

# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **5(b)(iii)**  
**Meeting Date:**               17 April 2018  
**Subject:**                     Financial Reporting and Assurance Frameworks  
**Date Prepared:**             9 April 2018

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. To seek input/clarification from the AUASB in relation to the next steps of the Financial Reporting and Assurance Frameworks Strategic Project. The key outcome of this discussion, will be determining the project objectives and scope which will allow a clear list of action items to be developed. The Board discussion will occur during agenda item 5(b)(iii) at the April AUASB 2018 meeting.

## Background

2. The AUASB committed in their strategic plan to working together with the AASB on the financial reporting framework project currently being undertaken by the AASB. The AASB project aims to develop objective criteria to determine which entities should be required to prepare and lodge financial statements, what should be included in those financial statements and the appropriate assurance requirements that would apply to those statements.
3. The initial focus of this project has been on the not-for-profit private sector in Australia, in particular charities registered with the ACNC. The narrow focus was in response to the ACNC legislative review by the government which was legislated to occur after the first five years of operation. The review was officially announced and began in December 2017.
4. So far, the AUASB Technical Group has contributed to two AASB papers published in 2017, a research report and a consultation paper on the Charities/Not-for-profit private sector. The AUASB Technical Group and Chair also participated in outreach conducted by the AASB following the publication of the documents to obtain stakeholder input on the issues raised.
5. In addition to the participation in outreach and contribution to documents, the AUASB Technical Group prepared a submission to the ACNC Legislative Review. The submission highlighted areas of inconsistency and/or duplication between sections of the ACNC Acts and the requirements of the applicable assurance standards. A holistic review of the assurance requirements in the ACNC Act was recommended.
6. In 2018, the AASB has expanded the project to prepare similar documents for the Public and For-profit sectors. The AUASB Technical Group has continued to assist the AASB with this project and contributed to auditing and assurance elements of the draft research reports developed by the AASB for the public and for-profit sectors.

## **What we know is happening**

7. As outlined in the background, the AASB has expanded their project to prepare documents for the Public and For-profit sectors, which will be followed by outreach. In relation to the public sector segment of the project, the AASB has presented a high level summary of findings to the Australasian Council of Public Accounts Committees (ACPAC) mid-term meeting. It is expected that the Public sector research report and discussion paper will be published by the end of April 2018.
8. In addition to the work being undertaken as part of the AASB's financial reporting framework project, the AASB has further progressed their Revised Conceptual Framework project. The AASB will soon publish a discussion paper and begin outreach to discuss options for replacing special purpose financial reports (SPFR) as a result of the conflicting use of reporting entity in the IASB's revised conceptual framework. Adopting the IASB's conceptual framework and removing the Australian notion of Reporting Entity will mean that when an entity is required to prepare a financial report in accordance with accounting standards, SPFR will no longer be an option available.

## **AUASB Discussion**

9. To move the project forward, three key areas need to be discussed and agreed upon from the AUASB's perspective:
  - a) What is the objective/s of the project;
  - b) Based on the objective/s, what is the scope of the project; and
  - c) Based on the objective/s and scope, what are the key actions/milestones for the project to allow it to be progressed and how do we measure success?
10. The attached paper Agenda Item 5(b)(iii) Briefing Paper – Financial Reporting and Assurance Framework provides discussion points for each of the items listed in paragraph 9 above.

## **Material Presented**

Agenda Item 5(b)(iii)	AUASB Board Meeting Summary Paper
Agenda Item 5(b)(iii)	Briefing Paper – Financial Reporting and Assurance Framework
Agenda Item 5(b)(iii)	A guide for funding organisations

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## **Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Agree upon objectives, scope and action items for the project	Board action points and deliverables	AUASB and Technical Group	18 April 2018	o/s

<b>No.</b>	<b>Action Item</b>	<b>Deliverable</b>	<b>Responsibility</b>	<b>Due Date</b>	<b>Status</b>
2	Strategic Project Outline	Preparation and presentation of outline based on discussion at April meeting	AUASB Technical Group	13 June 2018	o/s