

1 April 2014

James Gunn
Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York 10017
USA

Dear Sirs,

**RESPONSE TO THE INTERNATIONAL AUDITING AND ASSURANCE
STANDARDS BOARD CONSULTATION PAPER – PROPOSED STRATEGY FOR
2015 - 2019 AND PROPOSED WORK PROGRAM FOR 2015 - 2016**

The Institute of Singapore Chartered Accountants (ISCA) appreciates the opportunity to comment on the above consultation paper (CP) issued by the International Auditing and Assurance Standards Board (IAASB) in December 2013.

We generally support the IAASB's proposed strategy for 2015 - 2019 and proposed work program for 2015 - 2016, which takes into account expectations of stakeholders and relevant current developments. The work program also emphasises effective deployment of the IAASB's resources in a manner that has the greatest potential to serve the public interest which is important for fulfilling the IAASB's mandate of setting high quality international standards to serve the public interest.

Our comments on the specific questions in the CP are as follows:

Proposed Strategy for 2015 – 2019

(a) Whether the strategic objectives identified are considered appropriate for the period 2015 – 2019. If not, please explain.

(i) Develop and maintain high-quality ISAs that are accepted as the basis for high-quality financial statement audits

The suite of ISAs promulgated by the IAASB establishes the audit framework being adhered to by the auditing profession when carrying out audit engagements. The

application of a set of robust, high-quality ISAs, coupled with quality control standards such as International Standard on Quality Control (ISQC) 1, serves the fundamental role of increasing public confidence in auditing and financial reporting.

In addition, the investment of efforts in responding to key implementation issues identified and improving the ISAs is necessary in order to achieve greater consistency and effectiveness in their application.

On this note, we are of the view that this strategic objective is appropriate and important.

(ii) Ensure the IAASB's suite of standards continues to be relevant in a changing world by responding to stakeholder needs

It is vital for the IAASB's standards to evolve in tandem with changing stakeholder needs and global trends. As the financial reporting environment is changing very rapidly, there is a need for the IAASB's standards to be reviewed regularly so that they continue to be relevant and effective. New areas of developments beyond those affecting the financial statements audit such as integrated reporting may also require assurance to be provided and this may call for new standards to be developed.

Hence, we agree with IAASB that this strategic objective is appropriate.

(iii) Collaborate and cooperate with contributors to the financial reporting supply chain to foster audit quality and stay informed

To raise the quality of audit, one should not be merely looking at the audit component. The quality of financial reporting is equally important as it determines the quality of the inputs to the audit process. As there are many components to a robust financial reporting supply chain, the IAASB needs to actively work with other relevant stakeholders such as International Accounting Standards Board (IASB), International Organization of Securities Commissions (IOSCO), International Forum of Independent Audit Regulators (IFIAR), etc to improve the quality of financial reporting. Furthermore, the emphasis on collaboration with and outreach to key stakeholders is important to enhance the global acceptance of the IAASB's suite of standards as the default benchmark for auditing and assurance standards.

It is imperative that the IAASB work in tandem with relevant stakeholders. One good example is the IAASB's Auditor Reporting project. In particular, the IAASB can collaborate with the IASB to address concerns raised with respect to the proposed requirement for auditors to make statements about an entity's going concern, when there is no similar requirement in the current accounting standards for management to make any statement on the entity's going concern unless management is aware of material uncertainties related to events or conditions that may cast a significant doubt upon the entity's ability to continue as a going concern. We urge the IAASB to work closely with

the IAASB to address the inconsistencies between the auditing and accounting standards before the issuance of the suite of auditor reporting standards.

As such, we are of the view that this strategic objective is appropriate.

(b) Whether the factors included in Appendix 2 on page 19 represent a reasonable basis for the IAASB to use in developing its Work Programs beyond the *Work Program for 2015 – 2016*.

We agree that the factors are reasonable.

Proposed Work Program for 2015 – 2016

(a) The IAASB is interested in respondents' views on the approach taken to the development of the *Work Program for 2015 – 2016*, in particular the IAASB's decision to focus on fewer key projects towards the goal of their completion by 2017.

It is in the public interest for important topics and issues to be addressed in a timely manner. Hence, the approach to focus on fewer key projects in developing the Work Program is appropriate to ensure that limited resources would be best utilised and updates and revisions of key standards would be carried out in an efficient manner.

On the contrary, the alternative approach of addressing a wide range of issues concurrently runs the risk of spreading the resources too thinly across the various projects. This may lead to slower progress and delays in the completion of projects which would not be in the public interest. Public confidence in the auditing profession may be adversely affected if pertinent issues are not dealt with as a result.

Hence, we support the IAASB's decision to focus on fewer key projects.

(b) The IAASB is interested in respondents' views on the appropriateness of the topics chosen as the focus for the *Work Program for 2015 – 2016* (see paragraph 4 of the Work Program and Table A on pages 26 – 29) in light of the strategic objectives set out in the IAASB's *Strategy for 2015 – 2019*.

We agree that the topics chosen are appropriate.

In addition, we would like to point out that from the *IAASB Strategy and Work Program 2012 – 2014*, there should be some guidance issued on Auditor/Banking Supervisor Relationship during the third quarter of 2014. However, from Appendix 2 of the *Work Program 2015 - 2016*, it would appear that the IAASB would only commence this project, which is part of the project on Special Audit Considerations Relevant to Financial

Institutions, in 2015. Given that banks are of paramount significance to the global financial systems, we propose that the IAASB monitor the progress of this project closely to ensure that the guidance will be issued as planned.

(c) Whether there is an action(s) or project(s) that has not been included in the *Work Program for 2015 – 2016* that you believe the IAASB should address during that period. For example, should any of the topics in Appendix 1 (on pages 39 – 41) be prioritised sooner? If so, which initiative(s) identified in Table A (on pages 26 – 29) do you believe should be replaced by this action(s) or project(s). Please provide an explanation of your views.

The International Integrated Reporting Council (IIRC) had released *The International Integrated Reporting Framework* in December 2013. The Framework will be used to accelerate the adoption of integrated reporting across the world, where it is currently being trialled in over 25 countries. IIRC also expects global adoption of integrated reporting to commence in 2014. We noted from Appendix 1 of the *Work Program for 2015 – 2016* that the IAASB intends to develop an assurance or related services standard addressing integrated reporting only in 2017 or later. In view of the development on the international front, the IAASB should clarify its rationale behind commencing the project only in 2017 when the Framework was already released in December 2013.

Furthermore, we noted that the IAASB planned to commence the revision of International Standard on Related Services (ISRS) 4400 *Engagements to Perform Agreed-Upon Procedures* only in 2017. Given that several International Standards on Assurance Engagements (ISAE) and International Standards on Review Engagements (ISRE) have already been revised or are in the process of being revised, we are of the view that the IAASB should expedite the revision of ISRS 4400 for it to remain relevant and be aligned to market expectations.

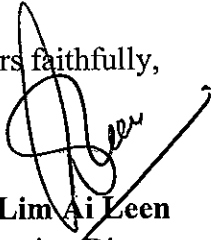
Except for the above, we agree with the actions and projects identified in the *Work Program for 2015 – 2016*.

(d) Whether there are alternative approaches for the IAASB to consider in order to enhance the IAASB's ability to address calls from stakeholders for IAASB efforts on a variety of important topics, in light of the constraints of available resources and the need for due process to be applied in the development or revision of standards.

The IAASB could consider collaborating with third parties such as national accountancy bodies, national standard-setters or academia, on research studies to expedite the progress of certain projects. By garnering support from these parties, the pool of resources available to the IAASB would be expanded and the IAASB should be able to address more issues raised by stakeholders.

Should you require any further clarification, please feel free to contact Mr Kang Wai Geat, Deputy Head, Technical Standards Development and Advisory, or Ms Alice Tan, Manager, Technical Standards Development and Advisory, at ISCA via email at waigeat.kang@isca.org.sg or alice.tan@isca.org.sg respectively.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lim Ai Leen', written over the closing 'Yours faithfully,'.

Ms Lim Ai Leen
Executive Director
Technical Knowledge Centre and Quality Assurance