

PUBLIC CONSULTATION

Signing Convention for Assurance, Review and Related Services Engagements

July 2014

REQUEST FOR COMMENTS

This Exposure Draft of the Institute of Singapore Chartered Accountants (ISCA) was approved for publication in July 2014. This Exposure Draft may be modified in light of comments received before being issued in its final form. Comments should be submitted so as to be received by 18 August 2014, preferably by e-mail. All comments will be considered a matter of public record. Email responses should be sent to technical@isca.org.sg.

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EXPLANATORY MEMORANDUM

1. This memorandum provides background to, and an explanation of the proposed changes in this Exposure Draft.
2. ISCA wishes to clarify on the appropriate signing convention for reports issued under the assurance, review and related services frameworks [i.e. reports prepared in accordance with the Singapore Standards on Assurance Engagements (SSAEs), Singapore Standards on Review Engagements (SSREs) and Singapore Standards on Related Services (SSRSs) respectively]. The proposed changes to the affected pronouncements are consequential amendments arising from this clarification.
3. ISCA's clarification on the appropriate signing convention is as follows:

Reports issued under the assurance and review frameworks (SSAEs and SSREs) shall only be signed by a public accountant¹.

Reports issued under the related services framework (SSRSs) shall only be signed by a Chartered Accountant in public practice².

Reports issued under the assurance and review frameworks

4. Only a public accountant can sign reports issued under the assurance and review frameworks (SSAEs and SSREs respectively) as some form of assurance (reasonable/limited) is expressed in the reports for engagements performed under these frameworks. Public accountants are registered with and regulated by the Accounting and Corporate Regulatory Authority (ACRA), which carries out rigorous regulatory oversight of the public accountancy profession in Singapore. Furthermore, in Singapore, only public accountants can sign the auditor's reports of financial statements audits, where reasonable assurance is expressed. Hence, similarly, a public accountant should be responsible for, and sign reports issued under the assurance and review frameworks where some form of assurance is expressed.

Reports issued under the related services framework

5. Only a Chartered Accountant in public practice can sign reports issued under the related services framework (SSRSs).

In arriving at the above, the following were considered:

- Whether the SSRSs reports can only be signed by a Chartered Accountant or any individual;
- Whether the SSRSs reports can only be signed by a Chartered Accountant in public practice or any Chartered Accountant; and
- Whether the signatory should be restricted to only public accountants.

¹ A public accountant is a person who is registered or deemed to be registered in accordance with the Accountants Act (Chapter 2) as a public accountant (as defined in the ACRA *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*).

² A Chartered Accountant in public practice is a professional accountant, irrespective of functional classification (for example, audit, tax or consulting), in a firm that provides professional services and with the Chartered Accountant of Singapore (CA (Singapore)) professional designation conferred by ISCA. A Chartered Accountant in public practice may or may not be a public accountant.

Whether the SSRs reports can only be signed by a Chartered Accountant or any individual

Although no assurance is expressed in reports for engagements performed under the SSRs, it would still require an individual with the necessary competence, knowledge and skill sets to conduct engagements in accordance with the standards. It would not be unreasonable to deem a Chartered Accountant to have attained the relevant proficiencies required.

Whether the SSRs reports can only be signed by a Chartered Accountant in public practice or any Chartered Accountant

For the following reasons, only a Chartered Accountant in public practice can sign reports issued under the related services framework, but not any Chartered Accountant:

- A SSR report issued by a Chartered Accountant in public practice is within the scope of the Singapore Standard on Quality Control (SSQC) 1³. Professional firms would have to demonstrate that they have robust internal policies in place to uphold quality. SSRs engagements carried out by Chartered Accountants in public practice would have to meet the quality control provisions under SSQC 1.
- The International Standards on Related Services (ISRSs), issued by the International Auditing and Assurance Standards Board (IAASB) for which SSRs are based on, use the term “practitioner” in the signing convention in the illustrative reports. “Practitioner” is defined by the IAASB as “a professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services”, i.e., a professional accountant in public practice. Hence, it would imply that only professional accountants in public practice, but not any professional accountant⁴, can sign the ISRSs reports.

Whether the signatory should be restricted to only public accountants for reports issued under SSR framework

For the following reasons, the signatory should not be restricted to only public accountants:

- It will be too restrictive if only public accountants are allowed to sign when no assurance is expressed in reports for engagements performed under the SSRs and this may be viewed as an anti-competitive practice.
- It is more appropriate to let the market drive the demand where professional firms and their clients determine the nature of work performed which will in turn determine the appropriate signatory for their reports.

6. In view of the above, amendments are proposed to be made to the following:

- Cover pages of the SSAEs, SSREs and SSRs to clarify the appropriate signing convention for reports issued under these standards;
- Signing conventions in the illustrative reports in the Appendices; and
- Related definitions in the *Glossary of Terms*.

The Appendix to this Memorandum provides a list of the affected pronouncements included in this Exposure Draft.

³ SSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*.

⁴ For example, although a Chief Financial Officer or a Finance Manager may be a professional accountant, they cannot sign ISRSs reports since they are not in public practice, i.e. not in a firm that provides professional services.

Affected Pronouncements

The table below presents the pronouncements affected by the proposed changes.

Pronouncements	
1	<i>Glossary of Terms</i>
2	<i>SSAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>
3	<i>SSAE 3400, The Examination of Prospective Financial Information</i>
4	<i>SSAE 3402, Assurance Reports on Controls at a Service Organization</i>
5	<i>SSAE 3410, Assurance Engagements on Greenhouse Gas Statements</i>
6	<i>SSAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus</i>
7	<i>SSRE 2400 (Revised), Engagements to Review Historical Financial Statements</i>
8	<i>SSRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity</i>
9	<i>SSRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i>
10	<i>SSRS 4410 (Revised), Compilation Engagements</i>
11	<i>AGS 1, Sample Independent Auditor's Reports</i>

EXPOSURE DRAFT

SIGNING CONVENTION FOR ASSURANCE, REVIEW AND RELATED SERVICES ENGAGEMENTS

The following includes extracts of extant pronouncements with mark-up for proposed changes to clarify the appropriate signing convention for assurance, review and related services engagements.

The footnote numbering in this document does not necessarily correlate with the footnotes as currently included in the extant pronouncements.

Glossary of Terms

*Professional accountant in public practice*⁵—A professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice.

Professional activity—An activity requiring accountancy or related skills undertaken by a professional accountant, including accounting, auditing, taxation, management consulting, and financial management.

Professional services—Professional activities performed for clients.

*Public accountant*⁶—A person who is registered or deemed to be registered in accordance with the Accountants Act (Chapter 2) as a public accountant.

⁵—Refer to definition of public accountant in the ACRA Code

⁶ As defined in the ACRA Code.

SSAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

Cover Page of SSAE 3000:

Assurance reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

SSAE 3400, The Examination of Prospective Financial Information

Cover Page of SSAE 3400:

Assurance reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

SSAE 3402, Assurance Reports on Controls at a Service Organization

Cover Page of SSAE 3402:

Assurance reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

Introduction

Scope of this SSAE

1. This Singapore Standard on Assurance Engagements (SSAE) deals with assurance engagements undertaken by a professional accountant in public practice⁷ to provide a report for use by user entities and their auditors on the controls at a service organization that provides a service to user entities that is likely to be relevant to user entities' internal control as it relates to financial reporting. It complements SSA 402,⁸ in that reports prepared in accordance with this SSAE are capable of providing appropriate evidence under SSA 402. (Ref: Para. A1)

⁷ ~~A professional accountant in public practice, otherwise known as a public accountant under the Accountants Act (Chapter 2), is defined in the "Code of Professional Conduct and Ethics" (Code) issued by the Accounting and Corporate Regulatory Authority (ACRA).~~

⁸ SSA 402, "Audit Considerations Relating to an Entity Using a Service Organization."

SSAE 3410, Assurance Engagements on Greenhouse Gas Statements

Cover Page of SSAE 3410:

Assurance reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

Appendix 2: Illustrations of Assurance Reports on GHG Statements Illustrations 1 and 2:

Public Accountants and
Chartered Accountants
Singapore

[Practitioner's signature]

[Date of the assurance report]

[Practitioner's address]

SSAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

Cover Page of SSAE 3420:

Assurance reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

Appendix: Illustrative Practitioner's Report with an Unmodified Opinion

(Firm)
Public Accountants and
Chartered Accountants
Singapore

(Date)
[Practitioner's signature]
[Date of the practitioner's report]
[Practitioner's address]

SSRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

Cover Page of SSRE 2400 (Revised):

Review reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

SSRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

Cover Page of SSRE 2410:

Review reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a public accountant.

SSRS 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

Cover Page of SSRS 4400:

Reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a professional accountant in public practice with the Chartered Accountant of Singapore (CA (Singapore)) professional designation conferred by the Institute of Singapore Chartered Accountants.

General Principles of an Agreed-Upon Procedures Engagement

7. The auditor should comply with the Accounting and Corporate Regulatory Authority (ACRA) "Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities" (ACRA Code) ~~issued by the Accounting and Corporate Regulatory Authority (ACRA)~~⁹. Ethical principles governing the auditor's professional responsibilities for this type of engagement are:
- (a) Integrity;
 - (b) Objectivity;
 - (c) Professional competence and due care;
 - (d) Confidentiality;
 - (e) Professional behaviour; and
 - (f) Technical standards.

Independence is not a requirement for agreed-upon procedures engagements, however the terms or objectives of an engagement or Financial Reporting Standard may require the auditor to comply with the independence requirements of the Code. Where the auditor is not independent a statement to that effect would be made in the report of factual findings.

Appendix 2: Example of a Report of Factual Findings in Connection with Accounts Payable

_____ (Firm)
[Public Accountants and]¹⁰
Chartered Accountants
Singapore
_____ (Date)

⁹ Where a Chartered Accountant in public practice who is not a public accountant is responsible for and signs the report issued in connection with the engagement, the Chartered Accountant should refer to the Institute of Singapore Chartered Accountants (ISCA) Code of Professional Conduct and Ethics (ISCA Code).

¹⁰ Where the report is signed by a Chartered Accountant in public practice who is not a public accountant, the signing convention shall be amended as appropriate by deleting the wordings "Public Accountants and".

SSRS 4410 (Revised), *Compilation Engagements*

Cover Page of SSRS 4410 (Revised):

Reports issued under this Standard and dated on or after [one month after date of issuance of standard] shall be signed by a professional accountant in public practice with the Chartered Accountant of Singapore (CA (Singapore)) professional designation conferred by the Institute of Singapore Chartered Accountants.

Definitions

1. The Glossary of Terms (the Glossary) includes the terms defined in this SSRS and also includes descriptions of other terms found in this SSRS, to assist in consistent interpretation. The following terms have the meanings attributed below for the purposes of this SSRS:

...

- (g) *Relevant ethical requirements* – Ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) (excluding Section 290, *Independence—Assurance Engagements* in Part B)¹¹. (Ref: Para. A21)

Appendix 1: Illustrative Engagement Letter for a Compilation Engagement

...

Our Responsibilities

...

We will perform the compilation engagement in accordance with the Singapore Standard on Related Services (SSRS) 4410 (Revised), *Compilation Engagements*. SSRS 4410 (Revised) requires that, in undertaking this engagement, we comply with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. For that purpose, we are required to comply with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code)¹².

¹¹ Where a Chartered Accountant in public practice who is not a public accountant is responsible for and signs the report issued in connection with the engagement, the Chartered Accountant should refer to the Institute of Singapore Chartered Accountants (ISCA) *Code of Professional Conduct and Ethics* (ISCA Code).

¹² Where a Chartered Accountant in public practice who is not a public accountant is responsible for and signs the report issued in connection with the engagement, the Chartered Accountant should make reference to the Institute of Singapore Chartered Accountants (ISCA) *Code of Professional Conduct and Ethics* (ISCA Code) in the engagement letter.

Appendix 2: Illustrative Practitioners' Compilation Reports Illustrations 1 to 5

(Firm)

[Public Accountants and]¹³
Chartered Accountants
Singapore

(Date)

[Practitioner's signature]

[Date of practitioner's report]

[Practitioner's address]

¹³ Where the report is signed by a Chartered Accountant in public practice who is not a public accountant, the signing convention shall be amended as appropriate by deleting the wordings "Public Accountants and".

AGS 1, *Sample Independent Auditor's Reports*

Appendix 5: *Sample Independent Auditor's Reports on SSRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

(5A) EDAS Schemes (EDB)

(5B) Submission of the Value-added Productivity Figure to the Building and Construction Authority (BCA)

_____ (Firm)

| [Public Accountants and]¹⁴
Chartered Accountants
Singapore

_____ (Date)

¹⁴ Where the report is signed by a Chartered Accountant in public practice who is not a public accountant, the signing convention shall be amended as appropriate by deleting the wordings "Public Accountants and".