

Highlights of Auditing and Assurance Standards Committee Meeting on 15 April 2015

The Institute of Singapore Chartered Accountants (ISCA) Auditing and Assurance Standards Committee (AASC) met on 15 April 2015. The following are highlights of the meeting:

1. Auditor Reporting

The International Auditing and Assurance Standards Board (IAASB) had issued the new and revised auditor reporting standards, effective for audits of financial statements for periods ending on or after 15 December 2016.

The AASC Auditor Reporting Sub-Committee had engaged key stakeholders and deliberated on the scope and effective date of the new and revised auditor reporting standards in Singapore. The related exposure draft would be issued for public consultation in May 2015.

Partnering with Accounting and Corporate Regulatory Authority (ACRA), Singapore Exchange Limited (SGX) and Singapore CFO Institute (SCFOI), a Breakfast Talk for CFOs and directors would be held tentatively in September 2015, subsequent to the issuance of the final new and revised auditor reporting standards, to create awareness and discuss implementation tips.

The Committee would also be contributing an article in the IS Chartered Accountant Journal on what auditors should be communicating to those charged with governance, in respect of the enhanced auditor reporting. The article would share the implications of KAM, including the additional time incurred and costs involved in an audit. It should also articulate how auditor reporting would enhance the governance landscape in Singapore. It must not only convey what the profession needed to do but also bring out the real value in the enhanced auditor reporting.

On a related note, the comment letter in response to the International Auditing and Assurance Standards Board (IAASB)'s proposals to enhance auditor reporting on special purpose financial statements (i.e. International Standard on Auditing 800 and 805) would be submitted by 22 April 2015.

2. International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

The proposed Singapore Standard on Assurance Engagement (SSAE) 3000 (Revised) and confirming amendments to the Singapore Framework for Assurance Engagements and other assurance standards are expected to be issued in May 2015.

3. Statement of Auditing Practice (SAP) 1, Guidance to Auditors on Money Laundering and Terrorism Financing

SAP 1 provided information on the anti-money laundering (AML) and countering the financing of terrorism (CFT) legislations and guidance to auditors in Singapore on compliance with these legislations.

With the issuance of the new ISCA Ethics Pronouncement (EP) 200, *Anti-Money Laundering and Countering the Financing of Terrorism – Requirements and Guidelines for Professional Accountants in Singapore*, SAP 1 would no longer be relevant, as all AML and CFT requirements and guidelines relevant to auditors would be covered in EP 200. EP 200 was also adopted by the Public Accountants Oversight Committee (PAOC) under the Accountants (Public Accountants) Rules, and would be enforced through the complaints and disciplinary process.

The ISCA Council had approved the withdrawal of SAP 1 with effect from 1 May 2015.

4. Withdrawal of AGS 7, *Value for Money Auditing in a Statutory Board*

Value for money (VFM) auditing is particularly appropriate for any organisation whose activities cannot be judged solely by their contribution to profit. VFM auditing is therefore particularly relevant to public sector entities. AGS 7 provides guidance for external auditors of statutory boards undertaking a VFM audit as envisaged by the Public Accounts Committee in its Report (June 1984), namely, an audit on the arrangements made by management to ensure value for money in the use of resources, rather than the value for money actually achieved. AGS 7 was last revised in 2006.

AASC has ascertained that no public accounting firms have been engaged by any statutory board to conduct a VFM audit.

In view that there is no demand for VFM audits, AASC recommended the withdrawal of AGS 7 for ISCA Council's approval.

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