

Highlights of Auditing and Assurance Standards Committee Meeting on 3 August 2017

The Institute of Singapore Chartered Accountants (ISCA) Auditing and Assurance Standards Committee (AASC or Committee) met on 3 August 2017. The following are highlights of the meeting:

1. Auditor Reporting

FAQs

The Committee discussed the various implementation issues identified, arising from the application of the enhanced auditor reporting standards, including SSA 720 (Revised) *The Auditor's Responsibilities Relating to Other Information (OI) and Related Conforming Amendments*.

- (a) KAM reporting: Company that Changes its Listing Status after Year End
- (b) Scope of OI: Auditor's Report on Financial Statements of Target Business Included in Shareholders' Circular on Substantial Acquisition
- (c) Change of Wordings to "Auditor's Responsibilities for the Audit of the Financial Statements" Section when Financial Statements are Prepared on a Basis other than Going Concern

The discussions and decisions reached by the Committee on implementation issues arising from the new and revised auditor reporting standards would be collated and subsequently published as a consolidated FAQ to provide guidance to the profession.

2. Review of ISCA's Locally Developed Pronouncements

The Committee is in the process of updating Appendix 5 of AGS 1.

3. IAASB's Exposure Draft (ED): ISA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures*

The comment letter was submitted to the IAASB on 1 August 2017, subsequent to AASC's approval and ISCA CEO's concurrence.

4. AASC Work Plan 2017/2018

The Committee discussed the AASC updated Work Plan for 2017/2018.

The key focus of the Committee for the term would be:

- (a) International Auditing and Assurance Standards Board exposure drafts on quality control for firms and audit of financial statements;
- (b) Post implementation review of the enhanced auditor reporting; and
- (c) Review and revision of its current suite of locally developed pronouncements.

In relation to the amendments to ISCA pronouncements arising from International Financial Reporting Standards Convergence, the Committee would keep in view whether there would be a need to provide education from the audit perspective.

The Committee also suggested providing further education on the audit requirements relating to the new accounting standards – FRS 109 *Financial Instruments*, FRS 115 *Revenue from Contracts with Customers* and FRS 116 *Leases*.

As part of the AASC's mandate to educate and promote audit quality, the Committee would also consistently monitor significant audit areas, provide continuous feedback on these areas and develop relevant initiatives on a timely basis.

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