

Highlights of Auditing and Assurance Standards Committee Meeting on 22 July 2014

The Institute of Singapore Chartered Accountants (ISCA) Auditing and Assurance Standards Committee (AASC) met on 22 July 2014. The following are highlights of the meeting:

1. Auditor Reporting

The Committee noted that ISCA, in collaboration with the National University of Singapore (NUS), had carried out a research project to understand the awareness level of the various stakeholders on the auditor reporting proposals of the International Auditing and Assurance Standards Board (IAASB) and the perception of the usefulness of these proposals. The survey findings would be presented by Professor Ho Yew Kee at the Singapore Accountancy Convention (SAC) – Auditing and Assurance Conference on 1 August 2014. The Chairman of AASC would also be presenting on the implications of the survey results

2. Signing Convention for Assurance, Review and Related Services Engagements

The Committee noted that the Exposure Draft (ED) on the Signing Convention, which included an Explanatory Memorandum that provided a background to, and an explanation of the proposed changes, as well as an extract of the affected pronouncements, was issued for public consultation on 22 July 2014, for comments due by 18 August 2014.

3. Directive on Agreed-Upon Procedures (AUP) Engagements in Singapore

As part of the Committee's efforts to educate the management, users and practitioners on the nature of an AUP engagement and pertinent areas to note, for example, when practitioners who were not auditors of the entity performed AUP engagement for the entity, an article was written and published in the July issue of the IS Chartered Accountant Journal. The article was co-authored by ISCA Staff Member and Ms Loh Chay Hiah, Ernst & Young LLP.

4. IAASB's Framework for Audit Quality: Key Elements That Create an Environment for Audit Quality (Framework)

The Committee noted that a media interview was done with Professor Arnold Schilder in which he shared his views about the role of audit and what the future would hold for the profession, including his views on the Framework. The interview piece was published on the International Federation of Accountants (IFAC) website as well as in the May issue of the IS Chartered Accountant Journal.

The Committee also discussed other initiatives such as collaborations with relevant stakeholders and issuance of publications, to raise awareness of the Framework.

5. AASC Report 2013/2014

The Public Accountants Oversight Committee (PAOC) had noted the AASC Report 2013/2014 on 22 May 2014. This is a yearly report to the PAOC, detailing how AASC had met the goals stated in its strategic direction through its various activities and initiatives undertaken during the year.

6. IAASB ED – International Standard on Auditing (ISA) 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

The approved comment letter was submitted to IAASB on 18 July 2014.

7. IAASB ED – Proposed Changes to the ISAs in Addressing Disclosures in the Audit of Financial Statements

The Committee noted the comments received on the ED and further discussed their views on the changes proposed by IAASB as follows:

- The need for greater clarity and guidance when applying the concept of “quantitative” and “non-quantitative” information in practice, especially in light of increasing non-financial disclosures
- The need for IAASB and the International Accounting Standards Board (IASB) to work together to align their objectives
- The need for more guidance or a framework to assist auditors in making the necessary assessment to determine whether the omission/misstatement of any qualitative disclosure was material enough to warrant a modified audit opinion

8. AASC Strategy and Work Programme

The Committee discussed the work programme for the current term and the proposed Strategy and Work Programme for April 2015 to March 2018. In addition to initiatives planned for related IAASB projects, the Committee also agreed to focus on projects to address matters of relevance in Singapore, including revisiting the Audit Guidance Statements, as well as educating stakeholders in the areas of auditor reporting, audit quality and value of audit.

9. AASC Terms of Reference

The Committee discussed proposed amendments to the AASC Terms of Reference in the areas of:

- Composition of AASC and rotation policy
- Number of members in AASC
- Due process for setting auditing and assurance standards

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