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## **PRESS RELEASE**

### **Public Accountants Conference 2010**

#### **ACRA rallies efforts to enhance audit quality and raise appreciation of the value of high quality audits**

**Singapore, 15 July 2010** – The Accounting and Corporate Regulatory Authority Singapore (ACRA) is sharing key observations from its latest Practice Monitoring Programme (PMP) reviews of accounting entities at the Public Accountants Conference (PAC) to be held on 15 July 2010.

2. Findings from a survey of a group of Audit Committee chairmen, commissioned by ACRA and conducted by the Association of Chartered Certified Accountants (ACCA), on the value of audit will also be presented at the Conference. A guidance will also be jointly issued by ACRA and the Singapore Exchange Limited (SGX) to provide practical assistance to Audit Committees in the evaluation of work performed by their external auditors. These initiatives are part of ACRA's continuing efforts to promote robust financial reporting and auditing practices as well as the appreciation of the value of high quality audits, which underpin sound corporate governance.

3. Some 700 participants from the Singapore and international public accountancy, corporate governance and business communities will be attending the PAC 2010. Organised by ACRA, the PAC is an annual platform that enables industry discourse and promotes high quality accounting and auditing practices in Singapore. The Conference will be held at the Raffles City Convention Centre.

4. The theme of this year's Conference, "Accountancy in an increasingly globalised world", will bring focus to the vast economic opportunities that come about with the dynamic growth of the Asia-Pacific region and how the local accountancy profession can tap into these opportunities. Specifically, the Conference will spotlight the importance of continual enhancement of audit quality to support high quality financial reporting as a vital pre-requisite for the profession to seize these business opportunities locally and globally.

5. Said Ms Juthika Ramanathan, Chief Executive of ACRA: "ACRA's commitment to enhancing the quality of audits is a reflection of our conviction that a high level of audit quality is imperative for Singapore's development into a leading global accountancy hub by 2020, as well as to support a trusted business environment in Singapore.

6. “We hope that the reports shared at the Conference would raise awareness and appreciation among professionals and industry leaders on the value of high quality audit, in particular its importance in ensuring strong corporate governance. We also hope that the public accountancy profession will pick up and, more importantly, build on the findings and leverage on the Guidance to actively engage its key stakeholders in its journey to drive up audit quality and add value.”

#### **ACRA publishes 4th Practice Monitoring Programme Public Report**

7. ACRA, as a regulator and facilitator of the development of the public accountancy profession in Singapore, monitors the quality of public accountants through its Practice Monitoring Programme (PMP). The publication of the PMP Public Report serves to promote an understanding of ACRA’s work and objectives as well as to highlight certain key gaps so that the profession can take remedial actions to improve audit quality. This fourth report covers the observations from ACRA’s inspections from April 2009 to March 2010. This report also marks the completion of one cycle of inspection of public accounting firms in the Public Interest Entities (PIEs) segment and one cycle of public accountants in the non-PIE segment. Between April 2005 and March 2010, more than 350 public accountants in Singapore have been inspected.

8. The report highlights that whilst there has been progress in addressing issues identified in previous inspections, continued improvement is necessary in various areas for both the PIEs and non-PIE segments. These include the need for the public accountancy profession to enhance audit quality in particular through the institution of internal quality control systems and for public accountants to exercise heightened vigilance and professional scepticism. The report also urges public accountants to strive harder to keep up with changes in the business and professional landscape, including changes in clients’ needs and financial reporting standards.

9. In addition, cognisant of the challenges faced by the public accountancy profession, the PMP Public Report also sets out the next step the ACRA will be taking to enhance audit quality in Singapore. ACRA has implemented a risk rating framework in late 2009 and instituted an off-site monitoring initiative to complement the PMP on-site inspections to further enhance its regulatory oversight programme. To promote greater recognition of the role of audits in upholding confidence in Singapore’s business and financial markets, ACRA also encourages the public accountancy profession to proactively engage the users of financial statements so as to bring about a better understanding and appreciation of the value proposition of a high quality audit. For details, please refer to **Fact Sheet 1**.

#### **Survey of Audit Committee Chairmen on the Value of Audit**

10. It is in this context that the ACRA commissioned the Association of Chartered Certified Accountants (ACCA) to conduct a survey of seventeen Audit Committee Chairmen in April 2010. The survey inquired about their perceptions on the value of audit, the quality of audit received, their expectations from the audit team led by the audit engagement partner, and their recommendations on how the current audit environment could be improved. The findings from these qualitative interview sessions demonstrated that the Audit Committee Chairmen are

appreciative of the value of audit and that they do place great reliance on the assurance provided by the audited reports.

11. While the Audit Committee Chairmen surveyed did not raise any significant concerns on the issue of audit quality, it was acknowledged that value of audit is deeply intertwined with its quality. Hence, a compromise on the quality of audit would also lead to a diminished appreciation of the value of an audit. The survey recognised that a healthy appreciation of the quality and benefits of audit can only be achieved when audit firms devote sufficient time and energy to ensuring that the audit is being carried out in accordance with the requirements in the various standards. Please refer to **Fact Sheet 2** for details on the survey.

### **ACRA-SGX Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors**

12. In its effort to facilitate the public accountancy profession's outreach to key stakeholders, ACRA also collaborated with the Singapore Exchange in publishing the "Guidance to Audit Committee on Evaluation of Quality of Work Performed by External Auditors". The Guidance seeks to strengthen audit quality in Singapore by providing practical guidance to Audit Committees to assist them in the evaluation of the quality of work performed by their external auditors, and identify the right auditors for the job.

13. Specifically, the Guidance focuses on four key indicators of audit quality, also known as E-A-S-E indicators, namely,

- (a) **E**mphasis on quality by the audit engagement partner and the audit firm;
- (b) **A**llocation of adequate and appropriate human resources;
- (c) **S**ubstantial involvement of the audit engagement partner; and
- (d) **E**xercise of professional scepticism.

14. The Guidance will serve as a catalyst for better engagement between Audit Committees and the public accountancy profession, and in the process, contribute towards the delivery of a high quality outcome to an external audit. Details on the Guidance can be found in **Fact Sheet 3**.

15. For more information on the Public Accountants Conference 2010, please visit [www.publicaccountantsconference.com](http://www.publicaccountantsconference.com). Published reports are available on [www.acra.gov.sg](http://www.acra.gov.sg).

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**About ACRA**

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. As at 30 June 2010, 371,000 business entities and 919 public accountants practising in public accounting firms, accounting limited liability partnerships and accounting corporations are registered with ACRA.

For more information, please visit [www.acra.gov.sg](http://www.acra.gov.sg).