



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 17 Sep 2025. The key matters considered and decided are outlined below:

Environmental Scan	- Members noted on the rapid growth of artificial intelligence (AI) tools in reporting and assurance. Members emphasised the importance of responsible deployment with strong governance to manage risks of data misinterpretation or misuse. - Members discussed the growing integration of sustainability and financial reporting, noting challenges in defining materiality. - Members noted a slowdown in new standard-setting with a greater focus on post-implementation reviews, governance, and culture.
FRC Stakeholder Engagement Strategy	- Members reviewed the draft stakeholder engagement strategy, supporting the approach of engaging through roundtables and one-on-one meetings. It was agreed to discontinue requests for written stakeholder reports at future meetings. - The FRC Secretariat will include other FRC members in upcoming roundtables and consult members on relevant stakeholder groups.
AASB and AUASB	The AASB Chair provided a verbal update on the AASB’s work: - The AASB lodged a submission on the ISSB Exposure Draft regarding amendments to Greenhouse Gas Emissions Disclosures. - AASB S2 Climate-related Disclosures remains a priority, with ongoing support for its implementation. - The AASB Chair and staff attended conferences in Fiji, Melbourne, and Solomon Islands, achieving positive engagement outcomes. The AUASB Chair provided a verbal update on the AUASB’s work: - The AUASB agreed to develop Exposure Drafts (EDs) proposing amendments to ASSA 5010, including a recommendation to allow early application of the assurance phasing requirements where an entity elects to prepare a sustainability report under the Act ahead of schedule. - The AUASB continues to develop the supporting guidance and education materials to support the implementation of ASSA 5000. - The AUASB issued guidance for auditors in the use of artificial intelligence (AI) tools on audit engagements. - The AUASB approved in-principle the revised ASA 240 <i>The Auditor’s Responsibilities Relating to Fraud in an Audit of a Financial Report</i>, subject to PIOB certification.
XRB	John Kensington highlighted AI’s productivity potential and the need for robust governance, including appointing an AI Champion.
Auditor Review Working Group report	Andrew provided an update from the 28 August 2025 meeting: - The working group discussed the demand and suitability of RCA Designation. Sustainability reporting was flagged as a growing pressure point increasing demand for RCAs. - The working group noted the exploration of alternative pathways and competency-based assessments. - The working group stressed the need for improved coordination between state, territory, and federal legislation.
Nominations Committee	- FRC members noted the appointment of Graeme Pinfold effective September 2025. - FRC members agreed to extend the appointments of 5 AASB members and 4 AUASB members.

The next FRC meeting is scheduled to be held in Sydney on 10 December 2025

