



20 Aljunied Road, #06-02,  
CPA House, Singapore 389805  
Tel 65 6749 8060 Fax 65 6749 8061  
cpasingapore@icpas.org.sg  
www.icpas.org.sg

30 July 2010

Technical Director  
International Auditing and Assurance Standards Board  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, New York 10017 USA

Dear Sir/Madam,

**RESPONSE TO EXPOSURE DRAFT – ISAE 3420 ASSURANCE REPORTS ON THE  
PROCESS TO COMPILE PRO FORMA FINANCIAL INFORMATION (PFI)  
INCLUDED IN A PROSPECTUS**

The Institute of Certified Public Accountants of Singapore (ICPAS) appreciates the opportunity to comment on the above exposure draft (ED) issued by the International Auditing and Assurance Standards Board (IAASB) in April 2010. Our comments on the specific questions in the ED are as follows:

**Question 1**

**In relation to respondents' roles and responsibilities, would respondents adopt or apply the proposed ISAE, or request an engagement in accordance therewith, if it became effective? If not, please explain why (in this regard, respondents are asked to also consider question 4 below).**

We would not adopt or apply the proposed ISAE. In Singapore, the Statement of Auditing Practice (SAP) 24 *Auditors and Public Offering Documents* and the Securities and Futures Regulations (SFR) set out the requirements for compilation of pro forma information in a prospectus. We are of view that the proposed ED appears inconsistent with the local requirements.

## **Question 2**

**Do respondents believe that the work effort set out in the proposed ISAE is sufficient and appropriate to enable the practitioner to express an opinion as to whether the process to compile the PFI has, in all material respects, been applied in accordance with the applicable criteria?**

We are of the view that the procedures set out in the ED and the sample audit report included in the appendix to the ED is overly-prescriptive. In addition, by specifying the detailed procedures in the sample audit report, it may cause confusion as to whether the engagement constitutes Agreed Upon Procedures and practitioners may only carry out those specified procedures in arriving at their opinions, instead of being guided by the proposed standard in its entirety.

## **Question 3**

**Do respondents believe that it is clear from the illustrative practitioner's report in the Appendix to the proposed ISAE that the practitioner is reporting on the process to compile the PFI and not on the PFI itself?**

*Paragraph A52 of the proposed ISAE, in particular, provides two alternatives for the opinion in relation to the process, i.e.*

- *Whether the process to compile the PFI has, in all material respects, been applied in accordance with the applicable criteria; or*
- *Whether the PFI has been properly compiled on the basis stated.*

We agree that the "Illustration of a Practitioner's Report with an Unmodified Opinion" in the Appendix to the proposed ISAE is clear that the practitioner is reporting on the process to compile the PFI and not the PFI itself.

## **Question 4**

**As the proposed ISAE is designed to convey assurance on the process to compile the PFI, do respondents believe that it would be desirable for the IAASB to also develop a separate standard on reporting on the PFI itself?**

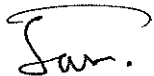
**If yes:**

- (a) What do respondents believe would be the work effort implications in undertaking engagements to report on the PFI itself? In particular, how would such work effort differ from that specified in the proposed ISAE?**
- (b) Should both reasonable assurance and limited assurance on the PFI be addressed? If so, how should the nature and extent of the practitioner's work effort be differentiated between a reasonable assurance engagement and a limited assurance engagement to report on the PFI?**

We are of the view that having a standard to determine the process of compiling the PFI and another standard on the PFI itself is excessive and will be confusing to the practitioners and the preparers. In our view, the standard should combine both the elements of compiling the PFI and the PFI itself.

Should you require any further clarification, please feel free to contact Ms Grace Chua, Technical Manager at the Institute of Certified Public Accountants of Singapore via email at [grace.chua@icpas.org.sg](mailto:grace.chua@icpas.org.sg).

Yours faithfully,



Janet Tan  
Executive Director

Established in 1963, the ICPAS is Singapore's national accountancy body that develops, supports and enhances the integrity, status and interests of the profession. Today, ICPAS has over 22,000 members.