

15 October 2015

Kathleen Healy
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue, 6th Floor
New York, New York 10017
USA

Dear Mdm,

RESPONSE TO THE INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB) EXPOSURE DRAFT (ED): RESPONDING TO NON-COMPLIANCE OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS (NOCLAR)

In preparation of this comment letter, the Institute of Singapore Chartered Accountants (ISCA) has sought views from its members through a one-month public consultation process and discussed the ED with members of the ISCA Auditing and Assurance Standards Committee.

Generally, we agree with all the suggestions in the ED and do not have significant comments or additional insights.

For the “Invitation For Additional Input”, in relation to addressing personal misconduct in ISA 250, we are of the view that only personal misconduct related to the business activities and which has an impact on the amounts and disclosures in the financial statements should be covered under the scope of ISA 250. It may be too onerous for auditors to consider all types of personal misconduct regardless of the impact on financial statements. After all, the scope of ISAs covers the audits of general purpose financial statements. If there is no impact on the financial statements, it should not fall under the purview of ISA 250.

Additionally, the IAASB should consider working together with the International Ethics Standards Board for Accountants (IESBA) to look into developing guidance for group audit scenarios where signs of NOCLAR are evident, especially in cases where the components are operating in jurisdictions that have not adopted the IESBA Code. One possible avenue is to develop the guidance in the form of an International Auditing Practice Note (IAPN). The IAPN could include:

1. guidance for group auditors to send specific instructions to their component auditors to report any known or suspected NOCLAR, which could include a sample group audit questionnaire for the component auditors to understand the requirements of the IESBA Code and be aware of any signs of NOCLAR which came to their attention;
2. guidance on how component auditors should communicate to the group auditors in the event that component auditors discover instances of NOCLAR or suspected NOCLAR; and
3. guidance on how the group and component auditors should document their respective work performed to meet the requirements of ISA 250 in the event that the component auditors discover instances of NOCLAR or suspected NOCLAR.

Should you require any further clarification, please feel free to contact Mr Kang Wai Geat, Assistant Director, Technical Advisory and Professional Standards, or Ms Zoey Xie, Manager, Technical Advisory and Professional Standards, at ISCA via email at waigeat.kang@isca.org.sg or zoey.xie@isca.org.sg respectively.

Yours faithfully,



Mr Titus Kuan
Director
Technical Advisory and Professional Standards