



ACRA and SGX Issues Guidance to Strengthen Audit Quality

Singapore, 15 July 2010 – The Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange Limited (SGX) will be jointly issuing the “*Guidance to Audit Committees 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.

2. The Guidance focuses on four key indicators of audit quality observed through ACRA’s Practice Monitoring Programme (PMP), a programme that assesses public accountants’ compliance with auditing standards and pronouncements. The four indicators of audit quality, also known as E-A-S-E indicators, are:

- (a) **Emphasis on quality by the audit engagement partner and the audit firm;**
- (b) **Allocation of adequate and appropriate human resources;**
- (c) **Substantial involvement of the audit engagement partner; and**
- (d) **Exercise of professional scepticism.**

3. The Guidance also includes a set of sample guidance questions that are directly relevant to the identified indicators of audit quality. The guidance questions offer constructive assistance to Audit Committees in discharging their statutory and fiduciary duties.

4. Said Ms Juthika Ramanathan, Chief Executive of ACRA, “An effective audit function is a key pillar of a sound corporate governance eco-system. While the public accountancy profession remains primarily responsible for driving audit quality, other key stakeholders including Board of Directors, Audit Committees and Investors, can also play a crucial part in the process of strengthening audit quality. This practical Guidance would be a catalyst for better engagement between Audit Committees and the public accountancy profession which would contribute towards the delivery of a high quality outcome to an external audit.”

5. “This Guide provides practical and valuable assistance to Audit Committees in carrying out their responsibilities. Quality financial reporting and disclosure will contribute to maintain

confidence in the Singapore's capital markets," said Ms Yeo Lian Sim, Chief Regulatory Officer, Singapore Exchange.

6. The Guidance is available on both ACRA and SGX websites.

###

For media enquiries, please contact:

Ms Kate Hia
Corporate Communications Manager
DID: 6325 3787
Email: kate_hia@acra.gov.sg

Ms Joan Lew
Asst Vice President, Communications
DID: 6236 8658
Email: joan@sgx.com

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.

About Singapore Exchange (SGX)

Singapore Exchange (SGX) is among the world's largest exchanges and Asia's second largest listed exchange. As the Asian gateway, SGX is the market of choice for investors wanting to participate in Asia's vibrant and rapidly-growing economies, and for Asian issuers seeking international capital.

SGX's extensive suite of securities, derivatives and commodities products makes it Asia's most international exchange. SGX's services range from listings, trading, high-speed market access, clearing and settlement to depository services and Central Counter Party services for OTC traded derivatives. With the region's longest trading hours, and powered by cutting edge technology, SGX is the unparalleled conduit for investment flows into and out of Asia.

For more information, please visit SGX website: www.sgx.com.