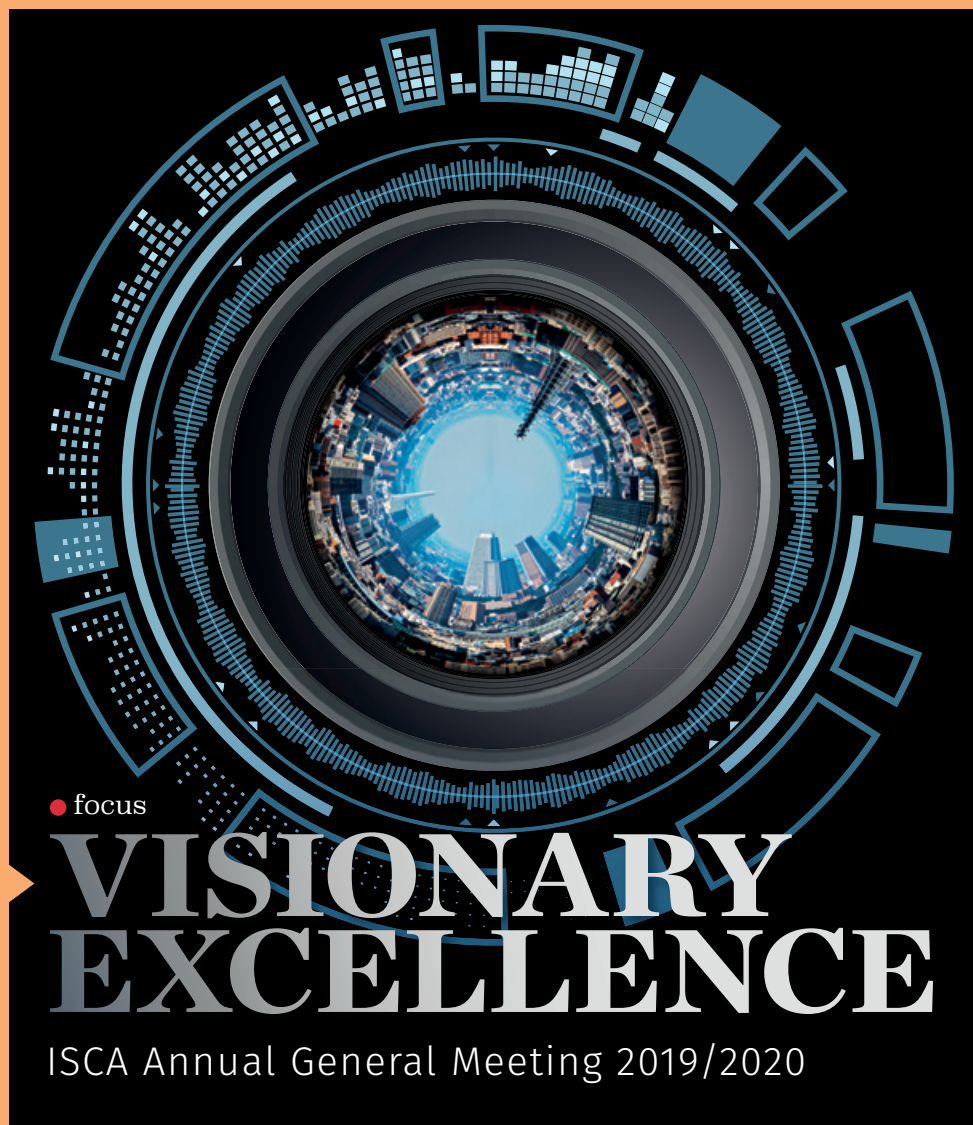


# IS Chartered Accountant Journal

AUGUST 2020



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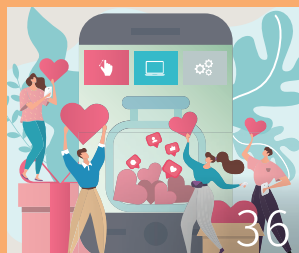
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## We Have Done It!

*IS Chartered Accountant Journal* clinches the Grand Award – the highest accolade – at the prestigious 32nd Annual Awards for Publication Excellence (APEX 2020)!

Dear members,

**IT WAS GOOD TO “MEET” MANY OF YOU AT THE INSTITUTE’S ANNUAL GENERAL MEETING (AGM).** Due to safe-distancing measures, the AGM was conducted by electronic means and the proceedings broadcasted through a live audio-visual webcast and audio-only stream. A virtual AGM is a first for ISCA, and I am glad that we had the opportunity to exploit technology for this. Technology was also put to good use to facilitate e-voting during the AGM, where ISCA members had only to log in, click on a link and cast their votes from wherever they were. Vote-counting was similarly seamless, instantaneous and transparent.

Leveraging technology to boost efficiency is a key message that ISCA has been championing for some time now, and I continue to urge members to embrace technology. Especially during these current uncertain times, technology has proven to be critical in enabling business continuity and for some, technology has been vital to launch new ventures when existing operations proved untenable.

Like many workers, our members face immediate, urgent challenges arising from the pandemic. To address these multifaceted issues, ISCA has rolled out a myriad of initiatives including an assistance package worth up to \$3.6 million to help our members. The initiatives fall into three main categories, namely, Career Support, Resources and Virtual Learning Support, and provide focused assistance and input in specific areas of need. To support the profession, ISCA has put in place more than \$5 million this year. This comprises the assistance package to help our members through the crisis, as well as \$1.5 million to support our former subsidiary – Singapore Institute of Accredited Tax Professionals, now known as Singapore Chartered Tax Professionals. An overview of these programmes and

other ISCA plans to support members can be found in the AGM article, “Visionary Excellence”.

Going beyond the pandemic-linked concerns, the Institute’s schemes also aim to help members to excel in Industry 4.0. That’s why we have pushed out specialist courses that equip members with the knowledge and skills to enter nascent areas of demand such as infrastructure and project management, and financial forensics. In fact, this issue’s Member Profile column explores a career in financial forensics.

Just as members have developed their skills and experiences over time, the Institute, too, must evolve to meet our members’ changing needs and a more complex business environment. As we come to the end of ISCA’s 10-year strategic roadmap in 2020, we have developed refreshed vision and mission statements that will take us into a new chapter. ISCA’s vision is to be a world-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy. The refreshed mission to support this vision comprises four statements – **R**epresent members and profession, **I**nfluence development of profession and ecosystem positively, **S**erve public interest with sound values and ethical standards, and **E**nable members to achieve professional aspirations, or **RISE** for short. **RISE** serves to communicate to members and the profession that ISCA endeavours to rise above challenges to serve our members and the industry. The details can be found in “ISCA’s Refreshed Vision And Mission”.

The Institute had consulted extensively to develop the refreshed vision and mission statements, carefully listening as we gathered the views of a wide spectrum of stakeholders. Active engagement is also what we do as we work hard to

serve our members, such as through thought leadership and the sharing of relevant insights. To this end, I am pleased to announce that this **IS Chartered Accountant Journal** has won the Grand Prize at the 32nd Annual Awards for Publication Excellence (APEX 2020), in the Magazines, Journals and Tabloids category. Competition was intense and only 100 Grand Awards – the highest accolade – were presented across 12 major categories. The win is testimony that the Journal is on the right track. With your continued support, we will strive to deliver higher editorial standards and quality content.

Together with the ISCA Council and management, we will continue to serve you and the profession, and be your advocate where it matters.



**Kon Yin Tong**  
FCA (Singapore)  
president@isca.org.sg

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# Millennials And Gen Zs: A Resilient Generation

**THE COVID-19 PANDEMIC HAS RADICALLY SHIFTED OUR WAY OF LIFE**, and young generations were especially impacted, says Michele Parmelee, Deloitte Global Chief People and Purpose Officer. “However, despite uncertain and discouraging conditions, millennials and Gen Zs express impressive resiliency and a resolve to improve the world. As we rebuild our economies and society, young people will be critical in shaping the world that emerges.” The findings were revealed in a new Deloitte survey titled 2020 Deloitte Global Millennial Survey.

This year’s survey, now in its ninth year, consists of two parts – a “primary” survey of 18,426 millennials and Gen Zs across 43 countries conducted between November 2019 and early January 2020, and a “pulse” survey of 9,102 individuals over 13 countries taken between April and May of 2020 in the midst of the worldwide pandemic. Many questions from the first study were repeated to gauge the effect of the pandemic on opinions.

The report highlights how the consequences of the pandemic have drastically affected the careers of young workers. At the time of polling, almost 30% of Gen Zs and nearly a quarter of younger millennials (25 to 30 years of age) said they had either lost their jobs or been placed on temporary, unpaid leave. Only a third of millennials and 38% of Gen Zs taking the pulse survey said their employment and income status were unaffected.

The picture that emerges from this year’s survey is complicated but hopeful – even in the midst of crisis, millennials and Gen Zs are recommitting to improving society, pushing for a world in which businesses and governments mirror their own commitments.

## MENTAL WELLNESS, FINANCIAL CONCERNS

Prior to the pandemic, 52% of Gen Zs and 50% of millennials in the 13 countries that were surveyed twice



Even in the midst of crisis, millennials and Gen Zs are recommitting to improving society, **pushing for a world in which businesses and governments mirror their own commitments.**

said they were stressed all or most of the time. Respondents cited family welfare, long-term finances, and job prospects as primary sources of stress.

Before the pandemic, approximately one-third of millennials and Gen Zs took time off work due to stress, though around half told their employers it was for a different reason. Encouragingly, flexible working arrangements – which were widely implemented as a result of the pandemic – may present one solution. Some 69% of millennials and 64% of Gen Zs agreed having the option

to work from home in the future would relieve stress.

Financial concerns are a particularly acute stressor for millennials, many of whom began their careers in the wake of the 2007/2008 recession and now face another downturn. In the primary survey, more millennials (50%) believed their financial situations will worsen or stagnate in the next year than improve (42%). When analysing results from only the 13 countries included in the pulse survey, 61% of millennial

PHOTOS SHUTTERSTOCK

# Singapore Economy Goes Into Technical Recession

**THE SINGAPORE ECONOMY ENTERED INTO A TECHNICAL RECESSION** after shrinking by 41.2% in the second quarter of this year, compared to the previous quarter, according to advance estimates from the Ministry of Trade and Industry (MTI) on July 14. MTI, which had provided a full-year economic forecast growth of -7% to -4% on May 26, did not provide a revised figure.

Year-on-year, the second quarter showed a contraction of 12.6%, which is worse than the 10.5% drop economists had forecast in a Reuters survey. It is also worse than in the first quarter when GDP turned negative for the first time in a decade, with the economy contracting by a revised 0.3%.

MTI said the GDP plunge was due to the circuit-breaker measures that were implemented from April 7 to June 1 to slow the spread of Covid-19, which

respondents conveyed the same lack of optimism during the pandemic.

## DETERMINATION TO IMPROVE THE WORLD

Younger generations take the issue of social purpose as a personal calling. In the pulse survey, they indicated they were taking “socially conscious” actions to benefit the planet and society. For example, nearly three-fourths said the pandemic has made them more sympathetic to the needs of others, and that they will take action to positively impact their communities. Their focus on doing good is also reflected in their purchasing habits, such as buying from big businesses that take care of their workers, or making extra effort to buy products and services from smaller, local businesses.

Once again, climate change emerged as a critical issue for millennials and Gen Zs both before and during the Covid-19 crisis. Prior to the pandemic, half the respondents said they believe it was too late to repair the damage caused by climate change and only 40% expressed optimism that future efforts to protect the environment will succeed.

However, four months later in the 13 pulse survey countries, the percentage of millennials believing we’ve reached the point of no return dropped by eight points, perhaps suggesting that the environmental impact of reduced activity during the pandemic has given hope that there’s still time to act. A vast majority (80%) also think governments and businesses need to make greater efforts to protect the environment.



included the suspension of non-essential services and closure of most workplace premises, as well as weak external demand amid a global economic downturn.

MTI will release the preliminary GDP estimates for the second quarter, including performance by sectors, sources of growth, inflation, employment and productivity, in August.



## By numbers

Sectoral performance year-on-year in the second quarter

- Manufacturing expanded by 2.5%
- Construction contracted by 54.7%
- Services-producing industries contracted by 13.6%



# Congratulations To ISCA Members Elected To Parliament



Chong Kee Hiong  
Bishan-Toa Payoh GRC

**THE SINGAPORE GENERAL ELECTIONS 2020 WAS HELD ON JULY 10.** Seven ISCA members were elected as Members of Parliament (MPs).

As the national accountancy body, ISCA is a key partner to the government in the development of the accountancy profession. We are thus heartened that our members have secured seats in Parliament, to be a voice for the people of Singapore and contribute to the nation's progress.

ISCA would like to congratulate Chong Kee Hiong, Louis Chua, Grace Fu, Derrick Goh, Murali Pillai, Sitoh Yih Pin and Don Wee on their election as MPs at the General Elections 2020.

We also want to extend our best wishes to Ms Fu in her new role as Minister for Sustainability and the Environment.



Grace Fu  
Yuhua SMC



Derrick Goh  
Nee Soon GRC



Louis Chua  
Sengkang GRC



Murali Pillai  
Bukit Batok SMC



Sitoh Yih Pin  
Potong Pasir SMC



Don Wee  
Chua Chu Kang GRC

## LEVEL UP WITH A DIGITAL BADGE

In times of uncertainty, being the best version of ourselves gives us the confidence to forge ahead.

Professional development is one of the most effective ways to prepare for the opportunities that arise when the situation changes for the better. With the Professional Accomplishment digital badges, let the world know about the latest certifications you have earned from the ISCA CPE Certification Courses, Professional Qualification Programmes and Specialisation Pathways.

Upon completion of the courses, programmes, or any modules that are part of a certification track, you will receive a digital badge. With just a few clicks, you can now showcase your badges to employers and peers on professional networks and social media sites.

Digital badges allow you to:

1. **Showcase** your credentials and qualifications on your online profiles and resumes
2. **Highlight** the competencies and accomplishments you have achieved in your professional fields
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**Start earning your badges today!**  
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Learn more at [isca.org.sg/digitalbadges](https://isca.org.sg/digitalbadges)

# ISCA Journal Bags APEX Grand Award 2020



**THE IS CHARTERED ACCOUNTANT JOURNAL** has clinched the Grand Award – the highest accolade – at the 32nd Annual Awards for Publication Excellence (APEX 2020). The Awards, which began in 1988, is a prestigious international competition open to communicators in corporate, non-profit and independent settings, and for publishers, editors, writers and designers who create print, web, electronic and social media, all over the world.

APEX 2020 attracted a total of about 1,200 entry submissions, with 241 entries in the Magazines, Journals and Tabloids category to which the Journal belongs. Competition was intense and only 100 Grand Awards were presented across 12 major categories. To have won a Grand Award represented a major achievement for the Journal. Other notable winners within the same award category included publications by the American College of Radiology (USA), Environmental Law Institute (USA), University of Michigan Rogel Cancer Center (USA) and National Healthcare Group (Singapore).

The ISCA Journal had received the APEX Awards of Excellence in 2016 and 2017. This year, we have gone a step further and bagged

the Grand Award. Winning entries were judged on excellence in graphic design, editorial content and the ability to achieve overall effectiveness in communications with readers. The APEX Grand Award honours the most outstanding works of each main category and constitutes an independent solid testament of the high quality of the Journal. In winning the Grand Award, the Journal has showcased its ability and strength to communicate creatively and effectively.

The Grand Award is a positive signal that the ISCA Journal is on the right track, and the editorial team will endeavour to continually provide better and more engaging content for all readers and strive to improve further, so that the Journal can be a useful resource for accountancy and finance professionals as they further their professional aspirations.

ISCA and the editorial team would like to express our sincere gratitude to all readers and contributing writers, as well as our members and stakeholders who have played a part in our achieving the esteemed APEX Grand Award.



## MARK YOUR CALENDAR

**17 & 18 AUG**  
**A hands-on approach towards Data Analytics (for Accountants and Analysts) (Live Webinar)**

This course focuses on building foundational knowledge so that each participant will gain an appreciation of the entire data analytics process and the capabilities/limitations of data analytics.

Within each module, participants will be exposed to useful technical skills that will help to widen their horizon and understanding of the new digital economy and workplace.

**25 AUG**  
**ISCA PAIB Virtual Conference 2020**

With 2020 being an unprecedented year for Singapore (and the rest of the world), this year's virtual conference aims to reposition accountants to rebound from COVID-19 whilst reiterating the changing role the sector will play as we Gear Up to Reboot in the New World. In a condensed half day live stream, it is an action-packed conference covering hot topics including technical reporting standards, ethics, governance, and enterprise risk management.

Join us in the first ever Virtual PAIB Conference to be part of the largest chartered accountants community in Singapore.

**31 AUG**  
**IFRS 16: Leases - Dealing with the impact of Covid-19 (Live Webinar) NEW!**

Preparing your first financial statements using IFRS 16 Leases and dealing with the changes triggered by the lockdown for businesses, altogether is indeed very challenging and stressful.

This programme aims to extend guidance in reporting and presenting the changes to the existing leases; currently reported and presented using IFRS 16 Leases.

**24 AUG**  
**Tax and Transfer Pricing in Supply Chain (Live Webinar)**

Supply chain is the process whereby goods and services are delivered to the customer. This process crosses international borders as functions like manufacturing, research & development, logistics and distribution may be located in different territories. This global journey brings with it tax exposure and risks including transfer pricing issues.

**26 AUG**  
**Ethical Business Conduct: Tell Tale Signs of Companies in Trouble (Live Webinar)**

This seminar will provide you an overview of the 6 categories of financial gimmicks and the fundamental tricks that companies have used to mislead auditors and investors for decades and use that knowledge to boost your organization to a higher ethical platform.

### Online Training Package 2020

To prepare for the challenges of tomorrow, the Institute encourages you to keep your professional development continuous through our online training package – that gives you everything you need to get started.

At only \$650 (before GST) for ISCA members and \$900 (before GST) for non-members, you will get 21 hours of online training organised in a single purchase. More than \*150 courses for you to choose from! Access our live webinars and e-learning modules at any location at the ease of your fingertips.

**09 SEP**  
**ISCA Breakfast Talk – Setting the Next Generation of Sustainability Goals (Live Webinar)**

Over the course of the past years, external sustainability reporting has gone from a compliance requirement to a business norm. The process of sustainability reporting disclosures has not only provided greater transparency on corporate behaviour, but has integrated sustainability as part of business strategy. The session aims to provide best practices for companies in Singapore to define the material issues, define their goals and set meaningful targets.



# The Accountancy Community Sends Timely Financial Aid to Youths In Need Amid Covid-19 Crisis

**NINETEEN-YEAR-OLD SARAH LEE JIA YU'S FAMILY** has been in distress particularly since the Covid-19 pandemic hit Singapore. Her father, a delivery driver and the sole breadwinner of her family of five, faces the risk of losing his income as many of his colleagues had been asked to go on unpaid leave. Meanwhile, Singapore Management University (SMU) fresh graduate, Abumouthuth Abu Ahsfer, 25, is concerned about the burden of his student loan repayments, but has been unable to land a job due to the current hiring freeze. Cheryl Ong Zi Hui, 18, a Year 2 student at Temasek Polytechnic, had to share a laptop with her sister to do home-based learning during the two-month circuit breaker as her family could not afford a second one. While her sister used the computer during the day, Cheryl had to catch up on her projects and lectures at night, frequently staying up past midnight to complete them.

To provide timely financial assistance to disadvantaged youths like Sarah, Abu Ahsfer and Cheryl, ISCA Cares, the charity arm of ISCA, brought forward the disbursement of its ISCA Cares Education Programme bursaries this year. Each of the beneficiaries received the first \$1,000 – out of a total \$2,000 for the award – in May, much earlier than the usual timing of October. The remaining \$1,000 will be issued in October.

This year, ISCA Cares disbursed a total of \$110,000 to 55 beneficiaries, up from last year's 36 beneficiaries. The aim is to provide timely help to the lower-income who are more severely impacted by the economic fallout due to the pandemic.

ISCA Cares Chairperson, Mrs Lim Hwee Hua, said, "In times of crisis, low-income families are one of the hardest-hit

groups. This makes it more vital for ISCA Cares to step in and help youths from disadvantaged families tide through this challenging period. Recognising that many such families need urgent financial assistance, we brought forward the disbursement date of the bursaries, and also provided bursaries for more beneficiaries. Our youths represent the future, and with the uncertain economic outlook, we remain committed to investing in them, to ensure that no one is left behind."

With the bursary award, Cheryl no longer stays up late to catch up on her schoolwork. "My father used the bursary money to buy a second-hand laptop for me so that I don't have to share a laptop with my sister. I'm grateful for that," says Cheryl. The bursary award has also helped defray some of her family's expenses, providing relief from their financial strain.

Cheryl's mother brings home an irregular income as an apparel shop assistant, and her father is unable to work for long hours as a delivery driver due to his ill health. Her family expenses are high, with medical bills for her father and toddler brother, living expenses for the five of them, and school-related outlays for her and her sister.

The oldest of three siblings, Cheryl shoulders much of the responsibility for the care of her two-year-old brother and 13-year-old sister. Her family responsibilities and studies leave her little time to take up a part-time job to help alleviate her family's financial stress. Despite these challenges, Cheryl stays optimistic about the future. Her goals are simple but grounded in



▲ Temasek Polytechnic student Cheryl was on home-based learning during the circuit-breaker period

responsibility. She wants to earn a stable income to help support her family, so that her father can rest more. When she becomes more financially comfortable, she also hopes to devote more time to simple joys, such as drawing and painting.

Also facing financial difficulties, Abu Ahsfer, who recently graduated from SMU with a Bachelor of Accountancy, is grateful for the ISCA Cares Bursary. Since his father's passing in 2016, his mother had been the family's sole breadwinner, single-handedly providing for Abu Ahsfer and his two younger siblings. "The ISCA Cares Bursary has helped tremendously. I do not need to rely on an allowance from my mother, so there is more for my two siblings," he says. With business at his mother's mom-and-pop convenience store impacted by the pandemic and Abu Ahsfer not having secured a job, expenses are building up; there are loans to be repaid and mouths to be fed. The family has been dipping into their savings to tide through this period.

Abu Ahsfer, who is also a 2019 ISCA Cares Bursary recipient, is thankful that he could afford to put in fewer hours at his part-time job during his final year at SMU. "With the financial supplement from the bursary, I was able to concentrate more on my studies. This has helped me graduate with good grades."

Abu Ahsfer is motivated to work hard with the goal to give back to society and help others in need. His dream is to set up his own charity to provide disadvantaged children in third-world countries access to education. He was inspired during his volunteer trips to Hue, Vietnam, in 2017, where he helped build a library for primary school students, and later, a fence for a flood-stricken primary school.

Like Abu Ahsfer, Sarah and her family have also found much-needed relief with the ISCA Cares Bursary, especially with her father's job at risk during this crisis. "The bursary has helped with our household expenses, especially to lighten my father's burden," says Sarah. Her father bears the responsibility of supporting the family of five, as her mother is unable to work after suffering a stroke. Her two

▼ Abu Ahsfer (2nd from left) with Vietnamese students and a schoolmate on a two-week community volunteer trip to Hue, Vietnam, in 2017



▲ Sarah (centre), with younger brother Xavier and his twin Samantha, at a Christmas festival in Singapore

younger twin siblings are studying at Nanyang Polytechnic, and Sarah has been unable to land a temporary job during this economic fallout.

Sarah is due to further her studies at a local university in August this year, having graduated from Nanyang Polytechnic. Despite the hardships, the aspiring tax accountant remains

optimistic about the future. "I found strength and motivation to work hard because of the people who supported me through challenging times. They include my family, teachers, friends and ISCA Cares. I feel I should not take any of this help for granted." Sarah hopes that one day, she will in turn be able to help youths who face similar financial struggles.

ISCA Cares is a charity set up by ISCA in 2015, which has been accorded Institute of a Public Character (IPC) status. ISCA Cares Education Programme – a programme under ISCA Cares – aims to provide needy youths with access to quality accountancy education at the local polytechnics and universities. The ISCA Cares Bursary goes towards subsidising beneficiaries' tuition fees and basic living expenses.

ISCA Cares is made possible with the firm support of the accountancy profession. The PwC Singapore Foundation, Hong Leong Foundation, BDO LLP and RSM Chio Lim LLP are the largest corporate donors this year.

"We would like to thank all ISCA Cares donors for their generous support. Their contributions have made it possible for ISCA Cares to reach out to some of those who have been most financially impacted by the pandemic," says Mrs Lim.

For information on ISCA Cares, please visit <https://isca.org.sg/isca-cares>.



2020: ISCA Cares Education Programme

total bursary disbursements: \$110,000

55 beneficiaries, up from 36 last year

award ceremony in May, earlier than the usual October timing

**"In times of crisis, low-income families are one of the hardest-hit groups. This makes it more vital for ISCA Cares to step in and help youths from disadvantaged families tide through this challenging period."**

MRS LIM HWEE HUA, ISCA Cares Chairperson



# Moving From Boss To Coach

**THE FIRST MINGLES SESSION IN 2020** was held virtually as a live webinar with members from three professional accountancy bodies, namely ISCA, Chartered Accountants Australia and New Zealand and The Institute of Chartered Accountants in England and Wales. The new format provides a refreshed platform for the participants who had previously attended the networking event in a physical setting.

Helming the session on June 4 was Professional Leader and Coach Kevin Kan, who addressed several of the pain points which exist in accounting firms or finance departments. He shared research statistics on the current challenges faced by leaders and managers which included being constantly overwhelmed by high levels of work stress, struggling to manage stress, difficulties in managing their emotions at the workplace, and inability to detach from work.

Mr Kan went on to discuss the findings on millennials at the workplace. Statistics show that the majority of millennials wanted more flexibility with their work arrangements, to gain more meaningful experiences and be able to advance faster in their careers. Significantly, communication and collaboration between leaders and millennials is key to a more meaningful work process.

Reporting officers play a pivotal role in the development of millennials; therefore, leaders need to move from telling their teams “what to do” to developing them through coaching and guidance. These leaders need to turn every interaction into a learning opportunity to foster learning, creativity



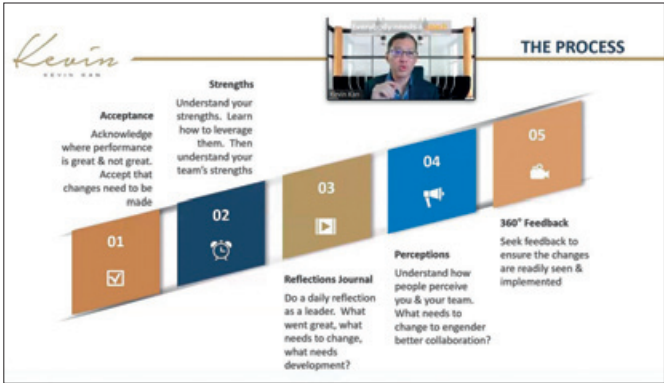
and innovation. This is done by questioning their teams instead of telling them what to do. Creating opportunities for stretch assignments, job rotations and developing a succession plan are also crucial in the process of developing millennials.

Mr Kan shared about the processes to help leaders maximise the potential of millennials and retain talents within an organisation, and unveiled a five-step process: acceptance, strengths, reflections journal, perceptions and 360-degree feedback.

Leaders must acknowledge and accept when problems occur within the team and believe that there is room for improvement or rectification. With that, leaders can identify their strengths and the strengths of their team members which leads to an increase in productivity and efficiency. The third step, reflections journal, is crucial for leaders to clear their minds at the end of

the day and do a daily reflection to better prepare for tomorrow. The fourth step is perception – leaders need to understand how people perceive them and their team, and what needs to change to engender better collaborations. Lastly, leaders must also actively seek feedback, and ensure that changes are readily seen and implemented.

The speaker wrapped up the session with several takeaways. Firstly, it is important for leaders to have constant communication with team members based on authenticity and empathy. Secondly, remember that employees want to be trusted, developed and do meaningful work, so make sure they have a clear career path and have new experiences to look forward to. Lastly, managers need to have some time off and self-care to relieve stress. With this, managers can successfully coach and develop their teams.



**LEADERS**

- Feeling frustrated & lacking motivation at work
- Having trouble sleeping - feeling edgy & irritated all the time
- Can't trust your employees to do anything right
- More 1:1 meetings
- Cost management, resource management



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● isca breakfast talk

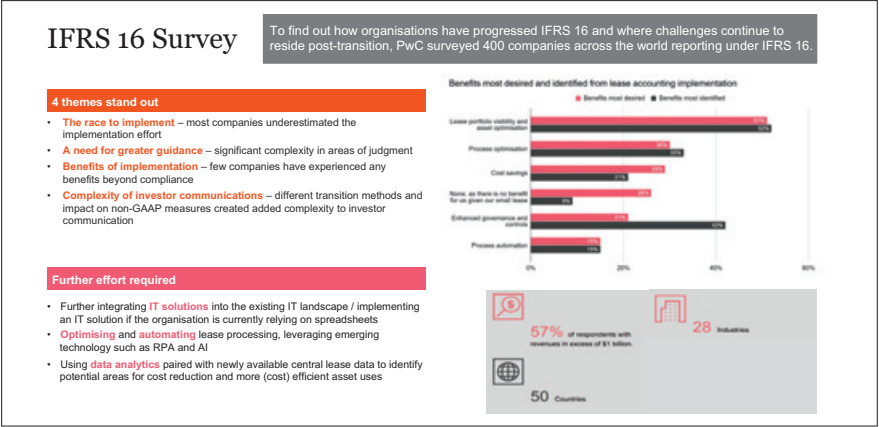
# IFRS 16 Implementation Insights

**WHEN IFRS 16 LEASES CAME INTO EFFECT ON 1 JANUARY 2019**, a significant hurdle has been overcome in transitioning to compliance with IFRS 16 requirements. On June 29, Senthilnathan Sampath, Managing Director, and Lim Lay Kee, Senior Manager, both from PwC Singapore, shared with webinar participants the key challenges in the implementation of IFRS 16, the opportunities to optimise lease management and accounting processes, and the benefits beyond compliance with the Standard.

PwC had surveyed 400 corporate respondents across the globe, including a few from Asia, to garner insights into their organisations’ approach to implementing IFRS 16. Ms Lim shared the four key themes that stood out from the survey results (Figure 1), and the additional efforts required to operationalise Day 2 lease accounting requirements.



Figure 1



The four themes are:

- 1 The race to implement** The market has viewed IFRS 16 changes as a compliance exercise only and scrapped through Day 1 accounting by manual monitoring and calculation using Excel spreadsheets.
- 2 A need for greater guidance** Entities underestimated the implementation issues arising from IFRS 16 and have not put in place adequate processes to incorporate these in their BAU.
- 3 Benefits of implementation** Entities are considering embedding the lease

processes as part of their BAU processes going forward, which may be used to achieve greater benefits and cost efficiencies.

- 4 Complexity of investor communications** related to the application of the Standard, as this change has a direct impact on several commonly used performance indicators and financial ratios reported internally and externally.

Many organisations faced unexpected challenges in implementing IFRS 16, and they have not yet fully investigated the

business benefits that the adoption of IFRS 16 could bring beyond compliance. Mr Sampath believes that many opportunities exist for companies to increase their business value from IFRS 16, which would in turn enable them to obtain a return on their implementation costs.

Entities have implemented interim IT solutions for IFRS 16, and want additional functionalities in their IT solutions to meet their ongoing lease administration and reporting needs. IT vendor selection and integration services may be needed to help companies achieve a lower running cost of lease processes and reporting. Also, further to internal centralisation, outsourcing under an automated managed service to a third-party provider that can perform lease processing and reporting efficiently with digitisation is increasingly becoming an option for companies.

Entities have complied with IFRS 16 requirements. It's now time to address Day 2 challenges by further optimising lease management and reporting processes, and taking advantage of emerging technologies and the treasure trove of data available to inform decision-making, reduce costs and better manage risks from leasing.

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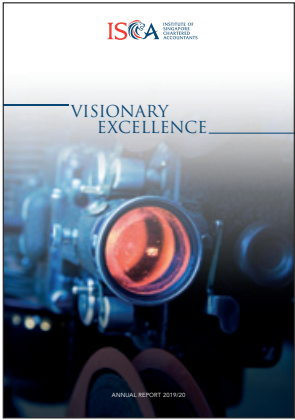
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**Change is the only constant in life. Perhaps 2020 will be remembered as the year of unexpected changes and heightened uncertainties. Regardless of how things change, ISCA will continue to support our members via our initiatives, to enable you to realise your professional aspirations.**

**ISCA HELD ITS ANNUAL GENERAL MEETING (AGM) 2019/2020 ON JUNE 20 AT ISCA HOUSE.**

The AGM was adjourned from its original scheduled date of April 25 due to the imposition of the Covid-19 circuit breaker. In adherence with the Singapore government's safe-distancing measures to reduce the risk of community spread of Covid-19, for the first time ever, the AGM was conducted by electronic means with the proceedings broadcasted through a live audio-visual webcast and audio-only stream. In total, 197 ISCA members attended the AGM online to

keep up-to-date with the Institute's latest developments and offerings.

During the AGM, ISCA President Kon Yin Tong shared the Institute's initiatives in supporting members during the current Covid-19 pandemic, including a financial assistance package worth up to \$3.6 million. Mr Kon also shared that together with efforts to support Singapore Chartered Tax Professionals, formerly known as Singapore Institute of Accredited Tax Professionals, the total support package for the profession is more than \$5 million. In addition, he gave a snapshot of the Institute's key initiatives in 2019 to help the profession stay relevant and adaptable in the evolving business landscape, and presented the Institute's refreshed vision and mission statements, which will take effect from 2021.

The AGM also saw the re-election of seven current members to the ISCA Council. They are Mohammad Shariq Sayeed Barmaky, Regional Managing Partner, Southeast Asia Audit & Assurance, Deloitte & Touche LLP;



▲ ISCA President Kon Yin Tong presenting the Institute's initiatives to support members during the pandemic

Dennis Chia Choon Hwee, Chief Financial Officer, StarHub Ltd; Lai Chin Yee, Finance Director, Qian Hu Corporation Limited; Marcus Lam Hock Choon, Partner – Assurance Leader, PricewaterhouseCoopers LLP; Lelaina Lim Siew Li, Group Chief Financial Officer, Eu Yan Sang International Ltd; Henry Tan Song Kok, Group Chief Executive Officer & Chief Innovation Officer, Nexia TS PAC, and Yiong Yim Ming, Group Chief Financial Officer, City Developments Limited.

At a Council meeting following the conclusion of the AGM, the Council re-elected Mr Kon, Managing Partner, Foo Kon Tan LLP, as President of ISCA; Yvonne Chan Mei Chuen, Director of Finance, Procurement & Administration, Enterprise Singapore, as Vice-President, and Kelvin Tan Wee Peng, Adjunct Associate Professor, NUS Business School, as Secretary.

For members who could not join us that day, here is an excerpt of Mr Kon's AGM address.

**RECAP OF 2019/2020**

"This is the first time we are holding the ISCA AGM virtually, given the need to continue with social-distancing measures to minimise the community spread of Covid-19. This is necessary even in Phase 2 of post-circuit breaker, to safeguard our members' health and well-being. It is also due to the pandemic that ISCA has postponed our AGM this year from the

usual April to June.

Nothing has changed lives and livelihoods more drastically in recent times than the Covid-19 pandemic. Globally, many countries are grappling with its impact and have rolled out stimulus and assistance packages to protect their respective economies and businesses. While Singapore is not immune to the effects of this global virus outbreak, we can be thankful that our government is doing the same, if not more, in managing the situation as best as possible, from instituting circuit-breaker measures to boosting the economy with four rounds of support measures.

Together, the Unity Budget, Resilience Budget, Solidarity Budget and Fortitude Budget bring the government's support to S\$92.9 billion in total, or 19.2% of Singapore's GDP. Deputy Prime Minister and Finance Minister Heng Swee Keat has called this "a landmark package, and a necessary response to an unprecedented crisis".

**ISCA'S INITIATIVES TO SUPPORT MEMBERS**

This is undoubtedly a difficult time for many of us. We understand that, like many other professions, members of the accountancy profession face challenges arising from the Covid-19 crisis. These include disruptions in the execution of projects, adjusting operations to comply with Covid-19 measures, loss of business and clients, cash flow issues and the threat of job losses.

To address these multifaceted challenges, ISCA has rolled out a myriad of initiatives including an assistance package worth up to \$3.6 million to help our members through this crisis. Some of these initiatives were announced by Minister in the Prime Minister's Office and Second Minister for Finance and Education Indranee Rajah, on her Facebook and LinkedIn pages on April 20.

The announcement was also covered by the media like *Channel NewsAsia*, *The Business Times* and *Berita Harian*.

The initiatives fall into three main categories: Career Support, Resources and Virtual Learning Support. Let me share briefly on each of them.

**Career Support**

First, on Career Support, we have rolled out a Career Microsite and Virtual Career Fair for Accounting and Finance Professionals.

**Career Microsite**

Under the guidance of ISCA Advisor Teo Ser Luck, ISCA launched a career microsite which hosts a career portal and government career schemes for accountancy and finance professionals.

The career portal features accounting and finance-related job posts extracted from Workforce Singapore's MyCareersFuture.sg portal.

Through the portal, we also provide a complimentary job-matching service that is only available for ISCA members. Members who are looking for career opportunities can apply to list their career history on an anonymous basis. ISCA will then facilitate the job-matching process between potential employers and candidates. The career-matching service has been well received. We have heard positive feedback from employers about being able to reach candidates who are qualified Chartered Accountants directly.

The microsite features government schemes for PMETs. The Professional Conversion Programme is targeted at mid-career switchers who wish to specialise in areas with good prospects.

There is also the P-Max Programme, which matches jobseekers with suitable positions, and the Career Support Programme, which can help employers defray reskilling and upskilling expenditure.

**Virtual Career Fair for Accounting and Finance Professionals**

The second initiative under Career Support, ISCA and Workforce Singapore co-organised a Virtual Career Fair for Accounting and Finance Professionals between 18 and 31 May 2020. The Virtual Career Fair connected jobseekers with employers for roles in areas such as finance, accounting, tax and audit. Spanning two weeks, the fair attracted more than 11,000 visitors and more than 2,500 job applications.



Resources

Under Resources, we have a number of initiatives and these include the Covid-19 Resource Centre, Technical Guidance, ISCA Covid-19 Navigator and a special articles series in the *IS Chartered Accountant Journal* (ISCA Journal).

Covid-19 Resource Centre

The virtual Covid-19 Resource Centre has regularly updated content curated for accountancy and finance professionals. This includes technical guidance on accounting and auditing issues arising from the Covid-19 situation as well as government announcements, which include primarily advisories and clarifications on firms’ operations. It also includes links to relevant news articles, e-learning resources and assistance schemes for ISCA members.

Technical Guidance

Covid-19 raises a wide array of challenges for accountancy professionals, from making complex judgements over the impact of this pandemic on valuations and going concern to disruptions in processes and procedures in accounting, finance and audit.

To support the accountancy profession in addressing some of these challenges, a number of technical guidance were issued. I will share briefly on four of these.

- + First, ISCA’s Auditing and Assurance Standards Committee and Financial Reporting Committee, in collaboration with ACRA, have formed a **joint Covid-19 Working Group**.

The Working Group has published guidance in the form of **Frequently Asked Questions (or FAQs)** on ISCA’s Covid-19 Series microsite to share its deliberations on accounting and auditing issues faced by the profession. The Working Group will continue to issue new FAQs to support the profession throughout this challenging period.

- + Second, to provide guidance on alternatives for group auditors who are unable to get access to their component auditors’ work papers due to the travel restrictions arising from Covid-19, ISCA has issued **Audit Guidance Statement 12 (AGS 12)**. AGS 12 also provides guidance on other audit considerations which are applicable to group auditors arising from such extraordinary events.

- + Third, the **Financial Reporting Bulletin 2 (FRB 2)** was issued to address the question of whether the Covid-19 outbreak was an adjusting or non-adjusting event for entities with a 31 December 2019 financial reporting date and other accounting implications arising from the outbreak.

- + And fourth, the **Financial Reporting Bulletin 5 (FRB 5)** was issued to provide accounting guidance and key considerations on how to account for Singapore property tax rebates arising from the government relief measures for Covid-19.

In addition to these technical guidance, ISCA and the Singapore Accountancy Commission (SAC) have also issued two **advisories for accounting practices**, regarding the additional support measures for

companies, accounting practices and advice on the application of time-limited exemptions, as well as safe management practices in the post-circuit breaker period.

We will continue to produce guidance on accounting and auditing implications arising from the Covid-19 pandemic.

ISCA Covid-19 Navigator

Apart from technical guidance, ISCA also produced the Covid-19 Navigator. The Navigator provides a summary of the assistance schemes and resources from the government and ISCA to support individuals and businesses affected by the pandemic.

The guide directs individuals and businesses to relevant support schemes and resources from the government and ISCA, including the schemes from the Fortitude Budget. The schemes and resources are categorised for employees, business owners and key decision-makers in organisations, so that users of the guide can easily identify and access the schemes relevant to them. Since the launch of this Navigator, we have received much positive feedback from members on its usefulness. I hope many more of you will find it useful; do share it with your colleagues and clients.

ISCA Journal special series

In addition to the ISCA Covid-19 Navigator, ISCA is running a three-part Covid-19 Special in the May to July issues of the ISCA Journal.

In this current crisis, it is imperative for our members to know how to cope with the situation, both from a business perspective and from a standards approach. As accountancy and finance professionals, we should be aware of the business implications to our organisations.

At the same time, we need to be mindful of potential financial reporting and auditing issues which may arise. Additionally, there is a need to plan ahead and prepare ourselves and our organisations for recovery when the outbreak ends. We hope the series of articles in the ISCA Journal will provide some guidance for our members.

Virtual Learning Support

Last but not least, the third category is on Virtual Learning Support. In times like these, continuing professional development (CPD) is more critical than ever, to enable members to be in a strong position to seize the opportunities that arise when the situation changes for the better.

To support members in upskilling for the future, ISCA has rolled out a CPD support scheme, where every ISCA member is given a \$100 CPD voucher to offset their course fees. This is part of the assistance package that I mentioned earlier that is worth up to \$3.6million.

During this period of safe distancing, we have curated live webinars and e-learning modules under our eLearning Space to provide members with virtual learning support.

To date, our eLearning Space has more than 200 webinars on various topics. In addition to these, we have made another more than 50 webinars available to members free of charge. This is part of our commitment to support our members through the crisis. ISCA also has more than 400 courses in our e-learning course library, making it easy for members to learn from home during this period.

Similarly, our Singapore Accountancy and Audit Convention (SAAC) series will be changed to a virtual format this year.

The next event is the **Professional Accountants in Business (PAIB) Virtual Conference** on August 25. With 2020 being an unprecedented year for Singapore and the rest of the world, the PAIB Virtual Conference will carry the theme “Gearing Up to Reboot in a New World”.

The conference will cover topics relevant to the current situation. These topics include accounting and auditing implications arising from the pandemic, the new code of ethics required, how to enhance enterprise risk management in times of uncertainty and how job roles in the finance function will be redesigned. We hope that the content line-up will support members in navigating the new normal.

Financial Assistance to Members

In addition to CPD support, we are mindful that some members may face financial hardship during this period. For this, we have made provisions in two areas – membership fees and CPD – to cater to members who are suffering from financial difficulties.

- + Members who are facing financial hardship due to unemployment can request for a 50% reduction in membership subscription fees. Members who face exceptional circumstances may be granted a fee waiver.
- + On CPD, there is a financial deferment scheme for members who would like to enrol in ISCA courses and qualification

programmes. Subject to meeting the eligibility criteria, members can defer payment of course fees till 31 December 2020, by up to 80% of the fees.

SMP Programme

And separately, we have a series of specific initiatives to support small and medium-sized practices (SMPs). During this period, it is inevitable that many SMPs will be hard hit.

We recognise the need to support SMPs, especially as the pandemic has accelerated the pace of digitalisation. The pace of digitalisation will continue to accelerate, given the telecommuting arrangements enforced by the government to minimise the community spread of Covid-19. And like all companies, SMPs will need to keep up with the pace of change.

With the support of Enterprise Singapore, ISCA launched the SMP Programme in May this year. The programme aims to drive digitalisation, upskilling and reskilling, and internationalisation of SMPs in Singapore. Under this programme, ISCA will partner with SMPs to build digital capabilities to drive productivity and innovation, and achieve business continuity and successful post-crisis recovery.

Resources will be directed towards engaging SMPs to guide them on their digitalisation journey. ISCA will also work with solutions providers to run a series of tech talks. These talks will showcase digital tools that lead to more efficient and effective work processes. These tools will also facilitate greater collaboration and engagement within teams and with clients. These initiatives will be made available to SMPs on a complimentary basis.

In addition to existing funding schemes, ISCA is also working closely with government agencies to help SMPs defray costs when adopting new digital solutions. The SMP Programme is estimated to help more than 300 SMPs in the next three years.



The AGM was held remotely for the first time, to adhere to circuit-breaker measures

SOME OF ISCA’S INITIATIVES IN 2019

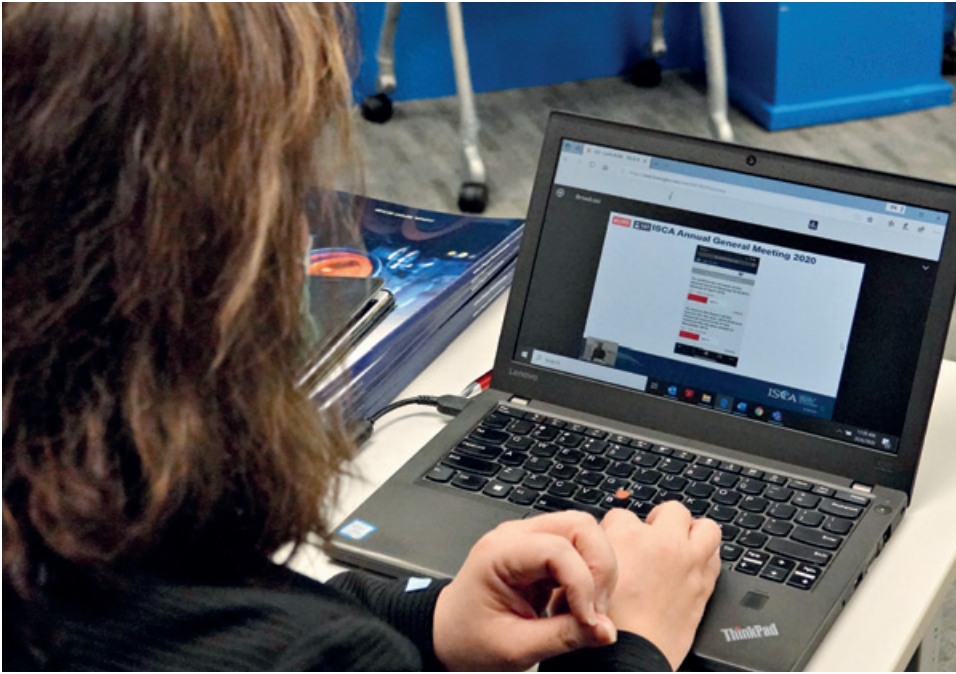
While the Covid-19 global crisis has required us to step up with more immediate support in the short term, supporting our members to achieve their professional aspirations has always been our role, and we have been developing initiatives to help our members meet the evolving needs of business, even before the pandemic struck. I will now run through some of ISCA’s key initiatives in 2019 to help the profession stay relevant and adaptable in the evolving business landscape.

As accountants, we need to be adaptable to ride the wave of uncertainty, and one way to be adaptable is to be multi-skilled. In line with our strategic priority to enable members to achieve their professional aspirations, ISCA supports our members by providing pathways for them to acquire specialised skills that are in demand. These remain relevant and are perhaps even more important when we emerge from Covid-19.

One of these specialisation pathways is the **Infrastructure & Project Finance Qualification (ISCA IPFQ)**, which we developed in collaboration with EY Singapore. Asia’s infrastructure sector is set to boom over the next decade. Just earlier this month (June), Ms Indranee cited infrastructure as a bright spot amid gloomy economic forecasts triggered by the Covid-19 pandemic.

As mentioned by Ms Indranee, growing economies need reliable infrastructure for carrying out essential functions when faced with external challenges<sup>1</sup>.

The introduction of the ISCA IPFQ is in line with the government’s efforts to harness Singapore’s infrastructure development ecosystem in support of Asia’s infrastructure growth. With the qualification, we aim to support the sector’s training needs for skilled talent by providing a pathway for our members who are accountancy professionals to



▲ Members could follow the AGM proceedings online

specialise in this growing field.

What is expected of accountancy professionals has also evolved. Accountancy professionals are now looked upon as business partners to provide business insights to improve decision-making and explain the story behind the numbers. To equip accountancy professionals with relevant skills for Industry 4.0, we launched the **Professional Business Accountant (PBA)** programme, which leads to the ISCA PBA designation. Aligned to the ISCA Professional Accountants in Business Framework, besides technical excellence and ethics, the programme also covers topics in areas like future finance, business acumen and leadership.

Truly, learning never stops for accountancy professionals. We have to keep abreast of latest updates and developments in order to deliver

excellence and professionalism. In line with ISCA’s strategic priority to share business insights and uphold technical excellence, ISCA issued several **new and revised auditing and assurance standards** in 2019.

We work with global bodies such as the International Auditing and Assurance Standards Board to contribute to the global standard-setting process.

Locally, ISCA also collaborates closely with government and industry partners to advance the profession. This is in line with our strategic priority to be a major influencer of key components in the ecosystem.

Together with the Infocomm Media Development Authority and SAC, we launched the **Accountancy Industry Digital Plan** in August 2019

<sup>1</sup><https://www.straitstimes.com/singapore/infrastructure-remains-bright-spot-for-business-employment>

Obviously, there is a lot of general uncertainty. One of the ways to deal with uncertainty is to be prepared for it. You’ve got to be nimble, be adaptable to face the unexpected.

to help SMPs embark on their digital transformation journey and adopt technology for greater productivity and competitiveness.

Now, it has become even more crucial for SMPs to ramp up their digitalisation efforts, with Covid-19 spurring digital transformation. I encourage SMPs to leverage ISCA’s resources and support schemes to accelerate their digitalisation journey.

To prepare SMPs for a digital future, ISCA collaborated with Singapore Polytechnic to offer a **Robotic Process Automation course for employees of SMPs** from August 2019. We expect over 100 SMPs to benefit from this programme over the next few years.

We also established the **Virtual SMP Centre** in August last year. This is an online platform to serve the needs of SMPs as they embark on their digitalisation journey. SMPs can use the online self-assessment toolkit to determine their stage of digital readiness, identify digital solutions and training programmes, and source for available funding schemes.

While we upskill and reskill the professional competencies of accountancy professionals, there is also a need for ISCA to foster the talent pipeline and build brand awareness among the younger audience segment. With this in mind, and in line with our strategic priority to elevate the ISCA brand, we started the **Youth Associate (ISCA) membership** category.

With the Youth Associate (ISCA) membership, we also aim to encourage more accountancy students to remain in the profession after graduation. Response has been positive, and more

than 1,000 students have signed up as ISCA Youth Associates.

Last year, the Institute launched the **ISCA Digital Badges**, along with the **Chartered Accountants Worldwide Network Member Logo**. They provide new ways to raise the visibility of our members’ credentials in an increasingly online world. Unlike paper certificates, Digital Badges enable members to share their professional achievements with just a few clicks on social media and digital platforms. The Chartered Accountants Worldwide Network Member Logo shows that members who are Chartered Accountants are part of a wider global network of leading professional accountancy institutes, lending credence to our members and the Institute they belong to.

ISCA also continued to expand our network and influence globally, in line with our strategic priority to raise ISCA’s global prominence. As ISCA elevates its brand internationally, the stature and employability of ISCA members will correspondingly be enhanced across international markets. Being part of a globally recognised brand heightens our members’ employability globally, bringing them greater career portability, market access and professional recognition.

Last year, we intensified our activities in the ASEAN region. This is now all the more vital with geopolitical developments which have elevated the importance of ASEAN as an economic bloc. With the US-China trade war, businesses are moving their factories out of China and into ASEAN.

The tariff and trade wars have stretched global supply chains to

breaking point, and the pandemic which had profound changes on the world broke those chains, pushing many businesses to go local or regional rather than global. This heralds significant economic opportunities for ASEAN. With the increase in economic growth in the region, we can expect that demand for professional services like accountancy will increase in tandem.

This could lead to greater career and business opportunities for our members, including those who hold the ASEAN CPA designation.

Last year, ISCA carried out **capacity-building projects in the region**, such as providing training on ISCA’s Audit Manual for Standalone Entities (AMSE) in Vietnam, and ISCA’s Audit Manual for Group Entities in Myanmar. Together with the Singapore University of Social Sciences, ISCA provided training for the Laos Ministry of Public Works and Transport. The Institute also signed a Memorandum of Understanding with the Vietnam Association of Certified Public Accountants for the translation, publication and distribution of ISCA’s AMSE in Vietnam.

In November 2019, the Institute hosted the **ASEAN Federation of Accountants (AFA) Council Meeting** in Singapore. In conjunction with the meeting, ISCA’s Financial Reporting Committee (ISCA FRC) and AFA held the **ISCA FRC-AFA Financial Reporting & Business Conference**, which brought together about 180 delegates across ASEAN to discuss updates on financial reporting and business issues.

Events such as these fostered greater cooperation and solidarity among the accountancy bodies in ASEAN, as well as promoted regional integration. One of the key lessons from the pandemic is that we all live on one earth, with a shared future. As a profession, we can strengthen our resilience by building our networks, continuing to stay connected and meeting challenges collectively.



REFRESHED VISION & MISSION

Recent events have highlighted the need for agility and adaptability. These are qualities familiar to the accountancy profession.

Similarly, ISCA continues to adapt and evolve to meet the changing needs of our members and the profession. Having provided a broad overview of some of the Institute's key activities last year, I would like to talk about our plans for the future. I am pleased to share with you our refreshed vision, which will take effect from 2021.

Our refreshed vision is to be a **world-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy.**

This refreshed vision is supported by our renewed mission statements, represented by the acronym **RISE**. RISE stands for:

- + **Represent** our members on matters affecting and of interest to the profession;
- + **Influence** the development of the accountancy profession and ecosystem positively;
- + **Serve** the public interest by helping to instil sound values and ensuring right ethical standards among our members and the profession;
- + **Enable** our members to achieve their professional aspirations.

With our refreshed vision and mission statements in place, the Institute is well positioned to lead the profession through the challenges ahead.

**CONCLUSION**

We are living in a time of unprecedented change. An area that has also changed significantly is the tax landscape, with the increased complexity in tax developments.

Back in 2010, ISCA, in partnership with the Tax Academy, set up a subsidiary – Singapore Institute of Accredited Tax Professionals (SIATP) – to support ISCA members



The proceedings were broadcasted through a live audio-visual webcast and audio-only stream

specialising in tax. Today, there is a need to widen SIATP's ambit beyond serving accountancy-trained tax professionals to include a wider audience. To facilitate its next stage of development, SIATP has been renamed Singapore Chartered Tax Professionals Limited. It has begun operating as an independent entity from April this year, while continuing to work closely with ISCA to support tax professionals in Singapore. ISCA will not receive any consideration for the withdrawal. The reserves of SIATP as at 31 December 2019 amounted to \$1.5 million. This \$1.5 million contribution takes our total support this year to the profession generally to more than \$5 million.

Change is the only constant in life. Perhaps 2020 will be remembered as

the year of unexpected changes and heightened uncertainties. Regardless of how things change, ISCA will continue to support our members via our initiatives, to enable you to realise your professional aspirations.

Obviously, there is a lot of general uncertainty. One of the ways to deal with uncertainty is to be prepared for it. You've got to be nimble, be adaptable to face the unexpected.

On this note, I thank my fellow Council members and the team at ISCA for working with me to support our members and the profession through this period of uncertainty. I thank our members too, for their continued support. At ISCA, we will continue to do all we can to help our members and the profession through these challenging times." ISCA

RE-ELECTED ISCA OFFICE BEARERS



KON YIN TONG,  
FCA (Singapore)  
Managing Partner,  
Foo Kon Tan LLP



YVONNE CHAN MEI CHUEN,  
FCA (Singapore)  
Director of Finance,  
Procurement & Administration,  
Enterprise Singapore



KELVIN TAN WEE PENG,  
FCA (Singapore)  
Adjunct Associate Professor,  
NUS Business School

RE-ELECTED COUNCIL MEMBERS



MOHAMMAD SHARIQ  
SAYEED BARMAKY,  
FCA (Singapore)  
Regional Managing Partner,  
Southeast Asia Audit & Assurance,  
Deloitte & Touche LLP



DENNIS CHIA CHOON HWEI,  
FCA (Singapore)  
Chief Financial Officer,  
StarHub Ltd



LAI CHIN YEE,  
FCA (Singapore)  
Finance Director,  
Qian Hu Corporation Limited



MARCUS LAM HOCK CHOON,  
FCA (Singapore)  
Partner – Assurance Leader,  
PricewaterhouseCoopers LLP



LELAINA LIM SIEW LI,  
FCA (Singapore)  
Group Chief Financial Officer,  
Eu Yan Sang International Ltd



HENRY TAN SONG KOK,  
FCA (Singapore)  
Group Chief Executive Officer  
& Chief Innovation Officer,  
Nexia TS PAC



YIONG YIM MING,  
FCA (Singapore)  
Group Chief Financial Officer,  
City Developments Limited

Biographies of the ISCA Council members are available at <https://isca.org.sg/media/2824706/annex-agm-2020.pdf>.





BY LEE FOOK CHIEW

# ISCA'S REFRESHED VISION AND MISSION

Driving The Institute's Growth Into The Future

## 2020 MARKS A KEY MILESTONE FOR ISCA AS AN ORGANISATION.

This year, the Institute is in the final lap of its 10-year strategic roadmap spanning 2010 to 2020 (Figure 1). As ISCA wraps up its 10-year strategic roadmap and embarks on its next chapter, a refresh in its vision and mission is timely.

### A PROFESSIONAL ACCOUNTANCY BODY WHICH MEMBERS CAN BE PROUD OF

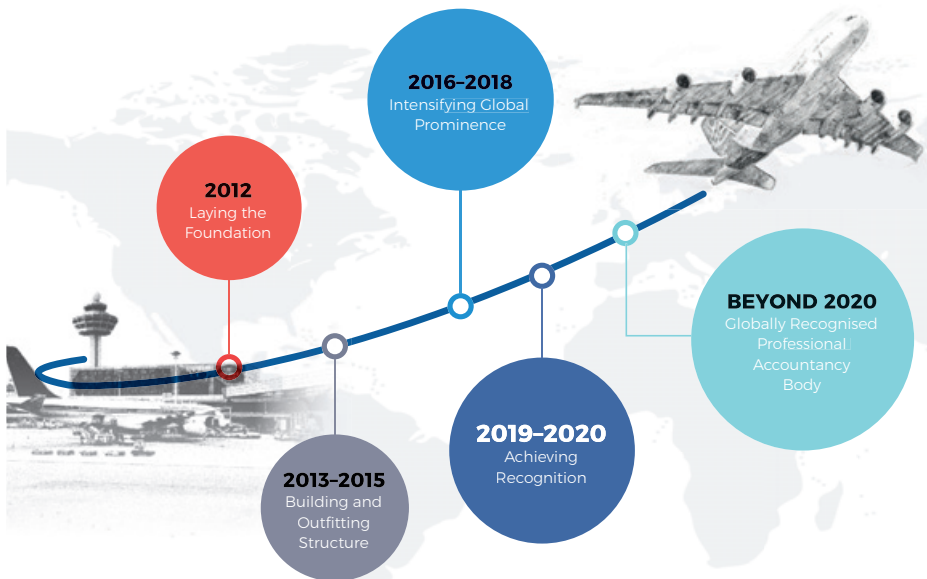
ISCA has come a long way under its current vision and mission. The Institute's current vision is to be a globally recognised

accountancy body, bringing value to our members, the profession and wider community. There are three mission statements in place to achieve this vision:

- + Empower members to achieve their aspirations;
- + Be the voice for our members and the profession, and
- + Advance and promote the accountancy profession and contribute to Singapore's aspiration to develop into a leading global accountancy hub.

Guided by its current vision and mission, the Institute had put in place a 10-year strategic roadmap in 2010. The

Figure 1 ISCA's strategic roadmap (2010-2020)



past 10 years saw ISCA transform from a modest national accountancy body to achieving its vision of becoming a globally recognised professional accountancy body.

As a membership organisation, empowering members to achieve their aspirations has always been one of the Institute's top priorities. ISCA has taken on an increasingly active role over the years to prepare members and the profession to be future-ready. The Institute has been rolling out specialisation pathways and qualifications, continuing professional education (CPE) courses and e-learning modules, and publications in trending or high-growth areas. In recent years, these areas include business analytics, financial forensics, project finance and infrastructure, coding and financial modelling. Through upskilling and reskilling, members can keep their knowledge and skill sets relevant, and expand their career options.

As the voice for its members and the profession, ISCA shapes and influences policies and initiatives of key decision-makers in the ecosystem. In addition, the Institute advocates on matters that are in the interest of the profession, of which ISCA members are part of. ISCA submits comment letters on exposure drafts drawn up by international bodies such as International Accounting Standards Board (IASB) and International Federation of Accountants (IFAC). The Institute also organises the Pre-Budget Roundtable and focus groups ahead of the delivery of Singapore's annual national budget. Insights and recommendations gathered are subsequently submitted to Singapore's Ministry of Finance for consideration in formulating the national budget. Last year, ISCA contributed a commentary to *The Business Times* newsdaily to promote awareness on the role of auditors, and to dispel misconceptions of auditors. These are just a few examples of ISCA advocating in the interest of its members and the profession.

In line with ISCA's current mission to contribute to Singapore's aspiration to



develop into a leading global accountancy hub, the Institute has been developing proprietary materials of its own to showcase its thought leadership in recent years. Table 1 includes some of the proprietary materials that ISCA is proud to call its own. Moving forward, the Institute will be creating greater awareness of our proprietary materials outside of Singapore, beginning with ASEAN countries.

ISCA has also made significant inroads in terms of bringing about greater professional recognition for members internationally. As a testimony of ISCA achieving its current vision of being a globally recognised accountancy body, the Institute is a full member of Chartered Accountants Worldwide today. In fact, the Institute is the first professional accountancy body in Asia Pacific, and only body other than the founding members of Chartered Accountants Worldwide, to be a full member. ISCA also has Reciprocal Membership Agreements (RMAs) with three of the Chartered Accountants Worldwide founding members – Chartered Accountants Ireland, Institute of Chartered Accountants in England and Wales (ICAEW), and



Institute of Chartered Accountants Scotland. These RMAs enable ISCA members who have attained the Singapore Chartered Accountant or CA (Singapore) qualification to become members of these globally recognised accountancy bodies without having to fulfil additional professional or educational requirements.

As members of a globally recognised accountancy body, ISCA members enjoy greater career mobility and professional recognition, giving them

a competitive edge in a globalised business environment. Ongoing efforts to grow ISCA's profile outside Singapore include representation on international bodies, speaking at international platforms, and capability-building projects in the region.

A refresh in ISCA's vision and mission would drive the Institute's growth towards becoming a world-class professional accountancy body and position the Institute for the future, while providing clarity to members and the profession on where the Institute is headed in the long term.

ISCA'S REFRESHED VISION AND MISSION

The Institute's refreshed vision and mission statements (Figure 2) will be effective from 2021. A robust process was undertaken to refresh ISCA's vision and mission statements over two years from 2018 to 2019. During this time, the Institute engaged and sought the views of ISCA Council members, members, government agencies, the industry and profession, and international bodies through various platforms.

ISCA's refreshed vision is to be a world-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy. The Institute's refreshed mission to support this vision comprises four statements –

PHOTO GETTY IMAGES

Figure 2 ISCA's refreshed vision and mission

Our Vision		World-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy
Our Purpose		What it means
R	Represent members and profession	Represent our members on matters affecting and of interest to the profession
I	Influence development of profession and ecosystem positively	Influence the development of the accountancy profession and ecosystem positively
S	Serve public interest with sound values and ethical standards	Serve the public interest by helping to instil sound values and ensuring right ethical standards among our members and the profession
E	Enable members to achieve professional aspirations	Enable our members to achieve their professional aspirations

Represent members and profession, Influence development of profession and ecosystem positively, Serve public interest with sound values and ethical standards, and Enable members to achieve professional aspirations, or RISE for short. The acronym RISE serves to communicate to members and the profession that ISCA endeavours to rise above challenges to serve its members and the industry.

Specifically, the refreshed vision would see ISCA work towards three key areas. First, towards becoming a world-class accountancy body. A world-class Institute is one that the profession and market would look to, to champion certain areas like thought leadership, deep technical expertise and professional development of ISCA members. Second, building a trusted profession. Trust is highly valued in business, especially given the rising number of corporate scandals in recent years that have affected the reputation of the profession. The value of the profession is premised on the trust that stakeholders have in accountants. Lastly, ISCA will position the accountancy profession as being a responsible and

proactive contributor, as the Singapore government seeks to build an innovative and sustainable economy. The reason for doing so is because the Institute would like to raise the profile of accountants in Singapore, such that the profession is seen playing an important role that adds value to Singapore's economy.

The key difference between ISCA's current and refreshed mission lies in the "I" and "S":

- + Influence development of profession and ecosystem positively
  - + Serve public interest with sound values and ethical standards
- More than being a voice for its members and the profession, ISCA has become an influencer within the accountancy profession and ecosystem as the national accountancy body. The refreshed mission makes it outwardly visible that ISCA will entrench itself as an influencer within the profession and ecosystem.
- Acting in the public interest is part and parcel of being a world-class accountancy body. Public interest was recently included in ISCA's Constitution

to bring this to the fore. The Institute's work in this area includes carrying out investigation and disciplinary proceedings on a timely basis, developing standards and guidances, providing training and development, and establishing monitoring and enforcement processes to ensure that members fulfil their professional development requirements and that those standards are applied.

CONCLUSION

As the national accountancy body, ISCA does not rest on its laurels in terms of its work for its members and the profession. The ISCA Council and management will continuously work on improving the quality of the Institute's initiatives and services for members. We welcome feedback and suggestions from members on how we can do more, and look forward to having your continued support on our journey to become a world-class accountancy body of trusted professionals. ISCA

Lee Fook Chiew is Chief Executive Officer, Institute of Singapore Chartered Accountants.

Table 1 A sampling of proprietary materials developed by ISCA

Research publications	<ul style="list-style-type: none"><li>Digital Transformation In Finance Functions: ASEAN and UK Perspectives (in collaboration with ICAEW)</li><li>Artificial Intelligence: Opportunities, Risks And Implications</li><li>Fintech Innovation: Perspectives From Singapore And London (in collaboration with ICAEW)</li></ul>
Technical resources	<ul style="list-style-type: none"><li>Cybersecurity Risk Considerations In A Financial Statements Audit</li><li>Micro Accounting Model</li><li>ISCA Audit Manual For Group Entities</li><li>ISCA Audit Manual For Standalone Entities</li><li>On-the-Job Training Blueprints</li><li>Illustrative Quality Control Manual</li></ul>
Other resources	<ul style="list-style-type: none"><li>Learning Roadmaps For PAIPs And PAIBs</li></ul>



# WHEN THE NUMBERS DON'T ADD UP

**A**L CAPONE WAS ONE OF AMERICA'S MOST RUTHLESS AND VIOLENT MOBSTERS WHO FOR MANY YEARS, evaded arrest by bribing government officials and intimidating witnesses. It was eventually a forensic accountant who brought him down – not for his countless illicit activities and cold-blooded murders, but for the decidedly less sensational crime of tax evasion.

Forensic accountants are specialised finance professionals on the specific mission of identifying, ascertaining and gathering evidence for financial fraud; the traditional auditors seek only to provide assurance of the accuracy of financial reports and statements. Forensic accountants are to white-collar crime what police detectives are to the conventional criminal offences – instead of following a blood trail, they follow the money trail, diving into a sea of book entries, invoices, receipts and cash statements to find the defining piece of evidence. It is a profession that demands nothing less than the highest level of technical expertise, analytical rigour and inquisitiveness.

For Dmitry Kosarev, the payoff comes in the form of the thrill of uncovering the truth. As Director of PricewaterhouseCoopers (PwC)'s

South East Asia Consulting Forensic Services team, Mr Kosarev has been involved in various assignments focused on fraud investigation and anti-bribery compliance breaches for clients across industries, including some of the biggest frauds in the world<sup>1</sup>. But it does not stop there – the value of forensic accounting resides in what follows after the truth has come to light. "Once truth is established, companies can obtain clarity and resolution of a situation. It is this closure that helps them improve, emerge stronger and be better able to protect their bottom line. In fact, the best solutions when dealing with fraud risk are pre-emptive. Strong businesses are essential for healthy markets," explains Mr Kosarev. This opportunity to be a part of the solution in helping companies move forward was a key reason he chose to specialise in forensic accounting, having spent more than 10 years in audit.

Mr Kosarev has over 25 years of professional experience at PwC, where he started his career as an audit junior. History has a hand in shaping

**Dmitry Kosarev**, Associate (Specialist), Director, Forensic Services, PwC South East Asia Consulting

**So what are the core competencies forensic accountants need to have? A strong background in accounting is critical, given that forensic professionals are generally accountants or auditors who, by virtue of their skills, knowledge and experience, are experts at detecting fraud in accounting and financial transactions.**



<sup>1</sup> [https://www.pwc.com/sg/en/people-and-change/assets/fraud\\_risk\\_awareness\\_and\\_management.pdf](https://www.pwc.com/sg/en/people-and-change/assets/fraud_risk_awareness_and_management.pdf)





For Mr Kosarev, the ISCA membership and ISCA Financial Forensic Professional (FFP) credential represent recognition of his credibility and professional experience, a notable benefit given that he frequently conducts assignments in Europe, Africa, Asia and Latin America.



CAREER HIGHLIGHTS +

- 1992 to 2001**  
From Associate to Senior Manager, Audit, Bank and Capital Markets, PwC France
- 2001 to 2004**  
Senior Manager, Audit, Bank and Capital Markets, PwC Japan
- 2004 to 2014**  
Director, Forensic Services, PwC France
- 2014 to present**  
Director, Forensic Services, PwC South East Asia Consulting
- February 2019**  
Admitted as an ISCA Associate member, and qualified as an ISCA Financial Forensic Professional

his professional journey. Back in the early 1990s, Russia was transitioning from a centrally-run economy to a market-based economy. As business leaders found themselves in a new environment of competition, rules of ethics, governance and compliance had to be established. “PwC was on campus to recruit graduates. Since I majored in international finance and economics, it was a natural step for me to join the audit sector,” recalls the 52-year-old, who graduated from the State Financial Academy in Moscow in 1992. With white-collar crime on the rise, there is an increasing need for forensic accounting professionals. In a PwC report released in 2018<sup>2</sup>, more than one in three organisations in Singapore reported being victims of economic crime. In March this year, its Global Economic Crime and Fraud Survey<sup>3</sup> revealed economic crime and fraud incidents suffered by Singapore-based companies to be “at the highest level ever”.

This is a worrying trend that will no doubt be exacerbated by the Covid-19 crisis. As businesses shift to survival mode to stay afloat, controls will naturally take a back seat. The sudden implementation of health safety measures, such as work-from-home arrangements and remote communications necessitated by travel restrictions, also presents a window of opportunity to fraudsters. This is because fraudsters are banking on a “tsunami of false positives” where surveillance systems that are typically focused on unusual activities associated with fraud or other anomalies become overloaded as

everything is suddenly different. And then there is the people factor – in tumultuous times, employees may be pressured to commit fraud out of the fear of losing their jobs or contributing to a drop in financial performance.

JUST THE FACTS, PLEASE

Add to this trend the shaping up of Singapore as an international legal hub, and you have an industry with ample growth prospects, highlights Mr Kosarev. Accountancy professionals who thrive on challenge may thus consider specialising in forensic accounting. But it is not always about catching criminals – Mr Kosarev points out that it is important that a forensic accountant “does not overstep his duty”.

He recalls an assignment where a client had received allegations of fraud against an employee. Instead of launching formal proceedings right away, he and his team embarked on early-stage assessments which eventually proved the allegation to be untrue – and helped the client avert an unnecessary and potentially costly investigation. “It is important to note that a forensic accountant’s duty is ultimately to the court. We only establish the facts, not derive our own conclusions. Even if the client hired us, our job is to analyse, not advocate. We are accountants, not lawyers.” The work also spans dispute advisory in cases such as breach of contract and delays on a capital project, as well as anti-bribery and anti-corruption, most often as part of the due diligence process during a merger or acquisition.

So what are the core competencies forensic accountants need to have? A strong background in accounting is critical, given that forensic professionals are generally

accountants or auditors who, by virtue of their skills, knowledge and experience, are experts at detecting fraud in accounting and financial transactions. “The technology element is also important. Accountants and auditors need to be able to understand technology so that they can work with engineers to develop solutions. The ability to work in a team is critical,” says Mr Kosarev. Last but not least is the ability to manage stress – “not only yours but that of others. Imagine arriving at a company to conduct your investigation on a project that is somebody’s ‘baby’. The project leaders will be emotionally affected. You have to help them deal with the situation. Your work deals with numbers, but to achieve progress, you need to empathise with those who are affected,” he adds.

For Mr Kosarev, the ISCA membership and ISCA Financial Forensic Professional (FFP) credential represent recognition of his credibility and professional experience – a notable benefit given that he frequently conducts assignments in Europe, Africa, Asia and Latin America. Effectively multilingual in English, French and his native Russian tongue, Mr Kosarev exhorts junior accountants to “grab the chance to learn another language – the more languages you can speak, the more opportunities you will get”. He had worked in France for a total of 19 years, with a three-year secondment to PwC Japan in between, and has been based in Singapore over the last six years. “These cross-border experiences were the highlights of my career. Each new posting taught me so much about the local culture and work practice, all of which are impossible to learn from books.” ISCA

<sup>2</sup> <https://www.pwc.com/sq/en/publications/assets/sq-economic-crime-survey-2018.pdf>

<sup>3</sup> <https://www.pwc.com/sq/en/services/consulting/forensics/economic-crime-survey-2020.html>





BY STATHIS GOULD AND LAURA LEKA

# REPORTING AND FRAUD RISK ARISING FROM COVID-19

Heightened Challenges Facing Professional Accountants

**GLOBALLY, THE COVID-19 CRISIS IS CAUSING HUGE FINANCIAL IMPLICATIONS FOR MANY ORGANISATIONS,** as well as exposing them to a variety of other emerging risks related to virtual operations, cybersecurity, and changes in relationships with customers and suppliers that put pressure on operations and service delivery. This new environment creates a heightened risk of fraud and improper financial reporting, as new opportunities and pressures can arise for both internal employees and external parties.

In response to the current crisis, many organisations have had to quickly change working practices and protocols to enable remote working, which presents an increased risk of fraud if internal controls can be bypassed as a result. Incentives to commit fraud may also be heightened with organisations and individuals facing unprecedented economic challenges. In desperate times, individuals under significant work-related or personal pressures can exhibit and rationalise uncharacteristic behaviours such as enhanced risk-taking and unethical decision-making. They may also deliberately present a rosier picture of current reality through financial statement and disclosure manipulation.

During the current crisis and its aftermath, the public interest obligation and professional judgement of professional accountants will be under greater scrutiny. This will particularly be the case for those who are Board Directors or in management roles given that they have ultimate responsibility for the prevention and detection of fraud in an organisation.

But in the coming weeks, months and years, it will also be critical for other professional accountants working across roles, including in finance functions, internal audit and external audit, to be more alert than ever to the risk of fraud and manipulation of accounting and reporting. Information cannot be taken at face value without an appropriate level of challenge.

For external auditors, an expectation gap often exists between what the general public expects from them in detecting and reporting fraud, and their actual responsibilities under standards. Under ISA 240 *The Auditor's Responsibilities Relating To Fraud In An Audit Of Financial Statements*, auditors are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The International Auditing and

**Regulators and oversight bodies are also reminding companies to exercise their professional judgement and pay close attention to accounting standards, the financial reporting implications of Covid-19, and emerging risks.**





Assurance Standards Board (IAASB) highlighted, in its Covid-19 staff alert, the need for auditors to have heightened awareness of the possibility of fraud or error, with the importance of the exercise of professional scepticism top of mind when performing audit procedures. Professional accountants will need to be alert to the pressure exerted on them or by them on others. The International Ethics Standards Board for Accountants (IESBA)'s International Code of Ethics for Professional Accountants, including International Independence Standards (the Code), which establishes the standard of behaviour expected of a professional accountant, specifically addresses pressure on accountants that might lead to a breach of the five

fundamental principles of the Code (integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour). The IESBA staff is also developing a publication to highlight aspects of the Code that might be relevant to accountants in navigating the current crisis, and identifies potential Covid-19-related pressures. Regulators and oversight bodies are also reminding companies to exercise their professional judgement and pay close attention to accounting standards, the financial reporting implications of Covid-19, and emerging risks. For example, the Securities and Exchange Commission and Public Company Accounting Oversight Board in the United States released a statement highlighting the

risks and exposures of companies based, or with significant operations, in emerging markets where there may be substantially greater risk that disclosures will be incomplete or misleading. Key considerations in relation to reporting and fraud risk for professional accountants are discussed below. **TONE AT THE TOP NEEDS TO BE CLEAR** As in the best of times, what is said and acted upon at the top of the organisation sets the tone for behaviour throughout the organisation. Employees are the first line of defence. Boards and management need to send a clear message to employees that the organisation will be judged on how it handles the current crisis

PHOTO SHUTTERSTOCK

Boards and their audit committees, and management need to assess and continue to monitor a changed control environment, including key controls such as segregation of duties or systems access that may be weakened in a virtual work environment or due to work force displacement and disjointed processes.

and therefore, its values and ethics are paramount. This extends to their reporting and accounting as well as to their concern for the interests of their stakeholders and how their reputation is perceived. An effective ethics and compliance programme is underpinned by a positive culture, strong values and transparency. In a recent blog on Covid-19, the National Association of Corporate Directors pointed out that while boards are responsible overall for overseeing the tone at the top, audit committees also play a key role, "Their challenge is to discern whether the tone that management communicates to the committee is really the tone that permeates the entire company. This is particularly important now that work is being done virtually – employees may feel isolated and disconnected, and messages can be misunderstood. Feedback from past employee sentiment surveys is unlikely to be indicative of the current environment." The Center for Audit Quality also emphasises the importance of corporate culture in navigating through, and emerging from, a crisis.

**MAINTAINING AN EFFECTIVE CONTROL ENVIRONMENT** Changes in working practices and remote working may impact the internal controls that are the foundation to the reliability of the financial reporting process and the credibility of reporting and disclosures. The control implications and challenges of any changes will vary by organisation and may depend to an extent on whether controls were predominantly manual or automated before the crisis.

Boards and their audit committees, and management need to assess and

continue to monitor a changed control environment, including key controls such as segregation of duties or systems access that may be weakened in a virtual work environment or due to work force displacement and disjointed processes. Deloitte has identified the following areas in internal control over financial reporting that may need additional attention:

- + Scoping and risk assessment conclusions may need to be revisited to verify that they are appropriately responsive to the changes in the organisation that have occurred since the outbreak of Covid-19;
- + The design of controls may need to be adjusted;
- + Evaluation of the operating effectiveness of controls may need to include a plan for increased levels of remote testing;
- + Changes in workforce and remote working in the business as a result of Covid-19 may increase control deficiencies;
- + Typical communication plans with senior management and board members may need to be revisited so that they are given the information they need on a timely basis.

**A RE-ASSESSMENT OF FRAUD AND REPORTING RISK FOCUSED ON MATERIAL AREAS** Guidance from Deloitte – Forensic Focus On Covid-19 Financial Statement Fraud – outlines examples of financial statement fraud risks that organisations should be conscious of, such as overstatement of revenue, understatement of allowances and reserves, manipulation of valuations and impairments, capitalisation of expenses, and margin manipulation. In response to these financial statement fraud risks, the audit committee, which often has delegated responsibility for oversight of an organisation's financial reporting

process, needs to consider a number of key issues, for example:

- + The nature of adjustments, including why the adjustments might be viewed as immaterial;
- + Uncorrected misstatements, that is, waived accounting adjustments;
- + Accounting policies, practices, and estimates – are they defensible? Have any changed in light of the crisis, and if so, why and are the changes justified?
- + The use of alternative performance (non-IFRS or non-GAAP measures) such as EBITDA and whether these might mislead;
- + Whether internal audit priorities have been, or should be, redirected in response to Covid-19-related fraud and reporting risks (a poll by the Institute of Internal Auditors on the impact of Covid-19 on internal audit found that three quarters of internal audit functions have updated their audit plans and over half have updated their risk assessment; 40% of respondents also reported increases in effort related to fraud);
- + How to ensure the operational soundness of the organisation's whistleblowing systems, which may become more critical than ever. Following up on suspicions of fraud or inappropriate practices will be critical, and using them as learning opportunities to enhance processes and procedures;
- + Any other key areas of fraud risk, for example, bank transfer fraud.

Where there are different views between the audit committee and management, there needs to be dialogue and robust challenge on the differences, for example, the credibility of the estimates, valuations and forecasts in relation to management's views. Professional accountants need to be proactive as well as pragmatic given how quickly events change and the uncertainties that arise. It will be incumbent on all professional accountants to ensure they are alert to how their professional training and responsibilities will be needed as companies deal with and emerge from Covid-19. ISCA

Stathis Gould is Director, Advocacy, International Federation of Accountants (IFAC). Laura Leka is Senior Technical Manager, Global Accountancy Profession Support, IFAC. This article was first published in Knowledge Gateway, IFAC. Copyright © 2020 IFAC. Used with permission of IFAC. Contact IFAC for permission to reproduce, store or transmit this document.





BY DR ANG HAK SENG

# 4-3-2-1 CHARITY DIGITALISATION PLAN

Shared Success Through Shared Strategies

**CHARITIES PLAY A CRUCIAL ROLE IN SOCIETY BY MEETING NEEDS,** coordinating efforts and ensuring that no one is left behind. The importance of charities has been brought to the fore during the Covid-19 pandemic as there is greater urgency to ensure that vulnerable groups are supported.

Covid-19 has also made the charity operating landscape challenging. The viability and sustainability of charities are impacted due to a fall in donations and volunteers that are needed to run important programmes and services. However, there are opportunities in uncertainty. Looking at Covid-19 and beyond, there is strong impetus for charities to become more digital. By embracing digitalisation, charities can attain operational efficiency as well as improve service delivery. For example, a charity would be able to engage more volunteers and expand donor outreach through virtual volunteering and online fund-raising platforms.

Furthermore, the time is right for charities to adopt a digitalisation strategy. With the government, the people and the community pushing forward in digitalisation, the charity sector needs to ride on this opportunity:

- From the government’s standpoint, there has been a push to help charities embrace digitalisation. An example of this is the Invictus Fund that was set up to maintain service continuity, retain staff and adopt technology.
- From the people’s standpoint, there are many families making fuller use of

technology to facilitate home-based learning, business meetings and even having meals together. With people becoming more open to technology, the charity sector should tap on this as avenues to connect with the public.

➤ Finally, from the community’s standpoint, there are also multiple ground-up groups coming together to help and encourage everyone during this period. With the government, people and the community embracing technology, the timing is right for the charity sector to digitise as well.

While the reasons to digitalise are compelling, the ways to achieve this might not be clear. If a bottom-up approach is taken, each charity will go off on its own and procure digital assets and systems, working in silos and eventually

making little progress as there is no communication and no synergy. On the other hand, if a top-down approach is taken, where the government enforces alignment, charities might lose a sense of ownership of their process.

Therefore, the way to digitalise the charity sector is one of balance and coordination. It is a shared journey where both the charities and Commissioner of Charities (COC) work closely together to co-create strategies to achieve digitalisation in a cheap, good and fast manner. On June 23, I shared about a “4-3-2-1 Charity Digitalisation Plan” during the Conversation with COC event (Figure 1). This plan focuses to help charities digitise through “4” strategies, “3” implementation modes, “2” stakeholders and “1” roadmap.

Figure 1 Dr Ang sharing the “4-3-2-1 Charity Digitalisation Plan” during a Conversation with COC event



**Charity Digitalisation Plan**  
A Number to Remember, A Number to Share

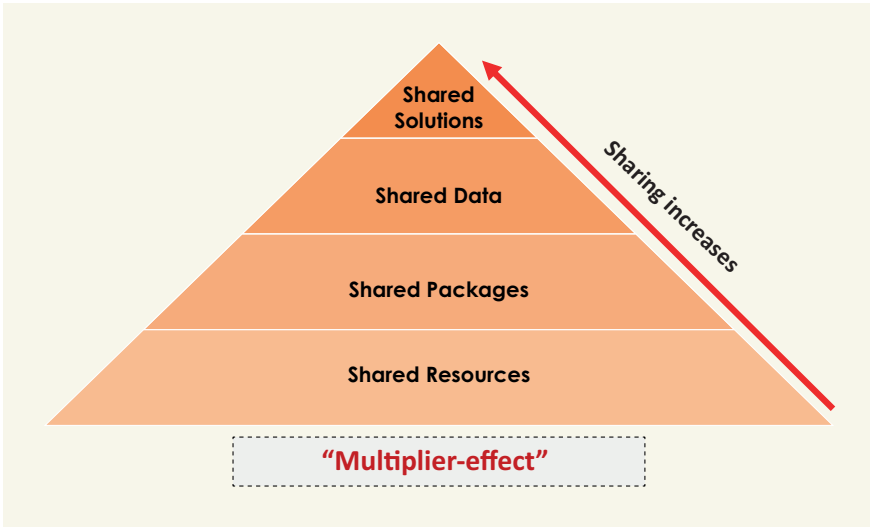
**4 WHATS** - strategies  
**3 HOWS** - implementation  
**2 WHOS** - stakeholders  
**1 WHEN** - roadmap

“Cheap, Good and Fast”





Figure 2 Four shared strategies



4 STRATEGIES

There are four shared strategies that can be adopted to digitally transform the sector. These strategies are structured like a pyramid, which requires more sharing with every additional layer (Figure 2). These strategies also have a multiplier effect where the sector benefits even more with each layer. It starts with “Shared Resources”, followed by “Shared Packages”, “Shared Data” and finally, “Shared Solutions”.

Shared Resources

The strategy of “Shared Resources” is about helping charities to expand volunteer and donor reach without building anything new. This strategy encourages charities to tap on open and shared platforms such as Give.Asia, Ray of Hope, Simply Giving and Giving.sg to reach out to donors and spread their messages. This is beneficial as charities would be able to tap on the wide and established network of well-known platforms. Furthermore, these platforms have signed the community of practice with COC. This subjects them to adhere to the Code of Practice and hence, provides the assurance of safe giving.

Another example for “Shared Resources” is the use of the SG Cares app. This app is designed to be the personalised and convenient tool for the public to show care. By posting opportunities on the SG Cares app, individuals would be able to see giving opportunities, become a volunteer or make donations with just a few clicks.

Shared Packages

The “Shared Packages” strategy seeks to help charities to reduce cost and improve operational efficiency by leveraging on standard corporate packages. As these packages are done through a pre-approved vendor, there is also strengthened governance due to good internal controls and quality assurance.

COC has signed a Memorandum of Understanding (MOU) with iShine Cloud Limited as one of the shared services partners to provide simple and affordable solutions to charities. The solutions include human resources (HR), accounting, donor management and volunteer management functions. In addition to these functions, iShine Cloud also provides support for charities through a helpdesk and cybersecurity monitoring and protection. This serves as a possible one-stop package for charities to meet corporate functional needs and hence improve internal capabilities.

Shared Data

The “Shared Data” strategy is crucial in ensuring that everyone has good awareness of the current needs and efforts. This will help to reduce the gap between over-served and under-served segments of society, thereby reducing market failure.

For example, during this Covid-19 pandemic, there was an urgent need to provide food and essential aid to vulnerable groups. Given that food is a perishable resource, tight coordination among charities was necessary. To achieve this, charities and community groups coordinated with a government agency to reduce the gap between over-served and under-served beneficiaries. Being mindful that the handling and sharing of data must comply with data protection regulations, COC will formulate a set of shared data guidelines for charities so that data-sharing can be kept simple, effective and coordinated.

Shared Solutions

The “Shared Solutions” strategy seeks to increase collaboration and effectively manage services. This can only be achieved through good case management where charities fully understand the journey of customers, and carefully plan the various services and programmes to provide the best possible service. This involves having a deep understanding of challenges and needs, and working with other charities to identify services and programmes to provide the support and help needed.

The importance of shared solutions can be explained with a hypothetical but realistic situation. Imagine that an elderly woman has just been discharged from a hospital due to a minor stroke. What kind of assistance do you think she needs? First, we need to meet her physical needs

... it is important to invest in people and increase their skills, knowledge and attitude through training and to ensure that they embrace digital readiness. There is a need for people to change from “I don’t know” to “I know”, and “I don’t want” to “I want”.

by providing a medical escort. Second, we need to meet her basic needs by providing her with healthy meals through meal-delivery services. Third, we need to meet her emotional needs through befriending services to ensure that she is adapting well to her new lifestyle. Fourth, we need to provide for her medical needs by arranging for her to go for physiotherapy, and ensuring that she has enough medication. Finally, to facilitate quick and sustained recovery, we also need to involve her in social groups to encourage an active lifestyle.

With so many different charities and services required, it is only logical for charities to coordinate efforts and work

on cases together, perhaps through a centralised case management system.

All four strategies can be employed only if charities focus on combined scale and tap on synergies, so that solutions can be built once and be used by many. However, this begs the next big question – How can we implement these strategies?

3 IMPLEMENTATION MODES

Akin to shared strategies, implementation should be balanced between a top-down and bottom-up approach. For bottom-up, there is a need for people to be digitally ready, and for top-down, there is a need for a structure to direct the sector. It is also important to have a bridge between

bottom-up and top-down approaches by having a process which enables charities that want to digitally transform. Therefore, through people, process and structure, three gaps can be bridged – an expertise gap, a resource gap and a gap created by silos (Figure 3).

People form the backbone of the charity sector. Therefore, it is important to invest in people and increase their skills, knowledge and attitude through training and to ensure that they embrace digital readiness. There is a need for people to change from “I don’t know” to “I know”, and “I don’t want” to “I want”.

In addition to people, there is also a need for process to enable all charities who are willing to transform to be given the resources to do so. For example, charities can tap on the enhanced VCF Info-Communications Technology Grant to gain access to digital resources.

Finally, there is a need for structure to provide alignment and focus, so that charities know both the direction and the steps needed to digitally transform. This refers to having a digitalisation transformation map for charities across the key sectors that provides a clear articulation of what the charity sector will look like through digitalisation.

2 STAKEHOLDERS

The 4 shared strategies and 3 implementation areas need the help and efforts of 2 key stakeholders. These stakeholders can be classified as “I” and “we”.

Figure 3 Bridging three gaps

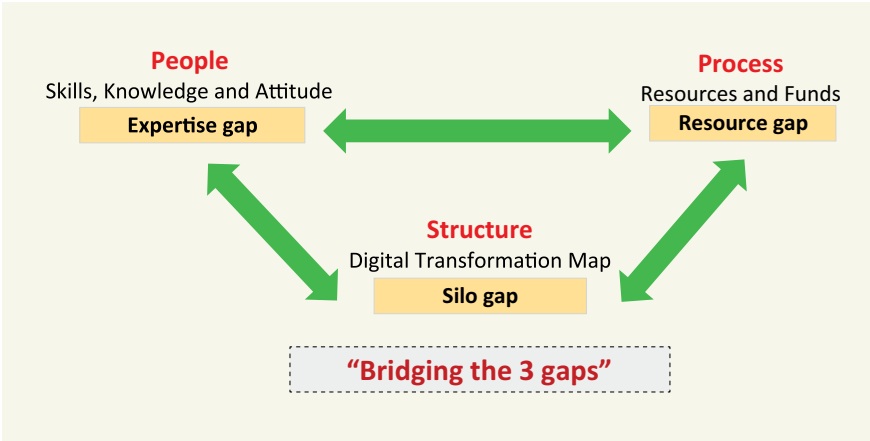


Figure 4 Key stakeholders



**“I”**

- “I” refers to each charity
- To **understand our givers’ journey and transform our processes**



**“WE”**

- “WE” refers to charity sector and People, Private and Public (3P) sectors
- To **collaborate** as an ecosystem

**“We all play a part”**



Figure 5 One Charity Digitalisation Roadmap



“I” refers to each charity. Every charity plays an important role in understanding the needs of vulnerable groups and coming up with programmes and services to ensure help and support is given. As each charity strives to ensure that no one is left behind, there is a need for each charity to adopt a growth and digital mindset.

However, just having a digital mindset is not enough. Digital transformation requires the commitment to change and the determination to pursue it. To digitally transform, there is a need to objectively look at processes and challenge the status quo. One good way to do this is by understanding the journey of donors and volunteers. By understanding their journeys, charities can change operational processes and business models to maximise engagement to provide a positive giving experience. This will lead to sustainable efforts as these givers will see themselves as stakeholders in the charity and will want to keep giving and even become multipliers where they ask others to give as well.

“We” refers to the whole community – both the charity sector and the people, and the private and public sectors. Only through collaboration can the sector meet the complex needs of vulnerable groups and provide them with the care and support needed. To collaborate, there is a need for a strong and deeply-rooted network. This comes in the form of the SG Cares Community Networks that help to coordinate among many different community stakeholders so that information can be shared, and solutions

can be co-created. The Volunteer Centres can also serve as nodes within a town to facilitate and champion the digitalisation process of charities

Beyond the charity sector, there is a need for more private sector collaborations to provide the infrastructure and resources for charities to tap on, to become more digital. This can possibly be done by tapping on the spare capacity of corporations. As it takes the whole community to produce a digital

and effective charity sector, we are left with one more big question – What can be done now?

1 ROADMAP

We can be ready to digitally transform by following a roadmap to convert vision into action (Figure 5). This roadmap seeks to provide comprehensive recommendations, alignment in actions across different sectors, and collective responsiveness for all charities to

Figure 6 Dr Ang presenting at a webinar on the impact of Covid-19 legislation on charities

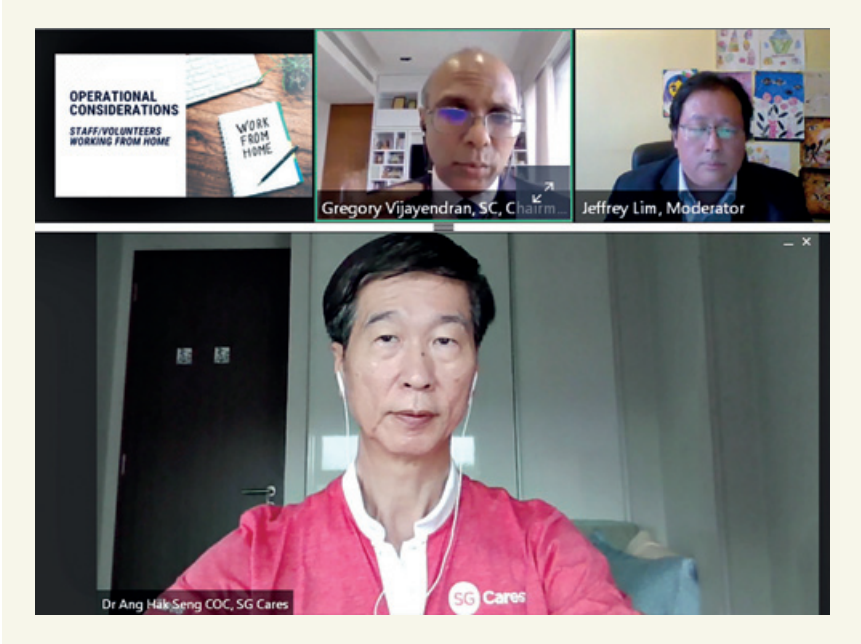


Figure 7 List of QR codes for webinars



By understanding the journeys (of donors and volunteers), charities can change operational processes and business models to maximise engagement to provide a positive giving experience.

work together, and through this, attain superior performance for all charities.

Firstly, we want the people to be ready by helping charity and staff go back to school. COC is partnering with Singapore University of Social Sciences to provide a certification course in High Performing Charities. This course seeks to equip charities with the skills to engage in business transformation. There are currently about 200 participants from charities who have attended the course. Moving forward, the aim is to have 500 charity participants attend this course.

In light of the changes brought about by the Covid-19 pandemic, COC is also working with other partners

to develop webinars to help charities adapt. Such webinars (Figure 6) include topics like extraordinary annual general meeting, financial resilience and online fundraising. Thus far, about 1,000 participants have attended the courses online. If you wish to view these webinars, please refer to the various QR codes in Figure 7.

Secondly, we want processes to be ready so that charities will have the resources to transform. The VCF Info-Communications Technology Grant will be enhanced to provide charities with more support in adopting digital solutions. The Grant will fund up to 80% of costs, capped at \$30,000 per charity.

We are also increasing the number of our shared services partners from seven to 11. This touches on a wide range of services from corporate matters like HR to business matters like process re-engineering.

Finally, we want to have a structure to facilitate quick and agile solutions. For this, we will work with 10 charities to be digital champions in the sector. These digital champions should cover a wide range of different charities of different scale and causes to conduct rapid prototyping. Through these champions, we will then scale up efforts to the whole sector.

CONCLUSION

The path to digitalisation is not easy. But using this 4-3-2-1 framework, charities can think big, start small and act fast so that the sector can seize opportunities for digitalisation.

The COC will walk this journey with all charities. We will support you, work with you and listen to you – and together, we will emerge stronger. ISCA

Dr Ang Hak Seng, FCA (Singapore), is Deputy Secretary (Singapore Cares), Ministry of Culture, Community and Youth; Commissioner of Charities, and Adjunct Professor, Nanyang Technological University.



BY THOMAS HELLWIG AND CAROLINE ROOK

# HOW TO SPOT WHEN AN EMPLOYEE IS SECRETLY STRUGGLING

Early Action Can Prevent Burn-Out

THE COVID-19 WORLD IS MARKED BY A HIGH DEGREE OF UNCERTAINTY AND EXISTENTIAL FEAR, a dearth of social interaction, the convergence of professional and personal space, a lack of physical activity and an obsessive focus on hygiene and social distancing. For professionals, it amounts to a toxic combination that elevates stress levels and increases the risk of burn-out. Virtually no one – and no organisation – is immune.

Now more than ever, every manager should become sensitive to the mental health of their teams, not to mention themselves. But few managers have formal training in this arena, which means their ability to directly intervene in the most severe cases is limited. What managers need first and foremost is a set of tools to help identify when an employee is seriously struggling. They can then take appropriate steps to ensure the sufferer has access to the necessary resources, before the problem becomes so big that it's overwhelming.

This sounds straightforward, but it's actually a complex and delicate matter. Especially during the early stages of burn-out, people are reluctant to be emotionally open with their manager for fear of being judged a "stressed-out employee". For a manager to approach the issue head-on with blunt questions may backfire. Therefore, we advocate for a three-step system that we call "emotional triaging".

An "emotional triaging" technique can help managers identify early warning signs of Covid-19 burn-out and take appropriate actions.

## "EMOTIONAL TRIAGING" (1) Check-in with the team

Several studies indicate that group emotions have a direct effect on group behaviour with regard to cooperation and performance, but evaluating them needs to be done according to good professional standards. Checking-in is an intentional practice for a team to start a meeting. When the team is aware of potential personal distractions, it's easier to focus on the primary task or project itself. Checking-in increases self-awareness and the cohesion of teams as team members become less judgemental. Be aware that certain team members might struggle more in sharing, such as introverts, outsiders or junior employees.

We suggest a pragmatic approach for emotional checking-in that can work even in the virtual space. Ask team members to self-evaluate on a scale of one to 10 (example, via a Zoom poll) in response to questions such as "What is your energy level?" or "What is your stress level in the current working environment?" Adding one or two explorative questions can give further insights into the emotional well-being of the team. For example, "What are the three challenges you consider as the most important to address at the moment for you and the team?"



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● **The current crisis challenges managers to rapidly and radically increase their mental health awareness, so that they can prevent their teams from being defeated by stress.**

● **(2) Individual deep dives**

However, some employees might still feel intimidated. Drawing them out will require individual attention and sensitivity. Hence, we suggest including deep dives as part of regular conversations. The objective is to explore further for early signs of stress. Avoid directly asking, “Are you stressed?” as this might trigger a denial or defensive behaviour. A better way to start is to be open about how stress is affecting you, establishing from the outset that the topic is not taboo. This shows vulnerability and triggers reciprocity in others.

From there, consider asking open questions, such as, “How do you manage your current workload, tons of e-mails and the virtual work? What do you consider as the main challenges in the current situation?” These general questions can start a short discussion in which you can explore potential stressors.

These virtual conversations are much better managed if both parties have audio and video enabled. That way, you can pick up on red flags in the employee’s body language.

In scanning for early warning signs, managers can use our Stress APGAR Framework to evaluate stress levels.

- + **Appearance** Visibly evident sleep disturbance, dejected posture and bodily pain (physical)
- + **Performance** Impairment of cognitive performance (due to time pressure, information overload and uncertainty) (mental)
- + **Growth** Loss of a sense of purpose, direction and hope for a better future (spiritual)
- + **Affect control** Uncontrolled outbursts and irritability (emotional)
- + **Relationships** Deterioration of relationships and social isolation (social)

In contrast to the original APGAR (a well-known health scoring method from neonatal medicine), the Stress APGAR is not an assessment tool but rather, a guide for managers to ask the right questions. For example, managers can consider asking:

- + **Appearance** How do you keep your energy up? How are your sleeping patterns? How do you maintain your physical and mental fitness?
- + **Performance** How do you cope with the workload at the moment? How do you manage the performance pressures we face?
- + **Growth** What gives you purpose and meaning at the moment? What are your and your team’s development objectives?
- + **Affect control** How do you cope with frustration? Do you get easily upset/incensed when discussing work issues or personal topics?
- + **Relationships** How do you experience your key

relationships at work? Do you ask for and accept help from others?

Our Stress APGAR Framework can be incorporated into your usual one-to-one conversations, especially with colleagues you are already concerned about.

● **(3) Show compassion and know your limits**

In the last step of emotional triaging, you need to consider appropriate actions.

Some team members already have a strong coping mechanism in place. Take care not to favour them above others who are having a tougher time. Instead, use them wisely as a possible source of help for their stressed-out peers, either through coaching or relieving colleagues of tasks that might be adding stress.

Stress sufferers can be separated into two categories based on the Stress APGAR Framework. People who satisfy at least two of the five criteria should receive more of your time and attention. You should especially be concerned if you recognise some of the *unhelpful coping mechanisms* such as ignoring individual issues (denial), inability to ask for and accept help (heroism) and the tendency to protect others at their own expense (helper syndrome). You must remain in closer contact with these workers and strongly encourage them to access resources for help, such as mental health professionals.

Employees who meet only one or none of the Stress APGAR conditions may be regarded as minor cases, whose stress management can perhaps be sufficiently improved by the compassion and support you can provide. They are still at risk however, especially if they are either unaware or unable to seek support (example, overloaded agenda and professional/personal life conflicts).

**BEYOND THE CRISIS**

Covid-19 is a literal “stress test” for individuals, teams and organisations everywhere. The current crisis challenges managers to rapidly and radically increase their mental health awareness, so that they can prevent their teams from being defeated by stress. Practices such as the above can help companies and managers remain at that high level of awareness, if they are continued after the pandemic passes. ISCA

Thomas Hellwig is Adjunct Professor of Organisational Behaviour, INSEAD. Caroline Rook is Lecturer in Leadership, Henley Business School. This article is republished courtesy of INSEAD Knowledge (<http://knowledge.insead.edu>). Copyright INSEAD 2020.



# TECHNICAL HIGHLIGHTS

## FINANCIAL REPORTING

**ISCA ISSUES RAP 7 (REVISED JULY 2020)**  
RAP 7 (Revised July 2020) *Reporting Framework for Investment Funds* sets out recommendations on the way in which the financial statements of investment funds should be prepared. RAP 7 (Revised July 2020) is intended to be applicable to all authorised unit trusts and authorised Variable Capital Companies (VCCs) in Singapore.

RAP 7 (Revised July 2020) has been updated from RAP 7 (Revised December 2019) to include two illustrative auditor's reports in Appendix 1 for unit trusts and VCCs. Amendments of terms and assumptions used in the illustrative auditor's reports were also made to align with the Singapore Standards on Auditing and Variable Capital Companies Act 2018.

Managers, directors and trustees, where appropriate, are encouraged to comply with the recommendations set out in RAP 7 (Revised July 2020). RAP 7 (Revised July 2020) will be effective for annual periods beginning on or after 1 July 2020.

For more information, please visit:  
<https://isca.org.sg/tkc/fr/financial-reporting-standards/singapore/recommended-accounting-practices-rap/>

## ISCA ISSUES REVISED FRB 6 ON ACCOUNTING OF JSS GRANT

FRB 6 (Revised), issued on 15 July 2020, provides accounting guidance and key considerations on how to account for payouts receivable by employers under the Jobs Support Scheme (JSS).

FRB 6 (Revised) has been updated from FRB 6 (issued on 7 May 2020) for the following developments:

- Enhancement of the JSS in the Fortitude Budget that was announced on 26 May 2020
- Inclusion of a reminder on IRAS' JSS website regarding the purpose of the JSS payouts and that employers must act responsibly and fairly during the circuit-breaker period

There is no change to the views and guidance from those shared in FRB 6 as a result of the above developments.

For more information, please visit:  
<https://isca.org.sg/tkc/fr/financial-reporting-bulletins/>



## IASB ISSUES AMENDMENTS TO IFRS 17 INSURANCE CONTRACTS TO HELP COMPANIES WITH IMPLEMENTATION

The amendments are designed to (i) reduce costs by simplifying some requirements in the Standard; (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effective date to 2023, and providing additional relief to reduce the effort required when applying IFRS 17 for the first time. IASB has also issued an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17.

For more information, please visit  
<https://www.ifrs.org/news-and-events/2020/06/iasb-issues-amendments-to-ifs-17-insurance-contracts/>

## IASB UPDATE: COMBINATIONS OF BUSINESSES UNDER COMMON CONTROL – ONE SIZE DOES NOT FIT ALL

IFRS 3 covers how to account for mergers and acquisitions between unrelated parties but it does not cover combinations of businesses under common control. To fill this gap, IASB is carrying out a research project to improve the comparability and transparency of reporting on combinations of businesses under common control. This Update discusses IASB's preliminary views on this project, which IASB plans to publish a Discussion Paper later this year.

For more information, please visit  
<https://www.ifrs.org/news-and-events/2020/06/combinations-of-businesses-under-common-control-one-size-does-not-fit-all/>



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BY FELIX WONG AND ANGELINA TAN

# SENTENCING REGIME FOR TAX OFFENCES

Recent Developments In The Sentencing Regime

## “THANK YOU FOR YOUR CONTRIBUTION TOWARDS NATION-BUILDING.”

The above statement, which can be found in Notices of Assessment, can perhaps offer a glimpse into Singapore’s zero-tolerance stance towards tax evasion – tax evasion is unfair towards those who comply and contribute their fair share towards nation-building.

Tax evasion is a criminal offence. Over the years, the sentencing framework for tax evasion has evolved and new sentencing benchmarks are set. In 2019, the Inland Revenue Authority of Singapore (IRAS) adopted a new sentencing framework in its sentencing submissions to the Courts. Coincidentally, the length of the imprisonment terms imposed in some recent tax cases has increased.

Against this backdrop, Yang Shi Yong, Director, and Charles Li, Associate Director, Tax & Private Client Services, Drew & Napier LLC,



(From left) Yang Shi Yong, Director, and Charles Li, Associate Director, Tax & Private Client Services, Drew & Napier LLC, shed light on general sentencing principles and how the sentencing framework for tax cases has evolved in Singapore recently

shared their insights into the recent development of the sentencing framework for tax cases in Singapore at an event organised by the Singapore Chartered Tax Professionals (SCTP).

## SENTENCING RANGE AND PENALTIES FOR TAX OFFENCES

The prescribed sentencing range and mandatory penalties for major income

In determining the appropriate punishment, the Courts take into consideration various factors relating to the offence and the offender, and are guided by the four general sentencing principles: retribution, deterrence, prevention, and rehabilitation.



tax and goods and services tax (GST) offences are stipulated in the Income Tax Act (ITA) and the GST Act (GSTA) respectively.

Not every case of under-reporting of income is necessarily a case of tax evasion. Where a person has made an incorrect return, he may be charged under Section 95(1) of the ITA. If the error is made through negligence or without reasonable excuse, a person may be charged under Section 95(2) instead.

Unlike Section 95 which covers incorrect returns, Sections 96 and 96A deal with tax evasion and serious

fraudulent tax evasion respectively. Under Section 96, any person with wilful intent to evade tax, if convicted, shall be liable to pay a penalty of treble the tax undercharged, and a fine not exceeding \$10,000 or imprisonment for a term not exceeding three years or both. Taxpayers engaging in serious fraudulent tax evasion (such as the falsification of any books of account or records) are liable to pay a penalty of four times of the tax undercharged, and a fine not exceeding \$50,000 or imprisonment for a term not exceeding five years or both, if convicted under Section 96A.

Sections 96(2) and 96A(2) prescribe a minimum imprisonment sentence of six months where there are multiple convictions.

## GENERAL SENTENCING PRINCIPLES AND PAST INCOME TAX EVASION CASES

In determining the appropriate punishment, the Courts take into consideration various factors relating to the offence and the offender, and are guided by the four general sentencing principles: retribution, deterrence, prevention, and rehabilitation.

## *Chng Gim Huat v Public Prosecutor (PP) [2000] (“Chng Gim Huat”)*

In *Chng Gim Huat*, the taxpayer omitted income from his tax returns for the Years of Assessment (YAs) 1995 and 1996, and was charged with one count of tax evasion for each YA under Section 96(1)(a) of the ITA. He was sentenced to imprisonment of two months and four months for the respective charges and the penalty of treble the tax undercharged.

The taxpayer appealed to substitute his sentence of imprisonment with a fine. On the basis that the charges



were grave and were tantamount to a deliberate fraud on the State, and that the type of offences affected the society as a whole as any deficiencies in revenue would have to be made up by other taxpayers, the High Court held that public interest was significant and that a sentence of imprisonment should be imposed in order to meet the needs of general deterrence.

The High Court, however, reduced the imprisonment sentence to one month and two months respectively after considering several mitigating factors, including the taxpayer's voluntary disclosure before investigation commenced, the restitution of tax owed and the fact that he was a first offender.

Since *Chng Gim Huat*, a sentencing benchmark for Section 96 tax evasion cases at two to four weeks per charge has been observed.

**PP v Onn Ping Lan [2005]**  
In *PP v Onn Ping Lan* [2005], a certified public accountant systematically falsified her accounts by obtaining blank payment vouchers from her clients (even though no money was paid by her) and omitted a substantial amount of income.

The Court considered several aggravating factors, such as the taxpayer being a certified public accountant, the systematic and deliberate falsification of accounts, and the fraud being perpetuated over a substantial period of five years. Accordingly, the Court sentenced the taxpayer to a total of six months imprisonment and the penalty of treble the tax undercharged (27 weeks imprisonment in default).

In arriving at the sentence, the Court considered the principle of deterrence and decided that a sentence of between one week to one month per charge (depending on the quantum of tax undercharged) was sufficient to reflect the severity of tax evasion offences and to deter like-minded individuals from tax evasion.

**NEW SENTENCING REGIME FOR INCOME TAX EVASION CASES**  
It is noted that IRAS has adopted a new sentencing matrix approach in its sentencing submissions for recent income tax evasion cases.



The harm-culpability sentencing matrix approach allows the Court the flexibility to take into account a multitude of factors, and ensures that actual harm caused by the offence and the actual culpability of the offender are taken into consideration.

PHOTO SHUTTERSTOCK

The sentencing matrix approach is based on a harm-culpability analysis which involves the identification of a “starting point sentence” reflecting the intrinsic seriousness of the offending act, and then adjusted either up or down to reflect circumstances which are personal to the offender.

The harm-culpability sentencing matrix approach allows the Court the flexibility to take into account a multitude of factors, and ensures that actual harm caused by the offence and the actual culpability of the offender are taken into consideration.

**Application of the New Sentencing Framework Case No. 1 [2019]**  
In the first case involving the new sentencing framework, the taxpayer (an insurance agent) forged payment vouchers to cover up fictitious business expense claims. This resulted in the under-declaration of his trade income for YAs 2013 and 2014.

Applying the sentencing matrix approach, IRAS sought a stiff imprisonment term on the basis that there was a significant degree of premeditation – multiple false entries were made in the income tax returns to claim fictitious expenses – and that the taxpayer had gone further to forge payment vouchers in an attempt to cover up these fictitious expenses.

While the Court expressly stated that it did not endorse IRAS’ sentencing matrix as this would not be appropriate at the District Court level, it took guidance from the matrix and sentenced the taxpayer to four months imprisonment and the penalty of treble the tax undercharged.

**Case No. 2 [2019]**  
The new sentencing framework was also adopted in another case in 2019. The taxpayer (a sole proprietor who provided consultancy services) had understated his chargeable income for YAs 2014 to 2017. IRAS proceeded on two charges (for YAs 2015 and 2016 respectively) where the taxpayer had understated a total of \$1.28 million in trade income, and applied to have the remaining two charges taken into consideration for the purposes of sentencing.

IRAS submitted that the high quantum of tax evaded pointed to a high level of harm while the long timespan of four YAs suggested high culpability. Using these to identify the appropriate starting point within the indicative sentencing range and taking into account offender-specific mitigating factors (such as the taxpayer’s guilty plea at the earliest instance, cooperation with the investigating officer, and the restitution made before the charges), IRAS sought a sentence of at least eight months imprisonment for the YA 2015 charge, six months imprisonment for YA 2016 charge, and the penalty of treble the tax undercharged (74 weeks imprisonment in default of payment).

The Court accepted the sentencing matrix and held that the quantum of tax evaded and the sentencing range proposed for each sentencing band in the matrix were appropriate, and that the matrix was not inconsistent with the mandatory penalty.

However, the Court noted that the quantum of tax evaded ought to be only one of the harm factors and that the absence of other harm factors in this matter justified a lower sentence. Accordingly, the Court sentenced the taxpayer to four months imprisonment for the YA 2015 charge and six months imprisonment for the YA 2016 charge, with both imprisonment terms to run concurrently, on top of the penalty of treble the tax undercharged (11 months imprisonment in default).

Notably, it is observed that new sentencing frameworks are being developed by the Courts to utilise the full spectrum of sentences enacted by Parliament. There is judicial disapproval of clustering of sentencing outcomes. An increasing trend of harm-culpability sentencing matrices is noted.

As the saying goes, “An ounce of prevention is worth a pound of cure.” A taxpayer who has reason to believe that he has not declared all his income to IRAS (whether knowingly or unknowingly) should consider making a voluntary disclosure to make good his tax affairs before IRAS comes knocking on the door. ISCA

Felix Wong is Head of Tax, and Angelina Tan is Technical Specialist, Singapore Chartered Tax Professionals (formerly Singapore Institute of Accredited Tax Professionals).





BY TOMMY YEE

DON'S COLUMN

# ENHANCED CARRY-BACK RELIEF AND CURRENT CARRY-BACK RELIEF

Choices And Considerations In Utilisation

**THE CURRENT CARRY-BACK RELIEF SYSTEM** allows the carry-back of current year unabsorbed capital allowances and trade losses to the immediate preceding year of assessment (YA) for set off against the assessable income (AI) of the immediate preceding YA. In Budget 2020, it was announced that the carry-back relief system will be enhanced for YA 2020 where current year unabsorbed capital allowances and trade losses can be carried back to the three immediate preceding YAs, that is, YA 2017, YA 2018 and YA 2019 (hereinafter known as enhanced carry-back relief) subject to meeting the same conditions of the current carry-back relief system. It was also clarified<sup>1</sup> that taxpayers have a choice of electing either current carry-back relief or enhanced carry-back relief for YA 2020. This article provides a discussion of the choice between current and enhanced carry-back relief for YA 2020 from the perspective of corporate taxpayers.

## CONDITIONS FOR CURRENT AND ENHANCED CARRY-BACK RELIEF

For corporate taxpayers, the shareholdings test<sup>2</sup> and the same business test<sup>3</sup> have to be satisfied in order to qualify for current or enhanced carry-back relief. The maximum amount of current year unabsorbed capital allowances and trade losses (also known as qualifying deductions) that could be carried back is \$100,000 and current year unabsorbed capital allowances are to be carried back before current year trade losses. If an election for enhanced carry-back relief is made for YA 2020, qualifying deductions

are to be carried back to YA 2017 first. The remaining YA 2020 qualifying deductions after carry-back to YA 2017 will be carried back to YA 2018. Lastly, any remaining YA 2020 qualifying deductions after carry-back to YA 2018 will be carried back to YA 2019.

## CURRENT VERSUS ENHANCED CARRY-BACK RELIEF

If the corporate taxpayer has nil AI for YA 2019 but some amounts of AI for YA 2017 and YA 2018, an election for enhanced carry-back relief allows immediate relief for YA 2020 qualifying deductions which could not be achieved via current carry-back relief. It is clear that electing for enhanced carry-back relief is more beneficial than the current carry-back relief in this situation.

However, if the corporate taxpayer has AI for YA 2017, YA 2018 and YA 2019, that is, all three YAs immediately preceding YA 2020, the choice between current and enhanced carry-back relief for YA 2020 may not necessarily be an obvious one. The choice between current and enhanced carry-back relief for YA 2020 is discussed in three potential scenarios.

<sup>1</sup> "E-Tax Guide Income Tax: Enhanced Carry-back Relief System" (2020) IRAS, accessed on 1 June 2020; [https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguide\\_Enhanced%20Carry-back%20Relief%20System\\_Budget%202020.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_Enhanced%20Carry-back%20Relief%20System_Budget%202020.pdf)

<sup>2</sup> This test computes the percentage of shareholdings of a company (or its ultimate parent company) that is held by the same persons as at the relevant dates. If the percentage is 50% or more at the relevant dates, it is regarded as there is no substantial change in the shareholders and the company is said to have satisfied the shareholding test.

<sup>3</sup> This test determines if a person continues to carry on the same trade, business or profession for which capital allowances were granted. This test is only applicable for the carry back of current year unabsorbed capital allowances.

In assessing whether current or enhanced carry-back relief should be elected for YA 2020, corporate taxpayers should determine the quantum of qualifying deductions that could be utilised under current and enhanced carry-back relief and compare the amounts of tax refunds from current carry-back relief and enhanced carry-back relief.





**ILLUSTRATION<sup>4</sup>**  
Suppose a company has an unabsorbed trade loss of \$100,000 for YA 2020. Its AIs for the three YAs immediately preceding YA 2020 are as follows (Table 1):

Table 1 AI for YA 2017 to YA 2019 in Scenarios A, B and C

AI	Scenario A	Scenario B	Scenario C
YA 2017	\$50,000	\$700,000	\$50,000
YA 2018	\$50,000	\$50,000	\$50,000
YA 2019	\$600,000	\$100,000	\$80,000

The election for current vis-à-vis enhanced carry-back relief for Scenarios A, B and C will result in the utilisation of YA 2020 unabsorbed trade loss as follows (Table 2):

Table 2 Utilisation of YA 2020 unabsorbed trade loss in Scenarios A, B and C

If an election is made for	Scenario A	Scenario C	Scenario B
Current carry-back relief	\$100,000 of YA 2020 trade loss is carried back to YA 2019. YA 2019 AI is reduced from \$600,000 to \$500,000.	\$80,000 of YA 2020 trade loss is carried back to YA 2019. YA 2019 AI is reduced from \$80,000 to nil. Remaining \$20,000 of YA 2020 trade loss can be carried forward to future years for utilisation, subject to meeting certain conditions.	\$100,000 of YA 2020 trade loss is carried back to YA 2019. YA 2019 AI is reduced from \$100,000 to nil.
Enhanced carry-back relief	\$50,000 of YA 2020 trade loss is carried back to YA 2017. YA 2017 AI is reduced from \$50,000 to nil. Remaining \$50,000 of YA 2020 trade loss is carried back to YA 2018. YA 2018 AI is reduced from \$50,000 to nil.		\$100,000 of YA 2020 trade loss is carried back to YA 2017. YA 2017 AI is reduced from \$700,000 to \$600,000.

It is noteworthy that a \$1 reduction in AI of an immediate preceding YA via carry-back relief (current or enhanced) will only yield full 17 cents<sup>5</sup> of tax refund if the reduction occurs above a certain threshold<sup>6</sup> of assessable income. If the \$1 reduction occurs at levels of AI below the said threshold, the tax refund can be eroded by the effects of partial exemption<sup>7</sup> of chargeable income and the corporate tax rebate for each relevant immediate preceding YA. Table 3 shows the amounts of tax refunds for a \$1 reduction in AI at varying levels for YA 2017 to YA 2019.

Tables 4 and 5 show the tax refunds for Scenarios A, B and C, based on Table 3.

Table 3 Tax refunds (in cents) for a \$1 reduction in AI at varying levels for YA 2017 to YA 2019

	Amount of tax refund for each \$1 of reduction in AI (in cents)					
Reduction of AI from	\$10,000 <sup>8</sup> to \$0	\$300,000 <sup>9</sup> to \$10,000	\$446,618 <sup>10</sup> to \$300,000	\$373,088 <sup>11</sup> to \$300,000	Amount > \$446,618 to \$446,618	Amount > \$373,088 to \$373,088
YA 2017	2.125	4.25	8.5		17	
YA 2018	2.55	5.1		10.2		17
YA 2019	3.4	6.8	13.6		17	

<sup>4</sup> It is assumed that all conditions for current and enhanced carry-back relief, that is, shareholdings test, etc, are satisfied.

<sup>5</sup> Computed based on \$1 multiplied by corporate tax rate of 17%

<sup>6</sup> For YA 2017, the threshold is \$446,618 which is calculated using the maximum 50% corporate tax rebate of \$25,000 [(\$25,000/50%)/17% + \$152,500 (maximum amount of partial exemption of chargeable income)]. The thresholds of \$373,088 for YA 2018 and \$446,618 for YA 2019 are computed similarly based on the maximum corporate tax rebate for YA 2018 (40% capped at \$15,000) and YA 2019 (20% capped at \$10,000)

<sup>7</sup> For YA 2017 to 2019, partial exemption of chargeable income applies as follows: 75% of 1st \$10,000 of chargeable income is exempt and 50% of the next \$290,000 of chargeable income is exempt

<sup>8</sup> Refer to footnote 7

<sup>9</sup> Refer to footnote 7

<sup>10</sup> See footnote 6

<sup>11</sup> See footnote 6



Table 4 Tax refunds for Scenarios A, B and C if current carry-back relief is elected

If current carry-back relief is elected					
	Scenario A	Scenario B		Scenario C	
Reduction in assessable income for YA 2019	From \$600,000 to \$500,000	From \$100,000 to \$10,000	From \$10,000 to nil	From \$80,000 to \$10,000	From \$10,000 to nil
Refund	100,000 x 17 cents = \$17,000	90,000 x 6.8 cents = \$6,120	10,000 x 3.4 cents = \$340	70,000 x 6.8 cents = \$4,760	10,000 x 3.4 cents = \$340
Total refund	\$17,000	\$6,460		\$5,100	

Table 5 Tax refunds for Scenarios A, B and C if enhanced carry-back relief is elected

If enhanced carry-back relief is elected			
	Scenarios A and C		Scenario B
Reduction of assessable income for YA 2017	From \$50,000 to \$10,000	From \$10,000 to nil	From \$700,000 to \$600,000
Refund	40,000 x 4.25 cents = \$1,700 (a)	10,000 x 2.125 cents = \$212.50 (b)	100,000 x 17 cents = \$17,000
Reduction of assessable income for YA 2018	From \$50,000 to \$10,000	From \$10,000 to nil	
Refund	40,000 x 5.1 cents = \$2,040 (c)	10,000 x 2.55 cents = \$255 (d)	
Total refund	\$4,207.50 [(a) + (b) + (c) + (d)]		\$17,000

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For Scenarios A and B, it should be noted that \$100,000 of YA 2020 unabsorbed loss will be fully utilised regardless of the choice between current and enhanced carry-back relief. However, the amounts of tax refund computed for current and enhanced carry-back relief in Scenarios A and B are different.

For Scenario A, the reduction of AI for YA 2019 (current carry-back relief) occurs above the threshold of \$446,618 while the reductions of AI for YA 2017 and YA 2018 (enhanced carry-back relief) occur at a level below the thresholds of \$446,618 and \$373,088. For Scenario B, the reduction of AI for YA 2019 (current carry-back relief) occurs at a level below the threshold of \$446,618 while the reduction of AI for YA 2017 (enhanced carry-back relief) occurs above the threshold of \$446,618. A higher tax refund is achieved in Scenario A via the election for current carry-back relief which is more beneficial than enhanced carry-back relief. On the other hand, an election

for enhanced carry-back relief is more beneficial for Scenario B.

For Scenario C, one may have the initial thought that enhanced carry-back relief is more beneficial as it allows relief for a higher quantum of YA 2020 unabsorbed trade loss. However, the tax refund for current carry-back relief is more than that for enhanced carry-back relief and electing for current carry-back relief preserves \$20,000 of YA 2020 unabsorbed trade losses for utilisation in the future. Electing for current carry-back relief is more beneficial than enhanced carry-back relief in this scenario.

The preceding discussions demonstrated that the evaluation of choice between current and enhanced carry-back relief goes beyond the comparison of the quantum of qualifying deductions utilised and the levels at which reduction in AI of the relevant immediate preceding YA occurs for current and enhanced carry-back relief. Such evaluation should also include the comparison of tax

refund amounts arising from current and enhanced carry-back relief.

**CONCLUSION**

In assessing whether current or enhanced carry-back relief should be elected for YA 2020, corporate taxpayers should determine the quantum of qualifying deductions that could be utilised under current and enhanced carry-back relief and compare the amounts of tax refunds from current carry-back relief and enhanced carry-back relief. Apart from either current or enhanced carry-back relief, corporate taxpayers should also consider other options, that is, group relief and carry-forward relief for the utilisation of qualifying deductions, which may yield better outcomes. ISCA

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