



COLIN'S

CORNER

## Never a quiet moment

While most of us are buried deep in the 30 June reporting season, much is happening that will soon require your attention.

Climate-change legislation has been passed, the relevant accounting standards are imminent, and a specific assurance standard is shortly to be released.

As accountants and auditors, there is much to do. We need to develop our core competencies, design systems and internal controls, determine policies and procedures, design reporting templates and provide the required level of assurance. To name but a few.

While the focus will be on domestic legislation, standards, and risks, some are likely to be affected by the requirements of overseas jurisdictions or caught up in a supply chain of a larger company. Make sure that these are on your radar.

As well as ongoing developments, we also need to remain alert about the requirements of state and territory governments.

ASIC has a laser-like focus on 'greenwashing' – you have been warned.

Climate-change reporting intersects with financial reporting. We have a timely reminder with an IFRIC agenda decision and examples of how companies might apply international standards when reporting on the effects of climate-related and other uncertainties on their financial statements.

Another significant piece of legislation is the *Crimes Legislation Amendment (Combating Foreign Bribery) Act 2024* that passed earlier this year. It significantly strengthens criminal offences on foreign bribery. The federal government has released a new guide to assist corporations to implement effective anti-bribery compliance programs.

ASIC is suing the ASX for alleged misleading statements regarding its CHESSE replacement project. This is likely to have ripple effects on corporate governance and how listed entities communicate to the market.

Data breaches are now relatively common. Not only do they affect an individual's privacy but can result in reputational damage, significant fines, legal action, and corporate demise. Be on guard.

Audit quality is a global concern. As we await ASIC's latest audit surveillance, it is helpful to look at NZ FMA plans to improve quality and results of the UK FRC's annual enforcement review.

In our upcoming 12-session GAAPinar series we discuss many of these developments. Please join us.

## INSIDE THIS ISSUE



FINANCIAL REPORTING

- New financial-reporting obligations for RSE
- Financial-instruments standards amended
- CA ANZ releases latest financial-performance benchmarks
- Accounting for climate-related commitments
- Proposed improvements on climate-related reporting
- Narrow-scope amendments approved



SUSTAINABILITY REPORTING

- Climate-change laws pass
- Roadmap help on climate-related disclosures
- Nature-related financial disclosures FAQs
- Court fines Mercer Super for greenwashing
- ASIC acts on greenwashing
- NZ guides explain climate statements



GOVERNANCE

- Guidance on preventing foreign bribery



REGULATORS & LEGISLATORS

- ASIC sues ASX for alleged misleading statements
- APRA publishes corporate plan
- Consequences of MediSecure data breach



ASX

- ASX deadlines for periodic reports



ETHICS

- Report into fighting corruption



AFSL

- AFS licence suspended for non-lodgement



AUDIT

- CEDS guidance released
- NZ FMA plans to improve quality
- UK FRC publishes annual enforcement review
- AUASB reports on 'other information'
- Research on assurance choices for charities



INSIDE GAAP CONSULTING

- GAAPinar series registrations open
- More training riches on demand
- How we can help



## FINANCIAL REPORTING

### New financial-reporting obligations for RSE

Superannuation trustees are now required to lodge audited financial reports for funds within three months of the end of each fund's financial year.

Fees will be incurred for late lodgement. For most funds, the deadline was 30 September.

Audited financial reports must include financial statements and notes, directors' declaration, and auditor's and director's reports, including remuneration disclosures.

Under the *Treasury Laws Amendment (2022 Measures No. 4) Act 2023* the new obligations came into force on 1 July last year, extending financial reporting and auditing obligations under Chapter 2M of the *Corporations Act 2001* to most registrable superannuation entities.

Signing off on financial reports is a key duty of a director. High-quality financial reporting drives a culture of strong financial discipline, effective management and control of fund assets, and supports public confidence in superannuation.

Trustee directors are required to take all reasonable steps to comply with, or to secure compliance with, financial record-keeping and reporting obligations under Part 2M.2 and 2M.3 as well as the auditor independence obligations under sections 324DAA, 324DAB or 324DAC.

The reforms also promote greater transparency by requiring trustees to make fund financial reports publicly available on websites and by giving the Australian Securities & Investments Commission the power to enforce compliance with accounting and auditing standards as it does with other entities of economic significance (for example, listed companies).

A new space on ASIC's regulatory portal accepts report lodgements. To reduce the burden for trustees and auditors, ASIC has worked with the Australian Prudential Regulation Authority to facilitate a single lodgement point.

Trustees may lodge compliance reports required under APRA's prudential standard SPS 310 *Audit and Related Matters* at the same time as their audited financial reports. Once lodged, audited super-funds financial reports will be publicly available free of charge on ASIC's website.

Trustees will be subject to increased scrutiny on the quality of their financial reports. This year, ASIC's financial reporting and audit surveillance program will be reviewing them for the first time.

Where there are significant disclosure deficiencies, the fund will be subjected to surveillance. Auditors will also be subject to increased scrutiny.

### Financial-instruments standards amended

The Australian Accounting Standards Board has issued AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*. It amends AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments*.

The standard amends requirements on:

- Settling financial liabilities using an electronic payment system, and
- Assessing contractual cash-flow characteristics of financial assets with environmental, social and corporate governance, and similar features.

It also amends disclosure requirements on investments in equity instruments designated at fair-value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate direct to basic lending risks and costs.

AASB 2024-2 applies to annual periods beginning on or after 1 January 2026.

### CA ANZ releases latest financial-performance benchmarks

Chartered Accountants Australia & New Zealand has launched the fourth set of annual benchmark and research-insight reports on the financial performance of Australian and New Zealand listed entities.

Reports are intended to help directors and auditors compare the performance of an entity with its peers. They reveal industry trends and pinpoint areas of financial reporting that could be improved.

Jurisdiction-specific, the reports provide benchmarks of various measures compared with global counterparts. Benchmarks are categorised into high, normal, and low values based on data from two periods – 2015 to 2022, and 2023.

They include benchmarks for each Global Industry Classification Standards sector. For Australia these are further divided into four size categories – large, medium, small, and micro.

The benchmarks can:

- Compare an entity's overall competitiveness, efficiency, and productivity
- Identify areas that need improvement
- Assess the integrity of financial reporting by comparing key estimates against industry peers
- Analyse past performance risks, capital structure, and investment decisions
- Assist in organising plans, budgets, forecasting and valuations, and
- Discover how companies stack up against businesses worldwide.

### Accounting for climate-related commitments

A new International Financial Reporting Interpretations Committee decision *Climate-related Commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets)* clarifies how accounting standards apply to certain climate-related statements.

Three questions need to be considered:

- Does the commitment create a constructive obligation?
- If so, should a provision be recognised for the constructive obligation? and
- If a provision is recognised, does it result in a corresponding asset or expense?

The committee concluded that existing accounting standards provide an adequate basis to determine how to account for climate-related commitments. It decided not to begin a standard-setting project on the matter.

The committee responds to questions about the application of international accounting standards to support consistent application. Agenda decisions do not add or change the requirements in international standards, but any explanatory material included may provide new information on how to apply a standard(s) for a specific transaction or fact pattern.

## Proposed improvements on climate-related reporting

The International Accounting Standards Board has published eight examples of how companies might apply international standards when reporting on the effects of climate-related and other uncertainties in their financial statements.

The IASB has developed the examples in response to demand from stakeholders, particularly investors. The latter expressed concerns that information about climate-related uncertainties in financial statements was sometimes insufficient or appeared to be inconsistent with information provided outside the financial statements.

To respond to these concerns, the proposed examples aim to:

- Improve transparency of information in financial statements, and
- Strengthen the connection between financial statements and other parts of a company's reporting, such as sustainability disclosures.

The hypothetical examples focus on areas such as materiality judgements, disclosures about assumptions and estimation uncertainties, and disaggregation of information. The principles and requirements they illustrate apply equally to many types of uncertainties.

IASB chair Andreas Barckow said: 'Investors have clearly communicated that they factor climate-related risks into their decision-making process. Although our accounting standards already address such risks, we have identified a need for illustrative examples to improve [their] application [...]'.

The examples do not add to or change the requirements in International Financial Reporting Standards. Instead, they provide guidance on how standards' requirements should be applied to provide investors with better information about climate-related risks and other uncertainties.

## Narrow-scope amendments approved

The IASB has issued narrow amendments to IFRS standards and accompanying guidance as part of its regular maintenance.

Amended standards are:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*
- IFRS 7 *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*
- IFRS 9 *Financial Instruments*
- IFRS 10 *Consolidated Financial Statements*, and
- IAS 7 *Statement of Cash Flows*.

The amendments are effective for annual periods beginning on or after 1 January 2026, earlier application permitted.

Australian and New Zealand amendments will follow.



## SUSTAINABILITY REPORTING

### Climate-change laws pass

The *Treasury Laws Amendment (Financial Market Infrastructure and other measures)* bill passed the senate and made two significant reforms: mandatory climate-reporting requirements for big companies, and new regulatory powers to protect financial-market infrastructure in the event of a crisis.

The new laws establish Australia's climate-risk-disclosure framework, introducing standardised reporting for businesses to ensure that they make high-quality climate-related disclosures.

The Australian Accounting Standards Board will soon issue internationally aligned standards.

The reforms provide investors and companies with the clarity and certainty they need to support a net-zero transformation and further strengthen Australia's reputation as an attractive destination for international capital.

Reporting requirements begin on 1 January for Australia's biggest listed and unlisted companies. Financial institutions and other big businesses will be phased in over time.

Join Carmen Ridley and Colin Parker as we continue the journey on climate-change developments in **GAAPinar No.4** on Thursday 14 November *New legislation and AASB standards on climate-risk disclosures.*

### Roadmap help on climate-related disclosures

To help finance professionals to prepare for mandatory climate-related disclosures, CA ANZ and a large accounting firm have collaborated to launch a practical roadmap.

*Navigating the Australian climate-related financial disclosure landscape* details who has to report as well as essential activities entities need to undertake to assist in meeting disclosure requirements.

### Nature-related financial disclosures FAQs

Internationally and domestically, a focus on nature-related disclosures is growing. The Taskforce for Nature-related Financial Disclosures released its recommended disclosures in September last year.

The European Union's Corporate Sustainability Reporting Directive already includes standards that involve nature.

Many jurisdictions committed to the Kunming-Montreal Global Biodiversity Framework, which includes a target for big business to report on nature, and the International Sustainability Standards Board have decided to research biodiversity, ecosystems, and their services. There have also been local legal opinions addressing nature in the context of director's duties.

The Governance Institute of Australia and CA ANZ have released *Nature-related Financial Disclosures FAQs* to keep members ahead of the curve. Issues covered include the importance of nature for business, nature-related financial disclosures, director obligations and greenwashing.

### Court fines Mercer Super for greenwashing

In a landmark ASIC case, the Federal Court has ordered Mercer Superannuation (Australia) Ltd to pay an \$11.3 million fine after it admitted to making misleading statements about the sustainable nature and characteristics of some of its superannuation investment options.

ASIC deputy chair Sarah Court said: ‘This was ASIC’s first greenwashing case brought before the Federal Court, a landmark case both for ASIC and for the financial-services industry. It demonstrates the importance of making accurate [environmental, social, and governance] claims to investors and potential investors.’

The court found that Mercer had made misleading statements on its website about seven ‘Sustainable Plus’ investment options offered by the Mercer Super Trust, of which Mercer is the trustee.

The statements marketed the ‘Sustainable Plus’ options as suitable for members who ‘are deeply committed to sustainability’ because they excluded investments in companies involved in carbon-intensive fossil fuels, such as thermal coal. Exclusions were also stated to apply to companies involved in alcohol production and gambling.

The court found members who accepted the Sustainable Plus options had investments in companies involved in industries the website statements said were excluded, such as:

- 15 companies involved in the extraction or sale of carbon-intensive fossil fuels (including AGL Energy Ltd, BHP Group Ltd, Glencore PLC and Whitehaven Coal Ltd)
- 15 companies involved in the production of alcohol (including Budweiser Brewing Company APAC Ltd, Carlsberg AS, Heineken Holding NV and Treasury Wine Estates Ltd), and
- 19 companies involved in gambling (including Aristocrat Leisure Ltd, Caesar’s Entertainment Inc, Crown Resorts Ltd and Tabcorp Holdings Ltd).

‘Today’s matter is a strong example to the financial-services industry of the greenwashing action we will take. We will continue to monitor the market for ESG-related claims that cannot be validated by evidence to ensure the market is fair and transparent’, Ms Court added.

When handing down his decision Justice Christopher Horan said: ‘The contraventions admitted by Mercer are serious. They arose from failures by Mercer to implement adequate systems to ensure that ESG claims in relation to its superannuation products were accurate, and to monitor and enforce the application of any sustainability exclusions associated with such ESG claims.

‘[It] is vital that consumers in the financial-services industry can have confidence in ESG claims made by providers of financial products and services.

‘As is the case in many other industries, consumers may place great importance on ESG considerations when making investment decisions. Any misrepresentations in relation to ESG policies or practices associated with financial products or services, whether as an aspect of “greenwashing” practices or otherwise, undermines that confidence to the detriment of consumers and the industry generally.’

Mercer Super has agreed to pay ASIC’s costs.

ASIC also has legal actions against Vanguard Investments Australia and Active Super that involve greenwashing.

## ASIC acts on greenwashing

ASIC has made 47 regulatory interventions to address greenwashing misconduct over 15 months to 30 June, including two Federal Court proceedings and more than \$123,000 in fines.

The range of interventions, outlined in report 791 *ASIC’s interventions on greenwashing misconduct: 2023–2024* are aimed at stamping out misleading and deceptive conduct concerning sustainable finance-related products and services.

The report details findings, recommendations, and good-practice examples.

ASIC commissioner Kate O’Rourke said that combatting greenwashing was critical to maintaining trust in sustainable finance-related products and services.

‘Investors and consumers are entitled to accurate and reliable information so they can make informed and confident investment decisions’, she said.

‘Greenwashing claims mislead investors and consumers, and undermine confidence.

‘Where we’ve identified greenwashing misconduct, ASIC has intervened to protect investors and consumers and to maintain market integrity.’

The interventions between 1 April 2023 and 30 June included:

- Obtaining 37 corrective-disclosure outcomes by various entities
- Issuing eight infringement notices totalling more than \$123,000, and
- Beginning civil penalty proceedings against LGSS Pty Limited (Active Super) and Vanguard Investments Australia).

ASIC’s regulatory interventions related to:

- Insufficient disclosure on the scope of ESG-investment screens and methodologies
- Underlying investments that are inconsistent with disclosed ESG screens and policies, and

- Sustainability-related claims made without reasonable grounds or without sufficient detail.

ASIC’s greenwashing surveillance activities covered a broad range of sectors, including listed companies, managed funds, superannuation funds, and the wholesale green-bond market.

‘Our surveillance indicates there is ample room for improvement and we strongly encourage product issuers and their advisers to focus on the quality of disclosures and the data underpinning them’, said Ms O’Rourke.

‘Sustainability-related information, like any other, should be accurate, based on reasonable grounds and be easily understood by investors.’

ASIC urges entities to consider the report’s findings and recommendations and information sheet 271 *How to avoid greenwashing when offering or promoting sustainability-related products*. Report 763 *ASIC’s recent greenwashing interventions* also aims to reduce the risk of greenwashing.

The commission acknowledged significant changes ahead with the proposed introduction of mandatory climate-related financial disclosures for big businesses and financial institutions. Once the bill (see above) is enacted, information will be made available on the ASIC website.

ASIC stated that it will take a pragmatic and proportionate approach to the supervision and enforcement of the new regime.

Throughout the transition to the proposed mandatory climate-reporting regime, ASIC has stated that it will act to ensure that current disclosure and governance standards are maintained and that entities comply with their existing legal obligations, including the longstanding prohibition against misleading and deceptive conduct.

## NZ guides explain climate statements

The Financial Markets Authority and New Zealand’s External Reporting Board have jointly produced guides designed to help people understand climate-related disclosures and information in climate statements.

*What You Need to Know* is an overview of CRD for primary climate-statement users such as investors, lenders, and other creditors, journalists, and intermediaries who use or communicate climate-related information.

It includes information on:

- The purpose of disclosing climate-related information



- Key legislative requirements
- Key considerations and context about the information in climate statements, and
- The roles of the FMA, XRB and relevant government agencies.

*Navigating Climate Statements* is a more detailed explanation of information disclosed in climate statements.

Given that climate statements are new, the guide highlights the importance of topics such

as uncertainty, comparability, and context when evaluating and judging the information they contain.



## GOVERNANCE

### Guidance on preventing foreign bribery

The federal government has released a new guide to assist corporations to implement effective anti-bribery compliance programs.

The passage of the *Crimes Legislation Amendment (Combating Foreign Bribery) Act 2024* earlier this

year significantly strengthened Australia's criminal offences involving foreign bribery.

Under the new laws, corporations will be liable for foreign-bribery activities of employees, external contractors, agents, and subsidiaries, unless the company can demonstrate it had adequate procedures to prevent bribery.

The *Guidance on adequate procedures to prevent the commission of foreign bribery* is principles-based rather than a checklist and is designed to be used by corporations of all sizes in all sectors.



## REGULATORS & LEGISLATORS

### ASIC sues ASX for alleged misleading statements

ASIC has begun proceedings in the Federal Court against the ASX Ltd for allegedly making misleading statements related to replacement of its Clearing House Electronic Subregister System.

ASIC alleges that statements made in ASX announcements on 10 February 2022 saying that the project remained 'on-track for go-live' in April 2023 and was 'progressing well' were misleading.

The commission alleges that the statements implied that the project was tracking to ASX's announced plan and was on track to meet future milestones, including 'go-live' in April 2023.

It alleges that the representations were misleading and deceptive because, at the time of the announcements, the project was not tracking to plan and ASX had no reasonable basis to imply that the project would meet future milestones.

ASIC chair Joe Longo said: 'ASX's statements go to the heart of trust in the integrity of our markets. We believe this was a collective failure by the ASX board and senior executives at the time'.

Mr Longo said that ASX's 'CHES' replacement was a technology project of fundamental significance, replacing critical national infrastructure crucial to the operation of the Australian economy.

'Its critical importance was all the more reason ASX needed to ensure it told the Australian public the truth about how the project was tracking and whether it would be completed on time.

'We allege that the true state of affairs as at 10 February 2022 was that the project was not "progressing well", contrary to ASX's announcement.

'The delay and subsequent pause of the project in November 2022 caused significant cost to ASX and market participants who relied on assurances as to the progress of the project and scheduled go-live date.'

Mr Longo said that the CHES replacement must be managed effectively and transparently. Failure to do so could lead to a lack of confidence in Australia as a market to attract investment, he added.

ASIC is yet to determine the penalty it will seek for ASX's alleged contraventions.

### APRA publishes corporate plan

The Australian Prudential Regulation Authority has published its latest corporate plan outlining how it will maintain the strength and stability of Australia's banks, insurers, and superannuation trustees over the next four years.

In addition to APRA's strategic priorities, the latest plan incorporates – for the first time – APRA's annual policy and supervision and data priorities.

By combining the formerly separate publications, APRA seeks to enhance transparency and assist regulated entities to plan.

Among APRA's top priorities in 2024-25 are:

- Further strengthening bank capital and liquidity standards to reflect lessons learned from last year's global-banking turmoil
- Increasing minimum standards for operational resilience through the implementation of new prudential standard CPS 230 *Operational Risk*
- Raising industry standards on cyber-risk management
- Developing APRA's first system-stress test to model and assess interconnections across the financial system
- Lifting expectations of entities to consider the financial impacts of climate risk in decision-making
- Partnering with stakeholders to reduce the protection gap for household insurance, and
- Working with ASIC to ensure that superannuation trustees meet their requirements under the retirement-income covenant.

APRA chair John Lonsdale said the plan aimed to ensure the continued financial and operational resilience of APRA-regulated entities while also responding to new and heightened risks.

‘At a time of considerable geopolitical volatility and with an uncertain economic outlook, it’s vital that banks, insurers, and superannuation trustees are prepared for whatever potential challenges could arise’, he said.

‘Over the coming four years, APRA will step up its focus on operational and cyber-resilience to ensure our regulated entities are equipped to maintain critical financial services in a world that is becoming more interconnected and dependent on digital technologies.

‘In supervision, we will retain a close watch on risk culture and [...] management, with climate change and crisis preparedness to be areas of particular focus over the next year. As always, we will back up our approach with a strong appetite for taking enforcement

action where required to ensure that entities comply with the law and the community is protected.’

### Consequences of MediSecure data breach

MediSecure has told the Office of the Australian Information Commissioner that about 12.9 million people might have been affected by a cyber-security breach.

This is the biggest breach number notified to the OAIC under the notifiable-breaches scheme.

Former prescription-delivery provider MediSecure has issued a public statement outlining the types of personal information breached.

‘The size and scope of the personal information involved in the MediSecure breach today is a further reminder of the need for organisations to make protecting individuals’ personal information a top priority’, privacy commissioner Carly Kind said.

The OAIC has continued to make inquiries of MediSecure and its administrators since the data breach was notified.

Vaughan Strawbridge and Paul Harlond of FTI Consulting were appointed as voluntary administrators of MediSecure on 3 June and liquidators of Operations MDS Pty Ltd on 4 June. The appointments were required given the limited financial resources of MediSecure Ltd and Operations MDS Pty Ltd and the significant costs involved in responding to the cyber-security incident, first notified to the public on 16 May.



## ASX

### ASX deadlines for periodic reports

Listed entities and their auditors are reminded of deadlines for periodic reports:

- Preliminary final reports (June year-end) – Friday 30 August
- Statutory half-year financial reports (except mining-exploration entities) (December year-end) – Friday 30 August
- Statutory half-year financial reports for mining-exploration entities (December year-end) – Friday 13 September
- Statutory audited annual accounts (June year-end) – Monday 30 September
- Annual reports (June year-end) – Thursday 31 October for listed companies and Monday 30 September for listed registered schemes
- Quarterly reports for mining and commitments-test entities – Thursday 31 October, and

- An investment entity must also notify the net tangible assets of quoted securities within 14 days of the end of each month.

Listed entities are reminded that a failure to lodge relevant documents on time (that is, by close of the ASX market announcements office on the due date) will result in an automatic suspension of the entity’s securities under listing rule 17.5



## ETHICS

### Report into fighting corruption

The International Federation of Accountants, Institute of Chartered Accountants in England and Wales, and the Basel Institute on Governance have published *Integrated Mindset in Practice: Professional Accountants in Business and Anti-Corruption Compliance*.

The joint report offers practical guidance and actionable strategies to approach anti-corruption initiatives with an ‘integrated mindset’, encouraging company leadership

to view financial and sustainability data in an interconnected, holistic way.

It guides professionals – particularly accountants working in business – to apply this integrated approach to anti-corruption oversight and programs.

The report underscores the crucial role of governance in environmental, social, and governance, emphasising a commitment to an ethical culture of integrity and highlighting red flags in risk assessments.

Advocating for a ‘whole of business’ approach to anti-corruption, the report calls on professional accountancy organisations to encourage their members to fully embrace their role combatting corruption by:

- Recognising themselves as key anti-corruption stakeholders
- Supporting integrated thinking across their organisations, and
- Being champions of collective action.



## AFSL

### AFS licence suspended for non-lodgement

ASIC has suspended until 28 February the Australian financial services licence of Id Funds Management Limited.

Id Funds failed to meet its statutory audit and financial-reporting lodgement obligations for the financial years ending 30 June 2022 and 2023.

ASIC will lift the suspension earlier if Id Funds complies with its lodgement obligations. The commission might consider further action if Id Funds fails to comply with its obligations at the end of the suspension period.



## AUDIT

### CEDS guidance released

ASIC has released information sheet 284 *Consolidated Entity Disclosure Statement*, and the Auditing and Assurance Standards Board has released *Audit Implications of the Consolidated Entity Disclosure Statement*.

CEDSs are required in annual financial reports of public companies prepared under chapter 2M of the *Corporations Act 2001* from financial years commencing 1 July 2023.

*GAAP Training* has a recording of our pop-up GAAPinar *Consolidated Entity Disclosure Statement – It's New and Operative*. Now held on 25 July with Carmen Ridley and Colin Parker.

### NZ FMA plans to improve quality

The NZ Financial Markets Authority has released its *Auditor Regulation and Oversight Plan 2024-2027*.

The FMA has moved to annual monitoring of audit firms, rather than periodic reviews.

The plan sets out how the FMA aims to improve the audit quality of Financial Markets Conduct reporting entities by focusing on:

- Overall governance of audit firms and the culture modelled by its leadership
- Audit firms' internal and external audit-quality reviews
- How audit quality is considered in the performance assessment of staff and leaders

- How audit firms conduct root-cause analyses when assessing the underlying cause of audit-quality findings
- Plans to address findings from internal and external reviews and how it monitors effective implementation
- Compliance with the audit and assurance standards in key areas of audit files selected for review, and
- The performance of accredited bodies in executing front-line regulatory functions.

### UK FRC publishes annual enforcement review

The UK's Financial Reporting Council has published its sixth *Annual Enforcement Review*, providing a summary of activity for the year ending 31 March.

The review analyses high-profile cases concluded in the past year and draws out important themes and lessons. Among them are failures of audits' fundamental aspects such as objectivity and integrity, understanding the entity, audit planning and evidence, professional scepticism, and the approach to fraud risks.

The review also reports on case activity and numbers, timelines – with both key-performance indicators achieved this year against minimal headcount growth – and sanctions imposed.

Come along to **GAAPinar No.3** on Thursday 14 November when Colin Parker and Jessica-Anne Saayman will provide their insights into *Further audit-quality lessons for the audit team*.

### AUASB reports on 'other information'

The AUASB has issued 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*.

Using a sample of Australian listed companies' auditor's reports issued between 2017 and 2022, the findings offer insights into disclosure trends in the 'other information' section.

Based on the findings, the report provides recommendations to encourage further improvements in the quality and integrity of corporate reporting.

### Research on assurance choices for charities

The AUASB has issued research report 11 *State of Assurance Choices for Medium Sized Australian Charities* on the assurance choices made by a sample of medium-sized charities registered with the Australian Charities and Not-for-profits Commission for the 2018 reporting period.

It offers insights into the incidence of audits versus reviews and identifies possible assurance-quality concerns in review engagements.



## INSIDE GAAP CONSULTING

### GAAPinar series registrations open

Beginning on 7 November, our 12 new *GAAPinars* cover the very latest in auditing, financial and sustainability reporting, SMSF, and business risks. Ethical issues are discussed in several sessions.

Your favourites are back – ‘what’s new’, SMSFs insights, NFPs and charities round-up as well as year-end considerations. And the special focus, as always, is on changes and how they affect the upcoming reporting season.

New sessions focus on the recently released AASB 18 *General Presentation and Disclosure* – the foundation standard that you MUST know. And we’ll cover contemporary financial-reporting issues, including climate change and fraud.

We continue the journey on audit quality and group audits.

We also go back-to-basics with sessions on share-based payments, financial instruments, and Australian Financial Services Licences.

Let’s summarise the sessions and who should participate (right).

Many of the topics are inter-related, so it’s wise to participate in them all. But if you can’t manage that, choose the sessions that best fit your business. And, bearing in mind our *GAAPinars*’ reach, they offer huge value for money.

Series registration closes on **Thursday 24 October**, so register today and lock in the dates for you and your team.

### More training riches on demand

Looking for contemporary training in financial reporting, business risks, ethics, and auditing? Want to hear from the experts – Carmen Ridley, Chanelle Pienaar, Jessica-Anne Saayman, Stephen Newman, Shelley Banton, and Colin Parker?

Check out ‘on-demand’ sessions in *GAAP Training*’s extensive library of more than 110 topics.

Use the *GAAPinars* as a refresher and to bring new members up to speed.

More than 150 CPD hours are just a mouse-click away at [www.gaaptraining.com.au](http://www.gaaptraining.com.au).

Topics	Audit team members	Other public practitioners and their team members	Accountants in commerce, industry and NFPs
<b>Auditing</b>			
Further audit-quality lessons for the audit team	●		
Understanding the revised ASA 600 <i>Audits of a Group Financial Report (Including the Work of Component Auditors)</i> – Part 2	●		
An introduction to Australian Financial Services Licence regulatory requirements and audit guidance – Part 1	●		
Revisiting the fraud risk – governance and audit perspectives	●		
<b>Financial and sustainability</b>			
AASB 101 to AASB 18 <i>General Presentation and Disclosure</i> – the changes	●	●	●
Refreshing our understanding of share-based payments and employee benefits	●	●	●
Getting back to the basics of financial instruments – Part 1	●	●	●
<b>Self-managed superannuation funds</b>			
Contemporary SMSF compliance and audit issues	●	●	
<b>Business risks</b>			
What’s new with accounting, auditing, ethical standards, and the regulators?	●	●	●
New legislation and AASB standards on climate-change reporting	●	●	●
Latest NFP and ACNC developments and insights	●	●	●
Reporting and auditing considerations for 31 December reporters	●	●	●

### How we can help

As well as our advisory services on the interpretation of accounting, auditing, and ethics standards, *GAAP Consulting* can help you with:

**Financial reporting** – implementation of new and revised accounting standards, preparation of accounting policy position papers and pre-issuance reviews of financial statements

**Risk management** – quality-assurance reviews of audit files and risk-management systems (under auditing and ethical standards rules), engagement quality review and root-cause analysis services, help with enquiries from regulators and accounting bodies, and managing litigation risks

**Training** – face-to-face and web-based (*GAAPinars*) training on standards, legislative developments, and business risks as well as client briefings on contemporary issues. There is also an extensive library of *GAAPinars* ([www.gaaptraining.com.au](http://www.gaaptraining.com.au))

**Information services** – use of proprietary technical content from *GAAP Alert*, *Special GAAP Reports*, and *NFP Risks and Compliance* newsletters to enhance the brand awareness and expertise of existing and potential clients

**Improving communication skills** – we can help you to communicate better, editing and rewriting professionally your tenders, client communications, and internal manuals. They’ll be clearer, simpler, more powerful, and easier to read and to understand. We can also help you to prepare formal and informal talks, speeches, and seminars, and



**Whistleblowing service** – *ReportFraud* is a cutting-edge fraud-protection tool you need to have. It's designed to safeguard your organisation from fraud, bribery, and corruption 24 hours a day, seven days a week. It allows whistleblowers to report unethical activity safely and – most importantly – anonymously ([www.reportfraud.org.au](http://www.reportfraud.org.au)).

The *GAAP Consulting* members and their areas of expertise and locations are:

- **Colin Parker** (financial reporting, audit, ethics, and risk management) – Canberra
- **Carmen Ridley** (financial reporting and ethics) – Melbourne
- **Stephen LaGreca** (financial reporting, audit, and risk management) – Sydney
- **Chanelle Pienaar** (audit and risk management) – Brisbane
- **Jessica-Anne Saayman** (audit and risk management) – Brisbane

- **Shelley Banton** (self-managed superannuation funds) – Newcastle
- **Andrew Parker** (training, marketing, and event management) – Melbourne, and
- **Stephen Downes** (client communications) – Melbourne.

We use the services of Stephen Newman, corporate lawyer, Hope Earle, Melbourne, when matters have a legal aspect.

Contact Colin 0421-088-611 or [colin@gaap.com.au](mailto:colin@gaap.com.au).



**Colin Parker**  
*GAAP Consulting*

### Contact Us

Should you require any further information about the services provided or our team, please contact:

#### Colin Parker

Principal, *GAAP Consulting*  
Head of the GAAP Consulting Network  
Email [colin@gaap.com.au](mailto:colin@gaap.com.au)  
Mobile 0421 088 611  
Website [www.gaap.com.au](http://www.gaap.com.au)



— Sponsored by —

**ReportFraud**

**GAAP Consulting**

advice • training • risk management • information

This communication provides general information current at the time of release. It is not intended that the information provide advice and should not be relied on as such. Professional advice should be sought prior to actions on any of the information contained herein.