

FRC seeks new leader

The Australian Federal Government has failed to appoint any serving partner of a Big Four accounting firm to a post on the oversight body that looks after accounting standard setter, the Financial Reporting Council.

While there are three former partners of Big Four accounting firms there is no current serving partner – a legacy of the fact the Federal Government wanted to have a council that was independent of serving partners because of the oversight function.

It is understood nominations of serving Big Four partners were put forward by at least one of the two main professional accounting bodies, the Institute of Chartered Accountants in Australia and CPA Australia, and those nominations were rejected.

Former Big Four partners appointed include former Ernst & Young partner Lewis Ting and former PricewaterhouseCoopers partner, Elizabeth Alexander.

Ken Spencer, the member of the board of trustees of the International Accounting Standards Board, is a former partner of KPMG and he has been appointed to the council in order to formalise a relationship with the Australian oversight body.

“One of the appointments being announced today – that of Mr Ken Spencer – will not only add valuable expertise to the FRC but also achieve a formal connection between the FRC and its international counterpart, the International Accounting Standards Committee Foundation in the period leading up to adoption by Australia in 2005 of international accounting standards,” said Peter Costello, the country’s Treasurer.

The Treasurer said the new appointments to the FRC, which will have an extension of oversight responsibilities that extend into auditing standard setting and audit independence, had regard to the future role of the FRC.

“The Government has proposed in the ninth phase of its Corporate Law Economic Reform Program that the FRC's role be expanded to include: oversight of the auditing standard setting arrangements; advising, monitoring and reporting on auditor independence issues; promoting and advising on the adequacy of the teaching of professional and business ethics; and monitoring and assessing the adequacy of the disciplinary procedures of the professional accounting bodies,” the Treasurer noted.

He said the Federal Government made some of the appointments on its own initiative as well as accepting some of the names put up by nominating bodies and that FRC members will probably now get some pocket money for their efforts in overseeing auditors and accounting standard setter.

“To date, FRC members (other than the Chairman) have not received sitting fees or other remuneration, with costs of attending meetings being met by their nominating stakeholder bodies,” the Treasurer said.

“With the implementation of CLERP 9, it is proposed that members be paid sitting fees and appropriate travel allowances based on advice from the Remuneration Tribunal. This will recognise the additional responsibilities to be assumed by members and overcome any perception of undue stakeholder influence over the FRC's proposed public oversight role.”

This article was supplied by Tom Ravlic. Tom is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.