fijian Institute of Chartered Accountants Conference

- Dairy Manufacturer's Sustainability Council
- Brentnalls Conference.
- The AASB Chair and staff also addressed various audiences on climate-related financial disclosures, including:
 - the Investor Group on Climate Change
 - FSC ESG Working Group
 - AFMA Sustainability Data Disclosure Working Group
 - University of Melbourne Department of Accounting.
- During 2024 the AUASB closely monitored the development of ISSA 5000 *General Requirements for Sustainability Assurance Engagement*. The IAASB launched ISSA 5000 on 27 January 2025.
- On 28 January 2025 the AUASB approved the Australian equivalent of ISSA 5000. It is effective for mandatory and voluntary assurance engagements on sustainability information reported for periods beginning on or after 1 January 2025, or as at a specific date on or after 1 January 2025.
- The AUASB Chair and the Director – National participated in the IAASB's Working Group developing supplementary illustrative assurance reports.

International appointments

In 2024–25 the FRC welcomed the following international appointments of Australian accounting and auditing profession leaders:

- The AASB and XRB were jointly appointed to the International Accounting Standards Board (IASB)'s Accounting Standards Advisory Forum (ASAF), effective from 1 January 2025. ASAF was founded by the IASB so members can contribute to developing globally accepted high-quality accounting standards.
- Dr Keith Kendall (Chair, AASB) and the Chair of Canada's Accounting Standards Board (AcSB) was also appointed co-Chair of the International Forum of Accounting Standard Setters (IFASS) at the end of the March 2025 meeting. IFASS comprises National Standard Setters, which foster evidence-based standard setting and shares insights with international standard-setting bodies such as the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).
- Dr Kendall continued his role as Vice Chair of AOSSG – a grouping of the 28 accounting standard-setters in the Asian-Oceanian region. The Group was formed in 2009 in response to the adoption of International Financial Reporting Standards (IFRS) and to contribute to the development of a high-quality set of global accounting standards.

- Doug Niven (Chair, AUASB) continued his role as a member of the IAASB and IESBA Stakeholder Advisory Council, which provides strategic input and recommendations to IAASB and IESBA.
- Merran Kelsall was appointed as the Chair of the IFRS Advisory Council in February 2025.

Regional relationships

Australia and New Zealand continued to facilitate harmonisation of trans-Tasman standard setting. This relationship was enhanced by cross appointments to financial reporting oversight and standard-setting boards between Australia and New Zealand.

The FRC Chair is a member of the XRB. The XRB Chair is a member of the FRC as part of the arrangement for cross appointments between Australia and New Zealand. The Chairs of the AASB, AUASB, New Zealand Accounting Standards Board (NZASB) and New Zealand Auditing and Assurance Standards Board (NZAuASB) are also members of their counterpart boards.

Monitoring the operation of accounting and auditing standards

The FRC monitors the operation of Australian accounting, sustainability and auditing standards. It does so to assess the continued relevance and effectiveness of the standards. This applies to private and public sectors in Australia's economy.

Based on the reports of the Chairs of the AASB and AUASB, and on FRC members' knowledge of how the standard-setting processes and standards themselves operate in practice, the FRC is satisfied the AASB and AUASB have:

- adopted IFRS accounting standards and International Standards on Auditing, including those related to sustainability, within reasonable timeframes in accordance with the strategic directions issued by the FRC
- adequate post-implementation review processes to assess the effectiveness of new standards and guidance
- regular consultation processes to identify if further guidance is necessary for existing accounting, sustainability and auditing standards
- consulted appropriately before issuing new standards or guidance
- appropriate consultation mechanisms in place that include roundtables, targeted outreach, education sessions, webinars and relevant social media.

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Audit quality

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FRC's role on audit quality

Australia's legislative framework for audit is mainly set out in the *Corporations Act 2001* (Corporations Act). ASIC has key regulator responsibility for the regime, including for surveillance, investigation and enforcement of audit requirements.

The Corporations Act framework gives legal effect to the auditing standards developed by the AUASB. The auditing standards require auditors to adhere to relevant ethical standards issued by the APESB.

The FRC's functions under the ASIC Act include providing strategic policy advice and reports to the Minister and the Professional Accounting Bodies (PABs) in relation to the quality of audits conducted by Australian auditors. This advice may include advising and reporting on the Corporations Act audit framework, auditing standards or codes of conduct, and the quality assurance reviews, auditor disciplinary processes and education on professional ethics undertaken by the professional accounting bodies.

ASIC initiatives to support and review audit quality

ASIC oversees the integrity and quality of financial reporting and auditing in Australia. This includes the use of regulatory tools such as engagement, guidance, surveillance, and enforcement actions.

ASIC financial reporting and audit surveillance program

ASIC's financial reporting and audit surveillance program focuses on the entire financial reporting system. The program provides stakeholders with information about ASIC's surveillance to help improve financial reporting and audit quality. Since 1 July 2022, ASIC has routinely communicated audit findings to directors of audited entities. ASIC's Information Sheet 224 *ASIC audit surveillances* provides further information on ASIC's approach to financial reporting and audit surveillances.

2023–24 Surveillance program

In October 2024, ASIC published a report on its oversight of financial reporting and audit including findings from its surveillance program for the 12 months to 30 June 2024 (ASIC Report 799 *ASIC's oversight of financial reporting and audit 2023–24*).

ASIC reviewed 188 financial reports of Australian Securities Exchange-listed entities and other large unlisted entities including for the first time Registrable Superannuation Entities (RSE), selected using a risk-based approach, and 15 related audit files at 11 audit firms in the surveillance period. ASIC selected audit files for surveillance where a change had been made to financial information or the financial report or where ASIC had concerns that a financial report may have had a risk of material misstatement. This is because there is a strong link between problems in a financial report and problems with the quality of audit work undertaken on the financial report. ASIC also selected audit files based on other intelligence.

Following ASIC's review of the 180 financial reports, ASIC contacted 39 entities and raised 61 issues with them. Most of the issues related to disclosure in the operating and financial review, impairment testing, revenue recognition, and financial report disclosures. Of the 39 entities contacted, 14 explanations resolved the enquiries, and 25 entities amended their financial report or financial information in a subsequent reporting period. ASIC issued a media release about the entities that made amendments.

ASIC's audit surveillances for the 12 months to 30 June 2024 reported findings to 12 entities and 9 audit firms. Three of the 15 audit surveillances had findings from ASIC's audit surveillance and ASIC's surveillance of the entity's financial report. ASIC closed 3 audit surveillances with no findings. ASIC continues to have the largest number of findings on the audit of revenue and receivables and impairment of non-financial assets.

2024–25 surveillance program

ASIC published its focus areas for its 2024–25 program in May and December 2024:

- 24-101MR ASIC announces 30 June 2024 focus areas and expanded program to support financial reporting and audit quality
- 24-275MR ASIC highlights focus areas for 31 December 2024 financial reports.

ASIC's financial reporting and audit surveillance report for reviews conducted between 1 July 2024 and 30 June 2025 will be published in the second quarter of 2025–26.

Given 2024–25 was the first year that ASIC conducted a surveillance of RSE financial reports and audits, ASIC will publish a separate report on its RSE findings in the first quarter of 2025–26.

2025–26 surveillance program

ASIC published its focus areas for its 2025–26 program in May 2025 25–079MR ASIC announces financial reporting and audit focus areas for FY 2025–26.

In 2025–26, in addition to selecting audit files where a change has been made to financial information or the financial report or where ASIC had concerns that a financial report may have a risk of material misstatement, ASIC will also review a random selection of audit files from the regulated population. ASIC will also increase the number of audit files reviewed.

In 2025–26, ASIC will review sustainability reports for the first time. ASIC has published RG 280 *Sustainability Reporting* to assist entities to comply with their new reporting obligations.

ASIC surveillance on auditor independence and conflicts of interest

In addition to the financial reporting and audit surveillance, in 2024–25 ASIC also undertook a surveillance of how auditors are complying with their independence and conflicts of interest obligations under the Corporations Act. This was a data-driven surveillance that used internal and public data sources to engage with auditors at scale. The surveillance focused on auditor rotation requirements, relationships between current and former members of audit firms and audited companies, long associations, and the provision of non-audit services. ASIC will publish the outcomes of this surveillance by October 2025.

ASIC auditor enforcement activities

ASIC announced that company auditor misconduct is an enforcement priority for 2025. Examples of enforcement action finalised by ASIC during 2024–25 included:

- 2 auditors had their registration cancelled for deficient audits
- one auditor had their registration suspended for a deficient audit
- one auditor was admonished (noting they had previously undertaken not to practice as an auditor for 12 months) for their involvement as review auditor in a deficient audit.

Throughout 2024–25, ASIC has increased the number of company auditor investigations and applications it has brought to the Companies Auditors Disciplinary Board, which remain open.

ASIC stakeholder engagement

ASIC undertakes engagement with international and domestic stakeholders to discuss emerging issues and risks in the financial reporting and audit industry and collaborates with other regulators and government agencies to improve the quality of financial reporting and audit.

ASIC is a member of the International Organisation of Securities Commissions (IOSCO) and the International Forum of Independent Audit Regulators (IFIAR).

In March 2025, IFIAR released its thirteenth annual survey of results of its member regulators' inspections of audit firms affiliated with the 6 largest global audit firm networks. Similar to ASIC, IFIAR's areas with the highest level of findings included accounting estimates, including fair value measurement and revenue recognition.

Domestically, ASIC regularly liaises with professional accounting bodies and audit firms to discuss emerging accounting and auditing issues. ASIC also undertakes ongoing and regular engagement with the AASB and the AUASB on issues related to financial reporting and audit, including sustainable finance.

Professional accounting bodies

Each PAB conducts a review program to support the quality of audits and auditors in Australia. Each organisation's program is different, with complementary risk management, participants, and types of engagement. Accordingly, statistics gathered by each organisation may not be comparable. PABs also support their members to adhere to professional standards.

This section lists notable audit quality initiatives implemented in 2024–25.

CA ANZ

Audit quality initiatives

CA ANZ included the findings from its quality reviews in the CA ANZ Professional Standards, Regulation and Conduct Annual Report and the CA ANZ Annual Professional Standards Roadshow. These platforms allow CA ANZ to share insights and promote best practices.

A milestone was the approval of a new 5-year Professional Standards Scheme by the Professional Standards Council. The scheme is designed to elevate professional standards among members, including audit practitioners. By limiting financial risk to auditors, the scheme contributes to the attractiveness and sustainability of auditing as a profession.

CA ANZ expanded its review team by recruiting 8 additional reviewers to support an increased volume of reviews in the 2026 financial year and beyond.

CA ANZ continued to brief members on the quality review process, helping them better understand expectations and prepare effectively for their reviews.

In 2024, CA ANZ expanded the scope of reviews of large firms to cover all elements within a firm's system of quality management. This includes governance and leadership, professional standards and human resources. Enhancements to CA ANZ's review of large firms included:

- introducing more detailed guidance and checklists for reviewers to improve consistency and comparability of reviews
- expanding the scope of interviews and documentation to include areas such as firm culture, partner appraisals and remuneration, and processes for resolving contentious issues or partner disagreements
- making targeted inquiries into how firms identify and manage conflicts of interest
- assessing the firm's efforts to foster an ethical culture
- collecting evidence from other reviews or regulatory investigations to inform its assessments.

Over the past year, CA ANZ contributed to advancing audit and assurance practices, particularly in the context of sustainability and technology. A guide on materiality for sustainability assurance engagements was developed, featuring a practical case study that applied the ISSA 5000 materiality requirements to disclosures of scope 1–3 greenhouse gas emissions. This resource aims to support practitioners in navigating complex sustainability reporting frameworks.

In response to the evolving technological landscape, CA ANZ and Association of Chartered Certified Accountants released the Audit and Technology Playbook. This practitioner-focused guide offers insights and strategies to help audit professionals adapt to emerging technologies such as artificial intelligence (AI) and integrate them effectively into their workflows.

CA ANZ provided extensive input on audit quality and related matters to inform government consultations. Notably, CA ANZ contributed to Treasury's proposal to merge the AASB, AUASB and FRC. Additionally, it submitted evidence to the ANAO's performance audit that assessed the effectiveness of ASIC's regulation of registered company auditors.

Audit quality

Engagement with professional accountants was a priority, with outreach efforts supporting submissions on consultations by local and international auditing standard setters. These efforts focused on shaping the assurance, and ethics and independence requirements for sustainability, ensuring that practitioner perspectives were well represented.

CA ANZ undertook a dedicated research program to explore trends and issues impacting audit quality. This included studies on investor confidence in audited financial statements and trust in auditors, and the frequency and nature of key audit matters, providing insights to guide future policy and practice.

A large-scale training initiative to enhance audit quality culminated in an annual conference attended by over 3,000 participants. The event featured presentations from regulators, policymakers, standard-setters, and audit firms, fostering dialogue and professional development.

To support auditors in navigating changes to standards and the economic environment's impact on audit quality, CA ANZ provided biannual Assurance Essential Guides and webinars.

CA ANZ disseminated developments from standard setters and regulators through a fortnightly technical newsletter, reaching over 20,000 subscribers.

CA ANZ facilitated monthly dialogues among stakeholders – including ASIC, ACNC, AASB, AUASB, APESB, and audit firms – to address technical matters central to audit quality.

CPA

The CPA Australia Best Practice Program supports members in public practice, while also ensuring the highest professional and ethical standards are maintained. The Program's assessments are designed to ensure CPA Australia's public practice certificate (PPC) holders who provide public accounting services in Australia and New Zealand:

- have implemented a system of quality management
- adhere to professional and ethical standards
- continue to meet the CPA Australia by-law requirements relevant to PPC holders.

Members who provide audit and assurance services have their working papers assessed to ensure they provide sufficient and appropriate evidence that supports the audit report.

CPA Australia uses insights from assessments and member queries to provide practice support for all its members to promote compliance and the delivery of high-quality public accounting services. Common assessment findings are shared with members to inform and educate as well as promote proactive self-review and access to CPA's tools and resources. This information is provided in the CPA Australia 2024 Professional Standards Report.

During the year, CPA Australia provided written submissions to Australian and international standard-setters to support development of high-quality auditing and independence standards. CPA Australia maintained regular engagement with stakeholders, including government, standard-setters and regulators, to help uphold and enhance audit quality in Australia. This includes contributing informal feedback to government agencies through soft consultations on emerging issues.

Notable formal submissions during the reporting period included CPA's response to Treasury's consultation on Positioning Australia's Financial Reporting System for the Future, and CPA's submission to the ANAO on ASIC's regulation of registered company auditors.

CPA Australia continues to support members by developing practical resources such as guides, webinars, podcasts, *InPractice* content, and *INTHEBLACK* articles, to assist members in their roles as auditors. CPA is soon to release an updated online ASQM 1 tool, which will step members through their risk assessment against quality objectives and assist in evidencing monitoring activities. Further enhancements will provide templates for related policies and procedures.

IPA

IPA undertook extensive revision of member tools, resources and guidance, and added new resources to improve compliance with rules, regulations and standards. This included ASQM 1,¹ APES 320² and APES 325,³ covering quality management for firms that perform audits or reviews of financial reports, other assurance services and risk management. IPA focused on providing smaller practices with more practical and accessible tools and resources specifically designed for a smaller practice. IPA has a system of continuous improvement to ensure that tools, resources and guidance remain current and practical.

Further improvements resulted from feedback from over 2,000 members, which led to enhancements in the presentation of tools, resources and guidance. This included more specialised focus depending on the size of the practice, including sole practitioners. This led to a reduction in the number of member queries and noncompliance in completing the Quality Review Program.

¹ ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*.

² APES 320 *Quality Management for Firms that provide Non-Assurance Services*.

³ APES 325 *Risk Management for Firms*.

Audit quality

IPA developed a new risk management training course, which encompasses areas of practice including audit and assurance engagements, provided online and in-person.

Registered company auditors and registered self-managed super fund (SMSF) auditors are subject to the Quality Review Program every 3 years. IPA has now completed 2 full cycles for these members.

IPA members voted in favour of constitutional changes to implement the recommendations from the Professional Conduct Review. These changes and the consequent by-law changes are designed to raise the IPA's complaints and disciplinary system and processes to best-practice levels.

The results of IPA's, CA ANZ's and CPA Australia's programs are summarised in Tables 4.1 and 4.2.

Table 4.1: Outcomes of review programs – quality assurance reviews of audit firms

	IPA ^a				CA ANZ ^b				CPA Australia ^c			
	2023–24		2024–25		2023–24		2024–25		2023–24		2023–24	
Satisfactory / fully compliant	No. 23	85%	No. 23	61%	No. 199	81%	No. 118	80%	No. 58	44%	No. 82	65%
Corrective actions required	No. 4	15	No. 0	0%	No. 44	18%	No. 27	19%	No. 73	56%	No. 44	35%
Minor corrective actions required	N/A	N/A	No. 4	11%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Major corrective actions required	N/A	N/A	No. 11	28%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory / disciplinary action required	No. 0	0%	No. 0	0%	No. 1	1%	No. 2	1%	No. 0	0%	No. 0	0%
Total	No. 27	100%	No. 38	100%	No. 244^d	100%	No. 147^d	100%	No. 131	100%	No. 126	100%

Notes:

- (a) The IPA classifies member QRP outputs into compliant, minor non-compliance or major non-compliance. The non-compliances reported in Tables 4.1 and 4.2 have been divided into these categories. The results are inputted into the IPA's risk management framework and processes, with some members being reviewed more frequently.

The QRP assesses compliance with the professional and ethical standards promulgated by APESB, including APES 320 and 325, as well as IPA's Constitution and By-Laws, and the requirements of the Professional Standards Legislation.

The QRP is conducted at an individual member level, compliant with International Federation of Accountants (IFAC) Statement of Membership Obligations (SMO) 1 *Quality Assurance*. Members of the same practice may be assessed simultaneously. Entity Members are assessed as an entity at a later stage

Table 4.1 reports the QRP results for practices with 2 or more partners and Table 4.2 reports the QRP results for single partner practices.

Corrective actions required are further divided into:

- Minor – which relates to matters such as scheme disclosed in correspondence and website, CPD shortfall that are less than 10 hours, PI insurance.
 - Major – which relates to matters such as CPD shortfall of more than 10 hours, APES 230, APES 320, APES 325 and the ASQM 1 Manual.
- (b) CA ANZ's review program assesses whether a firm has implemented an appropriate system of quality control as set out in APES 320 *Quality Management for Firms that provide Non-Assurance Services*; and ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* and antecedent standards.
- (c) The CPA Australia Best Practice Program during 2024–25 did not lead to an outcome that results in a re-review/non-compliance. The numbers disclosed in this category represent members with high-priority audit findings. Assessments classified as satisfactory/fully compliant refer to members for whom the findings have resulted in moderate- or low-rated recommendations for improvement.
- (d) CA ANZ's review of these 147 practices included the work of 204 individual members who complete audit engagements and 264 audit files. While the number of audit practices reviewed is less than 2024, the total number of reviews for all types of practices completed, 381 is consistent with 2024.
- (e) Results may differ because the professional accounting bodies use different ways to categorise the statuses of 'satisfactory' or 'requires review'. As such, this would affect direct comparability between the bodies' results.
- (f) CPA Australia does not discipline firms, it disciplines members. Therefore, the results this year are zero and not reflective of last year's data, which included firms being referred to the Professional Conduct Unit for non-engagement, rather than firms that were subject to disciplinary actions. These numbers are no longer included in this annual report.

Table 4.2: Outcomes of review programs – quality assurance reviews of individual members^a

	IPA ^b		CPA Australia ^c	
	2023–24	2024–25	2023–24	2024–25
Satisfactory / fully compliant	63%	65%	39%	65%
Requires re-review / non-compliant	37%	0%	60%	34%
Minor corrective actions required	N/A	5%	N/A	N/A
Major corrective actions required	N/A	30%	N/A	N/A
Unsatisfactory / disciplinary action required	0%	0%	1%	1%
Total	100%	100%	100%	100%

Notes:

- (a) CA ANZ review program completes quality assurance reviews based on firms, not individual members. Inclusion of individual members is in Table 4.1.
- (b) See note 1 to Table 4.1.
- (c) See note 3 to Table 4.1.

The FRC will continue asking the PABs for updates on their audit quality initiatives, as well as their review processes and outcomes. Access to this information better positions the FRC to identify and advise on the processes used by the PABs for audit quality assurance and auditor discipline. It also better positions the FRC to advise on potential gaps and overlaps in auditor disciplinary responsibilities within the broader financial reporting and regulatory regime.

5

FRC Nominations Committee

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FRC Nominations Committee members

As at 30 June 2025, the FRC Nominations Committee comprised FRC members Rachel Grimes (Chair), Andrew Mills (ex officio), Keith Kendall, Doug Niven and Pru Bennett.

Operations of the FRC Nominations Committee

In 2024–25, the FRC Nominations Committee:

- reviewed the composition of, and criteria for appointment to, the AASB and the AUASB
- made recommendations to the FRC for the appointment of members to the AASB and AUASB
- reviewed the succession needs of the AASB and AUASB
- considered and reported to the FRC on the performance of the AASB and AUASB members including through peer review
- recommended changes to the Nominations Charter to the FRC and effectively streamlined nominations processes.

Appointment of members to the AASB and AUASB

In 2024–25, the FRC Nominations Committee recommended the following appointments and reappointments to the AASB and AUASB. These recommendations were accepted by the FRC.

AASB

- Rebecca Gordon (appointment commenced 1 January 2025)
- Sean Osborn (reappointment commenced 22 February 2025)

AUASB

- Klynton Hankin (reappointment commenced 1 January 2025)
- Jennifer Travers (appointment commenced 1 January 2025)
- Joanne Lonergan (reappointment commenced 1 January 2025)
- Marilyn Gwan (appointment commenced 22 February 2025)

Attendance at FRC Nominations Committee meetings

The FRC Nominations Committee held 2 meetings in 2024–25. Members’ attendance is in Table 5.1.

Table 5.1: FRC Nominations Committee meeting attendance in 2024–25

Member	Number of eligible meetings attended
Rachel Grimes (Chair)	2 of 2
A Mills (ex officio)	2 of 2
D Niven	2 of 2
K Kendall	2 of 2
P Bennett	1 of 2

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FRC Public Sector Advisory Group (PSAG)

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FRC Public Sector Advisory Group (PSAG)

The FRC monitors financial reporting and auditing issues relevant to the public sector through its FRC PSAG. The group comprises members of the FRC and public sector.

As of 30 June 2025, the PSAG members were:

- **Amy Fox** – Department of Finance – First Assistant Secretary
- **Keith Kendall** – Chair of AASB
- **Doug Niven** – Chair of AUASB
- **Andrew Greaves** – ACAG representative
- **Sean Osborn** – NSW Treasury representative
- **Lasantha Samaranayake** – Department of Finance – Assistant Secretary

The FRC would like to thank Jane Meade of the ANAO who contributed as the ACAG representative to PSAG from its inception until April 2025.

PSAG focus areas for 2024–25

- Talent attraction and retention in the public sector
- Public sector sustainability reporting
- Audit quality and audit themes in the public sector
- Application of accounting standards to local government entities

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FRC membership

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FRC members

Members of the FRC are appointed on a part-time basis by the Minister.

The FRC was constituted by a Chair and 8 other members during the reporting year.



Mr Andrew Mills
Chair

Experience

- Andrew has over 40 years experience in senior commercial, accounting and legal practice, government and academic roles. He is Chair of the Independent Planning Commission (NSW), member of the External Reporting Board (NZ) and of the Board of Taxation among other governance roles. Andrew is also a Principal Fellow of the University of Melbourne Law School.
- Previously, Andrew served as Second Commissioner of Taxation at the ATO. He was also a Director-Partner at Greenwoods & Freehills for over 20 years, including Managing Director of the firm between 2006 and 2011 and has held senior roles in the financial services industry.
- Andrew has a Bachelor of Business, a Master of Laws and a Graduate Diploma in Tax Law. He is also a Graduate Member of the Australian Institute of Company Directors, a Fellow of CPA Australia, a Fellow of the Governance Institute of Australia, and a Chartered Tax Adviser (Life).



Ms Amy Fox
Member of the FRC

Experience

- Amy is a First Assistant Secretary at the Australian Government Department of Finance. She has over 2 decades of experience in various roles including at the Department of Agriculture, Fisheries and Forestry, the Australian National Audit Office, and as a consultant to the World Bank.
- Amy holds a Master of Business Administration from Deakin University, is a fellow of Certified Practising Accountants (CPA), fellow of Chartered Accountants Australia and New Zealand and graduate of the Australian Institute of Company Directors.



Dr Keith Kendall
Member of the FRC

Experience

- Dr Keith Kendall joined the AASB as Chair in May 2020.
- Prior to his appointment, he was a Partner at Rigby Cooke Lawyers, a Victorian barrister, and a Senior Lecturer at La Trobe University. His experience across law, academia, accounting, and government (as a member of the Administrative Appeals Tribunal), allows him to bring a well-rounded perspective to the AASB's projects and strategic direction.



Ms Alison White
Member of the FRC

Experience

- Alison is the leader of the Accounting & Corporate Reporting team in Deloitte's Audit and Assurance division. She has over 26 years audit and accounting advisory experience in Australia, Hong Kong and South Africa, specialising in the resolution of complex accounting issues.
- Alison served as a member of the AASB and has recently completed her 6 year term as the deputy chair. She is also a member of the Business Combinations Project Advisory Panels of the AASB.
- Alison is a member of the Deloitte Global Expert Advisory Panel on Leases and the Property Council of Australia's National Accounting Roundtable.



Ms Michele Embling
Member of the FRC

Experience

- Michele has over 10 years experience as a Chair and Board Member for private, not for profit, and public sector entities.
- This includes current appointments as Chair of the External Reporting Board; Board member of Transpower New Zealand; and Toitū Tahua – The Centre for Sustainable Finance.
- Michele served as Chair of PwC in New Zealand from 2016 to 2020. She was Co-Chair of Champions for Change and Deputy Chair of Global Women from 2018 to 2020.
- Other Board roles include the Australian Financial Reporting Council and Deputy Chair of the University of Auckland's Business School Advisory Board.
- She is a fellow of Chartered Accountants Australia and New Zealand; and a former member of its Nominations and Governance Committee.



Ms Emma Herd
Member of the FRC

Experience

- Emma has 25 years experience in finance, sustainability, and nonfinancial reporting with specialisation in commercial climate change finance and investment.
- She is a Partner of Climate Change and Sustainability Services at Ernst and Young Oceania.
- Emma's previous roles include Chief Executive Officer of Investor Group on Climate Change; Environment Commissioner with the NSW Greater Cities Commission; and Head of Sustainability and Executive Director, Emissions and Environment at Westpac Institutional Bank.
- She is also currently Co Chair of the Australian Sustainable Finance Institute Technical Advisory Group; a member of the ASIC Consultative Panel, Queensland Land Restoration Fund Investment Panel, and the Green Building Council of Australia Green Star Advisory Committee.
- Emma is a former member of the Victorian Government Independent Expert Panel on Interim Targets, and former Board Member of the Carbon Market Institute.
- Emma's qualifications include a Bachelor of Asian Studies (Thai) (Hons) and United Nations Environment Programme Finance Initiative/United Nations Institute for Training and Research Climate Change: Risks and Opportunities for the Finance Sector certification.



**Ms Rachel Grimes
AM**

Member of the FRC

Experience

- Rachel has over 30 years experience specialising in the financial services sector after which time she has focused on non Executive Director roles.
- In 2011, Rachel was appointed President of the Institute of Chartered Accountants Australia and was the President of the IFAC – the global organisation for the accountancy profession from 2016 to 2018. Rachel is a non executive Director on ASX-listed Boards including HUB24 and Platinum.
- Rachel is also a Director on Australian Payments Plus, Angus Knight and the Accounting Professional and Ethical Standards Board and serves as the Chair of the Finance and Risk Committee for Surfing Australia. Rachel has a Bachelor of Business in Accounting from the University of Technology Sydney.
- Rachel was appointed as a Member in the General division for significant service in the field of accountancy and to professional associations.



Ms Pru Bennett

Member of the FRC

Experience

- With over 30 years experience, Pru is a Partner at Brunswick Group and Chair of the National Foundation for Australia China Relations.
- Pru is a council member of the Asian Corporate Governance Association, and a member of Deakin University Integrated Reporting Centre Advisory Board. Pru is a former director of the Global Compact Network Australia, a former member of the Monetary Authority of Singapore's Corporate Governance Advisory Committee. She is a Fellow of Chartered Accountants Australia and New Zealand, a graduate of the Australian Institute of Company Directors, and has a Bachelor of Commerce from the University of New South Wales.



Mr Doug Niven
Member of the FRC

Experience

- Doug Niven joined the AUASB as Chair in September 2023 and was acting Chair from July 2023.
- Doug has more than 40 years of experience in financial reporting and audit. He worked at Deloitte Touche Tohmatsu for 15 years, where he audited companies in the financial services sector and other industries. He joined ASIC as Deputy Chief Accountant in 1998 and was ASIC's Senior Executive Leader, Financial Reporting and Audit, from 2008 to 2020, and Chief Accountant from 2020 to 2023.
- Doug was responsible for ASIC's financial reporting surveillances and audit inspections, ASIC's strategy and policy on financial reporting, audit and periodic sustainability reporting, and digital financial reporting. Doug represented ASIC externally on financial reporting and auditing matters.
- He was a member of the IOSCO Committee 1 on Accounting, Audit and Disclosure, the IOSCO Sustainability Reporting and Assurance Workstreams and the International Forum of Independent Audit Regulators.
- Doug is also a member of the IAASB/IESBA Stakeholder Advisory Council.

Transparency

In 2024–25 the FRC continued to allow members of the public to observe its meetings. Advance notices of meetings and minutes of the public session are published on the FRC website. This demonstrates the FRC’s strong commitment to transparency and stakeholder engagement.

Disclosure and conflict of interests

The FRC has processes to manage conflicts of interest of members. Members are required to disclose relevant interests on their appointment and at the commencement of FRC meetings. The FRC also maintains a register of interests.

Attendance at FRC meetings

The FRC held 4 meetings in 2024–25: September 2024, November 2024, March 2025 and June 2025. Members’ attendance is in Table 7.1.

Table 7.1: FRC meeting attendance in 2024–25

Member	No. meetings attended/No. eligible to attend
A Mills (Chair)	4 of 4
A Fox	4 of 4
A White	4 of 4
D Niven	4 of 4
E Herd	3 of 4
K Kendall	4 of 4
M Embling	2 of 3
P Bennett	4 of 4
R Grimes	4 of 4

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Other matters

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Communication and consultation

The FRC primarily communicates and consults with stakeholders and other interest groups via meetings and through its [website](#). Stakeholders are invited to prepare a stakeholder report for FRC meetings. A communique from each FRC meeting is published on the website and distributed to stakeholders. The website includes information about FRC members, minutes of meetings, published reports and procedural rules.

The FRC did not use its formal information gathering powers under section 225A of the ASIC Act in 2024–25.

The FRC thanks all stakeholders who supported its work by providing requested information and data.

Finances

In 2024–25, the Australian Government provided funding through the Treasury to support the FRC. The FRC's Secretariat is provided by staff members from Treasury's Markets Group. Expenditure and performance of the FRC's functions are included in Treasury's annual financial statements.

Information about the funding of the AASB and AUASB (including the sources of that funding) is included in the annual report of the AASB and AUASB.

Australian Public Service Net Zero 2030 – Public Reporting on Government Emissions

As a secondary statutory body, the FRC is not separately reporting on the emissions from its operations as part of the Australian Public Service Net Zero 2030 policy.

The FRC is accounted for as part of the emissions reporting in the 2024–25 Annual Report of the Department of the Treasury.⁴

⁴ Department of the Treasury, [Treasury Annual Report 2024–25](#), Part 5 – Appendices, Ecologically sustainable development and environmental performance.

Information Publication Scheme

Part II of the *Freedom of Information Act 1982* (FOI Act) requires Australian Government agencies to publish an Information Publication Scheme plan on their website. These plans must explain how the agency will meet its obligations to proactively publish information.

The FRC's Information Publication Scheme plan is on the home page of the [FRC's website](#).

Impact Analysis Statements

The FRC did not submit any Impact Analysis Statements in 2024–25.

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Glossary

AASB	Australian Accounting Standards Board
ACNC	Australian Charities and Not-for-profits Commission
ANAO	Australian National Audit Office
APESB	Accounting Professional and Ethical Standards Board
APRA	Australian Prudential Regulation Authority
APS	Australian Public Service
ARGA	Audit, Reporting and Governance Authority
ASIC	Australian Securities and Investments Commission
ASIC Act	Australian Securities and Investments Commission Act 2001
ASX	Australian Securities Exchange
AOSSG	Asian-Oceanian Standard-Setters Group
AUASB	Auditing and Assurance Standards Board
CA ANZ	Chartered Accountants Australia and New Zealand
CPA	CPA Australia
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
HoTARAC	Heads of Treasury Accounting and Reporting Advisory Committee
IAASB	International Auditing and Assurance Standards Board
IAP	Implementation Advisory Panel
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IOSCO	International Organisation of Securities Commissions
IPA	Institute of Public Accountants

IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
ISSA	International Standard on Sustainability Assurance
ISSB	International Sustainability Standards Board
NZASB	New Zealand Accounting Standards Board
NZAuASB	New Zealand Auditing and Assurance Standards Board
PABs	Professional Accounting Bodies
PIR	Post-implementation Review
PPC	Public practice certificate
PSAG	Public Sector Advisory Group
QRP	Quality Review Program
SMSF	Self-Managed Superannuation Fund
XRB	External Reporting Board of New Zealand

