

**Code of Professional Conduct and Ethics:  
Provision of Non-assurance Services to an Audit  
or Assurance Client**

**Pro-Forma Paragraphs for Client  
Management to Acknowledge its  
Responsibility for Non-assurance Services**

This Implementation Guidance (IG) was issued by the Council of the Institute of Singapore Chartered Accountants (ISCA) in December 2015.

# **CODE OF PROFESSIONAL CONDUCT AND ETHICS: PROVISION OF NON-ASSURANCE SERVICES TO AN AUDIT OR ASSURANCE CLIENT**

## **PRO-FORMA PARAGRAPHS FOR CLIENT MANAGEMENT TO ACKNOWLEDGE ITS RESPONSIBILITY FOR NON-ASSURANCE SERVICES**

### **CONTENTS**

	<b>Pages</b>
1. Introduction	3
2. Foreword	4
3. Pro-Forma Paragraphs	4-5

## Introduction

The Institute of Singapore Chartered Accountants (ISCA) issued Ethics Pronouncement (EP) 100, *Code of Professional Conduct and Ethics*, in November 2015.

Members of ISCA must adhere to EP 100 which is modelled after the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants of the International Federation of Accountants. It also encompasses locally-developed SG provisions included in the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities issued by the Accounting and Corporate Regulatory Authority.

With the objective of supporting the accountancy profession to implement the requirements in EP 100, in particular the acknowledgement of management responsibility for non-assurance services by client management when public accountants provide non-assurance services to audit or assurance clients, ISCA has developed EP 100 Implementation Guidance (IG) 1 – *Pro-Forma Paragraphs for Client Management to Acknowledge Its Responsibility for Non-Assurance Services*.

**Foreword**

- a) The pro-forma paragraphs below may be used when public accountants provide non-assurance services (NAS) to audit or assurance clients. They are not for general use and are not mandatory.
- b) The pro-forma paragraphs below may be included in (1) the audit engagement letter or (2) the separate stand-alone engagement letter for NAS.

**Pro Forma Paragraphs**

[Client] confirms that the [definition and scope of the Services] detailed herein is sufficient to address its needs.

It is agreed that:

- The responsibility for the implementation of actions identified in the course of this engagement rests with [Client], its management and employees. This includes deciding which recommendations of the [Audit Firm] or other third parties to implement.
- [Client] is responsible for making all judgments and decisions that are the responsibility of management. Management responsibilities involve controlling, leading and directing [Client], including making decisions regarding the acquisition, deployment and control of human, financial, technological, physical and intangible resources. Management's responsibilities include, but are not limited to:

[Select, revise or include additional as applicable – e.g. (a) to (g) will likely be relevant for preparation of accounting records and financial statements services]

- a) Authorising transactions.
- b) Controlling or managing of bank accounts or assets.
- c) Originating or changing journal entries, determining or approving the account classifications of transactions.
- d) Preparing or changing source documents or originating data, in electronic or other form, evidencing the occurrence of a transaction (e.g. purchase orders, payroll time records, customer orders, etc).
- e) Taking responsibility for the preparation and fair presentation of financial statements in accordance with applicable financial reporting framework, including determining accounting policies and the accounting treatment within those policies.
- f) Taking responsibility for designing, implementing, monitoring or maintaining internal controls.
- g) Reporting to those charged with governance on behalf of management.
- h) Directing and taking responsibility for the actions of employees in relation to the employees' work for the [Client].

i) Setting policies and strategic directions.

j) Hiring and dismissing employees.

- [Client] shall:

a) Designate an individual who possesses suitable skill, knowledge and experience to be responsible at all times for its decisions and to oversee the services. Such an individual, preferably within senior management, would understand the objectives, nature and results of the services and the respective [Client] and [name of audit firm] responsibilities.

For this purpose, [Client] has designated [Name of designated individual] to be responsible at all times for its decisions and to oversee the services.

b) Provide oversight of the services and evaluate the adequacy of the results of the services performed for its purpose.

c) Accept responsibility for the actions, if any, to be taken arising from the results of the services.