

# Audit Regulatory Updates: Sharing by ACRA

Quality Assurance Seminar  
22 May 2017

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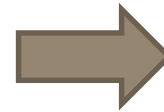
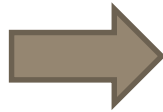
# Agenda

- 1 Recent changes that came into effect
- 2 ACRA's upcoming initiatives

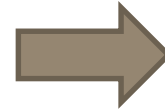
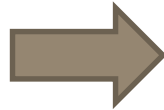
# Recent changes that came into effect

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## - Commencement of Ethics Pronouncement 200 (“EP 200”) inspections



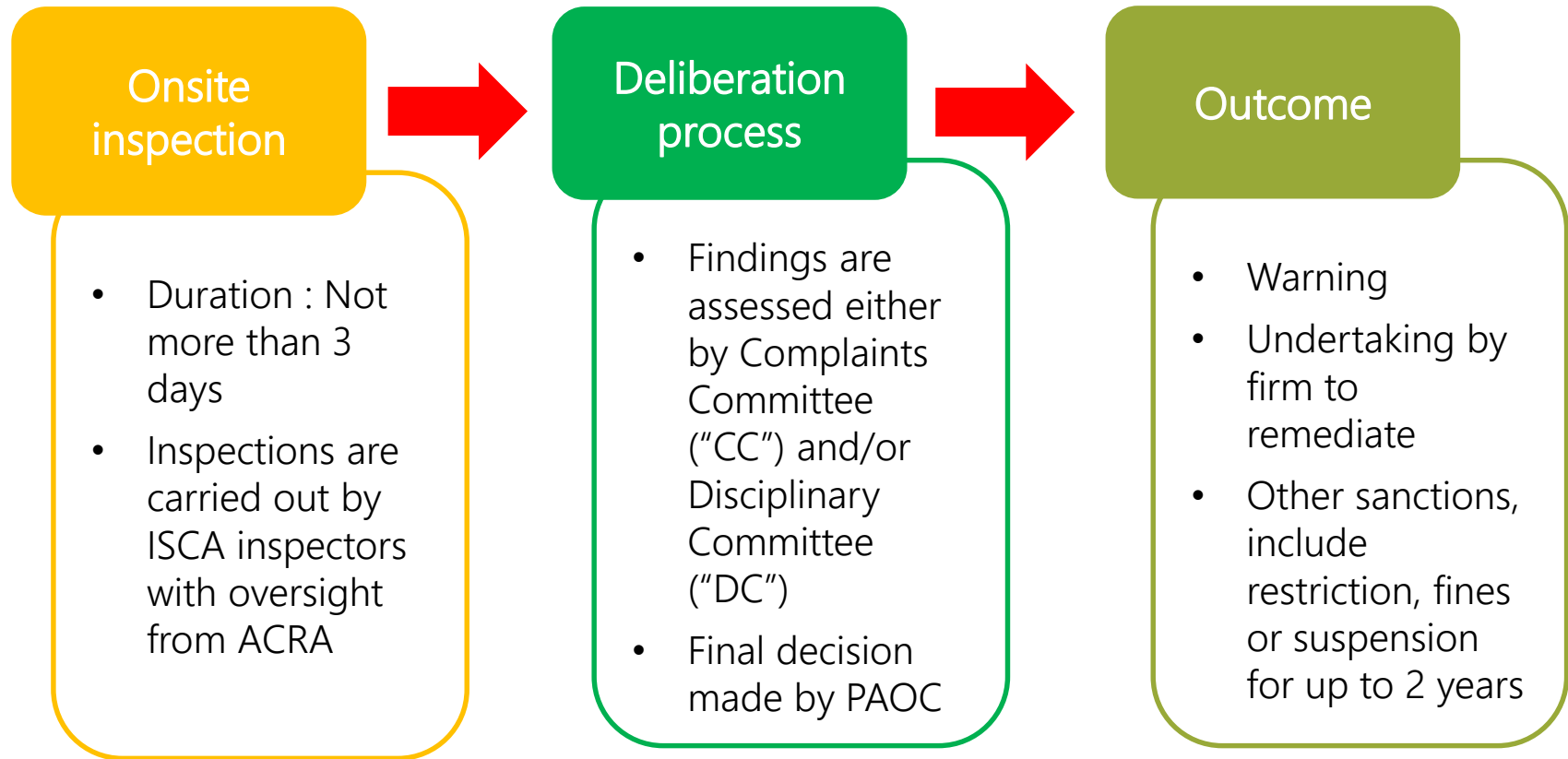
Firms that audit  
listed entities (PIEs)



Firms that audit non-  
listed entities (non-PIEs)

# Recent changes that came into effect

## - EP 200 inspection process for non-PIEs

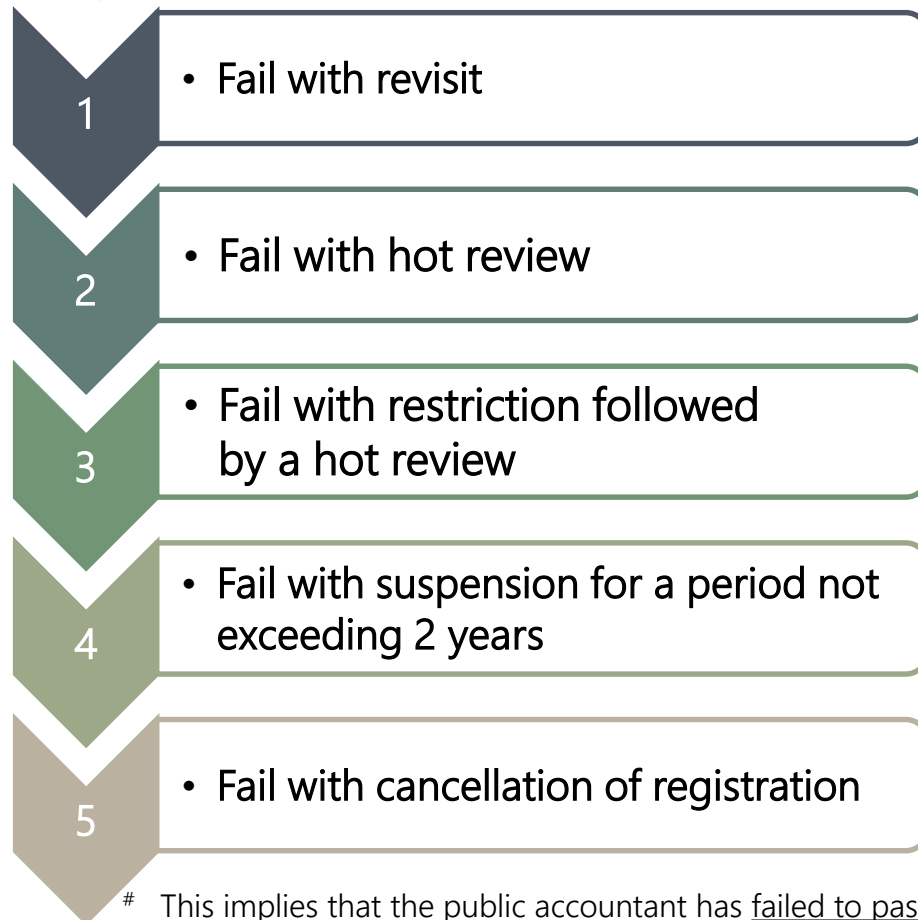


# Recent changes that came into effect

## - Publication of inspection outcomes

Publication aims to level the playing field for those who uphold audit quality

Range of PMP Fail outcomes:



Applies to revisits<sup>#</sup> only

Names of PAs with **hot review, or restriction followed by a hot review** outcome for inspections commencing **on or after 1 April 2017** will be published on ACRA's website until the PA passes the next inspection

Names of PAs published on ACRA's website since 2007

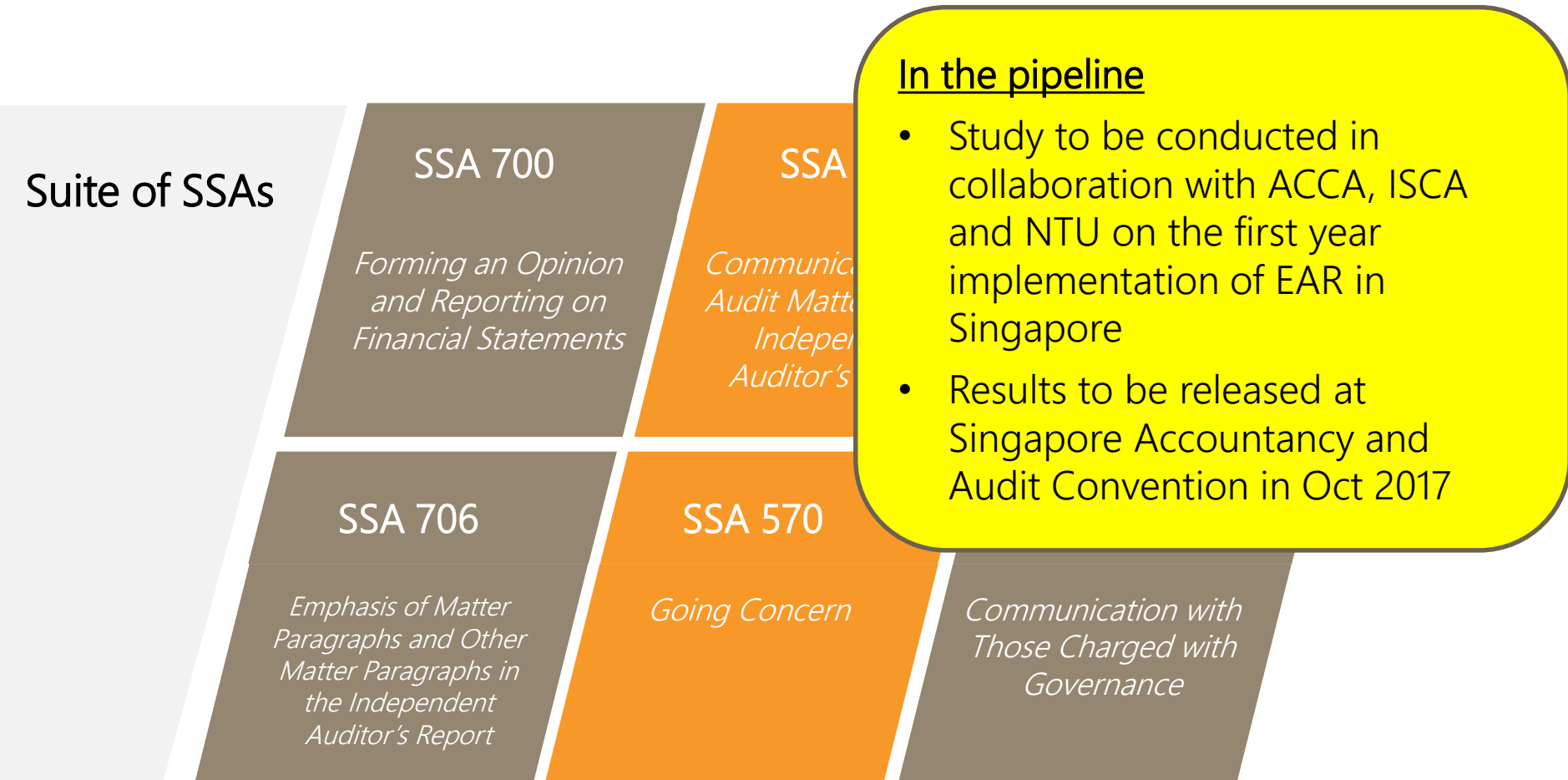
<sup>#</sup> This implies that the public accountant has failed to pass at least two successive PMP inspections (the latter being a revisit) and receives a hot review or restriction followed by a hot review outcome.

# ACRA's upcoming initiatives



# ACRA's upcoming initiatives

## - Enhanced Auditors Reporting ("EAR") Survey



Effective for audits of financial statements for periods ending on or after 15 December 2016.

# ACRA's upcoming initiatives

## - Background of Audit Quality Indicators ("AQI")

2016

### Firm-Level Targets

### Engagement-Level Targets



Staff retention rate **75% to 80%**




Lead audit partner hours  $\geq 5\%$  for normal risk audit  
 $\geq 10\%$  for high risk audit



Staff per partner **< 15**      Staff per manager **< 5**



Concurring partner hours  **$\geq 13$  hours**



No. of listed co audits with same FY-end **5**



Partner and mgr hours  **$\geq 20\%$**  of total hours

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# ACRA's upcoming initiatives

## - Next steps on AQIs

- Continue to monitor the usefulness of the 8 AQIs
- Outreach to mid-tier firms on AQIs
- May consider extending the AQIs to SMPs

# ACRA's upcoming initiatives

## - Review of the Accountants Act

Objective : To be a progressive regulator

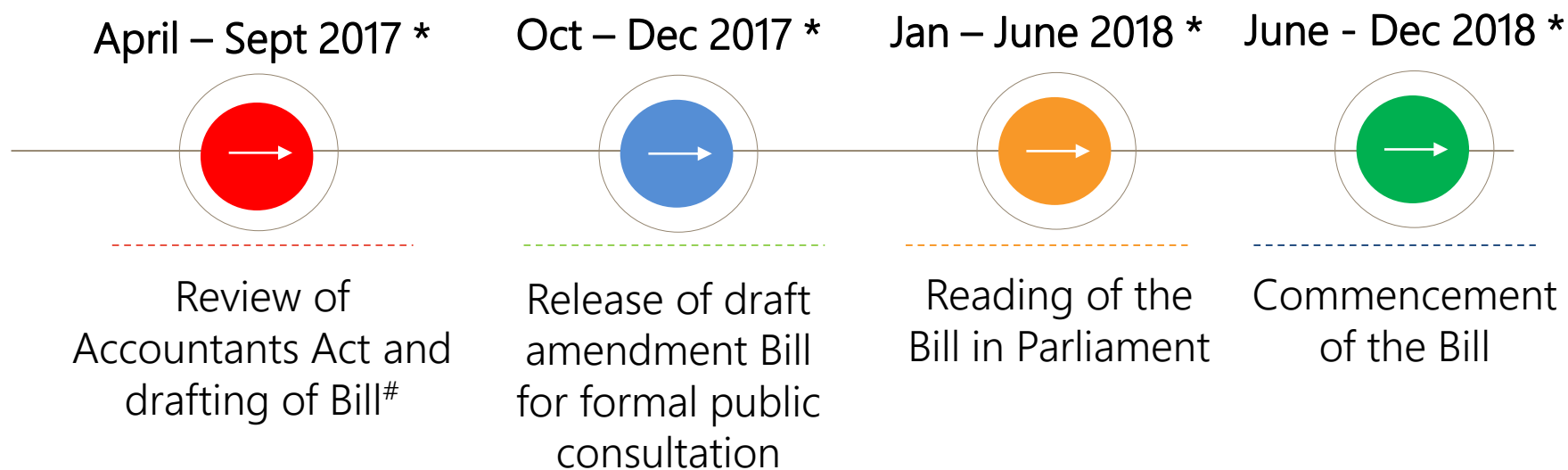
No changes to Accountants Act since it was enacted in 2004

Proposed changes include:

- Update our regulatory regime, e.g. Practice Monitoring Programme (PMP)
- Take into account that audit firms are increasingly having clients with global operations (i.e. need to have purview over the quality of audit of these subsidiaries)
- Streamline our registration and renewal system for public accountants

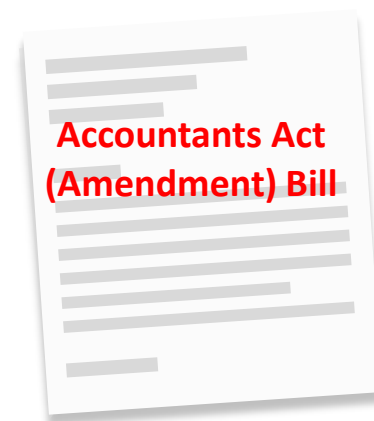
# ACRA's upcoming initiatives

## - Milestones for the Accountants Act (Amendment) Bill



\* Tentative timings

# With informal inputs from the profession



**Thank You**

# ACRA

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