

PRACTICE DIRECTION NO. 1 OF 2016

PUBLICISING INSPECTION OUTCOMES UNDER ACRA'S PRACTICE MONITORING PROGRAMME

1. This Practice Direction (PD) sets out ACRA's policy on publicising inspection outcomes received by public accountants under the Practice Monitoring Programme (PMP) pursuant to Part V of the Accountants Act 2004¹.

Background

2. ACRA's PMP is a programme designed to ascertain whether a public accountant has complied with the prescribed standards, methods, procedures and other requirements when providing public accountancy services.
3. Where a public accountant has failed to pass the PMP, the Public Accountants Oversight Committee (PAOC) is empowered to take the actions set out in section 38(1) of the Accountants Act² as summarised in Annex A.
4. Currently, certain information on public accountants who received suspension or cancellation outcomes are publicised on ACRA's website, including their names, PMP outcomes and the names of the firms in which they practise in. The publication is also accompanied by an email notification to all public accountants who maintain their individual email addresses with ACRA.

New Publicising Policy

¹ Version of which was in force prior to 1 July 2023.

² 38.—(1) Upon receiving the report of the Practice Monitoring Sub-committee under section 37(2) and considering the recommendations therein, the Oversight Committee may —

- (a) take any one or more of the following actions: (i) by order impose such conditions as are necessary to restrict the provision of public accountancy services by the public accountant in such manner as the Oversight Committee thinks fit for a period not exceeding 2 years; (ii) require the public accountant to undergo and satisfactorily complete such remedial programme as may be specified by the Oversight Committee; (iii) require the public accountant to take other steps as may be specified by the Oversight Committee to improve the practice of the public accountant or to give such undertaking as the Oversight Committee thinks fit; (iv) make such other order as the Oversight Committee thinks necessary or expedient; or
- (b) if it is of the opinion that it is contrary to the public interest or the interest of the profession of public accountancy for the public accountant to continue in practice, or if the public accountant has failed to comply with any order or requirement of the Oversight Committee under paragraph (a) — (i) refuse to renew the registration of the public accountant concerned; (ii) suspend the registration of the public accountant concerned for a period not exceeding 2 years; or (iii) cancel the registration of the public accountant concerned.

Scope

5. With effect from PMP inspections commencing³ on or after 1 April 2017, ACRA will publicise the inspection outcomes of public accountants who:
 - (a) Fail to pass their **revisit** PMP inspections⁴; and
 - (b) Receive a hot review, or restriction followed by a hot review PMP outcome.

This is in addition to the current scope stated in paragraph 4 of this PD.

6. This policy seeks to raise audit quality across the profession, level the playing field and protect public interest such as those who engage the services of public accountants. Additional information on restrictions placed on a public accountant's practice will also provide greater transparency to the market. However, in line with the quality assurance nature of the PMP, public accountants who fail to pass their **initial** inspections will be exempted from this policy so as to provide them an opportunity to improve.

Published Information

7. The following details (collectively "the information") will be published for each public accountant concerned individually:
 - (a) Name of the public accountant;
 - (b) Public accountant registration number;
 - (c) Name(s) and address(es) of the firm(s) in which the public accountant practises⁵ in;
 - (d) The PMP outcome and information on any restrictions in practice; and
 - (e) Effective date/period of the PMP outcome.

Location where the Information is Publicised

8. The information will be publicised on ACRA's website at this location:
<https://www.acra.gov.sg/public-accountants/regulatory-notice/orders-issued-on-public-accountants-who-failed-second-or-revisit-inspection-with-hot-review>

Period of Publication

³ This refers to the commencement of the onsite inspections.

⁴ This implies that the public accountant has failed to pass at least two successive PMP inspections (the latter being a revisit).

⁵ A public accountant may practice in more than one public accounting entity.

9. The information will be published when the decision of the PAOC takes effect. This effective date is stated in the PAOC order letter, and the information will remain published until one of the following circumstances take place:
 - (a) When the public accountant passes the next PMP inspection, the information will be removed from ACRA's website on the date of PAOC's letter informing the public accountant of the "pass" outcome; OR
 - (b) When the public accountant fails to pass the next PMP inspection, the information will continue to remain on ACRA's website. However, the original PMP outcome and its effective date/period will be superseded with details of the new PMP outcome when the PAOC's decision for the successive PMP takes effect, as stated in the PAOC order letter.
10. Where a public accountant has received a "cancellation" outcome, the information will be removed two years from the date the information was first published.
11. In the event the public accountant ceases to be a public accountant after receipt of the PMP outcome e.g. where the public accountant decides not to renew his registration, the information will be removed two years from the date of cessation.

Effective Date

12. The policy takes effect for PMP inspections commencing on or after 1 April 2017.

Further Clarification

13. Further enquiries can be sent through AskACRA⁶. You may also contact ACRA's Helpdesk at 6248 6028.

Issued on 25 August 2016

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Chief Executive and Registrar of Public Accountants

Accounting and Corporate Regulatory Authority

Updated as of 1 July 2023.

⁶ <https://www.acra.gov.sg/contact-us>

Summary of PMP Outcomes⁷

PMP Outcome (from least to most severe)	Description
Revisit	The public accountant must have at least 3 of his or her audit engagements reviewed by a suitably qualified person (“Peer Reviewer”) who can mentor and advise the public accountant accordingly. This review may occur either before or after the audit has been completed and signed.
Hot Review ⁸	If the PAOC determines that the public accountant needs to improve under the supervision of a suitably qualified person, the PAOC will order the public accountant to have a certain number of audit engagements reviewed by another public accountant (“Hot Reviewer”) before he or she signs the audit reports.
Restriction followed by a Hot Review ⁸	If the PAOC considers that there is a need to protect public interest, then in addition to ordering a hot review, the PAOC will restrict the public accountant from auditing financial statements of specified entities.
Suspension ⁸	If the PAOC finds serious and/or repetitive instances of non-compliance with auditing and accounting standards, and the PAOC determines that it is contrary to the interest of the public or the profession for the public accountant to continue in practice, the PAOC may suspend the public accountant. The suspension will not exceed two years.
Cancellation	Cancellation of registration happens when the PAOC finds non-compliance to be extremely serious and/or repetitive, and when the PAOC’s opinion is that it is contrary to the interest of the public or the profession for the public accountant to continue in practice.

⁷ More details on the range of PMP orders can be located at:

<https://www.acra.gov.sg/public-accountants/practice-monitoring-programme-pmp/pmp-orders>

More details can also be found in the following PDs:

- No. 4 of 2010 on hot review orders:

<https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/practice-directions/2010/PRACTICEDIRECTIONNO4of201015July.pdf>

- No. 5 of 2010 on peer review initiative:

<https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/practice-directions/2010/pd-no-5-of-2010>

⁸ Paragraph 6A (2) of the Accountants (Public Accountants) Rules provides that a public accountant cannot be an Audit Principal if he is subject to a (i) hot review order; (ii) restriction order; or (iii) suspension order. A public accountant who has received a hot review order and wishes to continue to be an Audit Principal during the period of the hot review order may refer to PD No. 5 of 2020 for more details:

<https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/practice-directions/2020/practice-direction-no-5-of-2020.pdf>