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MEDIA RELEASE

KEY AUDIT QUALITY TRENDS IN SINGAPORE MIRRORS THOSE FOUND IN GLOBAL AUDIT LANDSCAPE

Singapore, 29 April 2015 – Talent attraction and retention issues and commoditisation of audit services are some of the key trends currently impacting the global audit landscape. These trends are of concern to audit regulators as well as investors who rely on independent and high quality audits to ensure the reliability and integrity of financial information that they receive. This was revealed at a recent global forum for audit regulators held in Taipei, Taiwan from 21 to 23 April 2015.

2. Members of the International Forum of Independent Audit Regulators (IFIAR), representing jurisdictions from Africa, the Americas, Asia, Europe, the Middle East and Oceania were meeting for IFIAR's annual plenary meeting. Singapore was represented by the Accounting and Corporate Regulatory Authority's Chief Executive Kenneth Yap and Deputy Chief Executive Julia Tay. As the thought leader in audit quality, IFIAR closely monitors emerging trends in the global audit landscape and engages audit firms and key stakeholders such as investors to address these issues early on.

3. At this plenary meeting, discussions focused on the impact or future impact on audit quality arising from key trends such as the audit firms' changing economic model to grow non-audit services to sustain audit services that had been commoditised over the years. Other key discussion topics included governance structure of audit firms, competition in the audit market, and the quality and extent of resources in the labour market.

4. Some of these key trends such as talent attraction and retention issues and commoditisation of audit services have also been observed in Singapore's own audit landscape. At a panel session jointly hosted by IFIAR's Investors and Other Stakeholders Working Group (IOSWG) and the Global Public Policy Committee (GPPC) Working Group – of which ACRA is both a member of, Mr Dilhan Pillay, Head, Enterprise Development Group, Temasek International Pte Ltd, who was

formerly a board member of ACRA shared his perspective of certain audit trends in Singapore.

5. Mr Pillay urged audit firms to break away from commoditisation and better demonstrate the value of audit to relieve fee pressures and ensure long term attractiveness of the auditing profession. He also emphasised the importance of equipping audit committees with the necessary tools and information to assess the quality of their auditors, given their critical role in overseeing the audit process.

6. Acknowledging these concerns, ACRA's Chief Executive, Kenneth Yap noted that ACRA's Practice Monitoring Programme (PMP) currently monitors audit talent and audit quality indicators such as staff turnover and percentage of partner hours spent on engagements as part of its inspection programme. He added that "as part of our continued drive to raise the quality of audit, ACRA is also exploring new initiatives such as improving the transparency of communication on audit quality matters between audit firms and audit committees. Such communication would enable audit committees to better assess their auditors and gauge a firm's commitment towards audit quality".

7. Please refer to IFIAR's press release in Annex A for more information on the Plenary.

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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 31 March 2015, 467,743 and 1050 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

Independent Audit Regulators Agree in Principle to the Text of a Multilateral Arrangement for the Exchange of Information

April 28, 2015 – Members of the International Forum of Independent Audit Regulators (IFIAR) were hosted by the Financial Supervisory Commission (FSC) in Taipei at their annual meeting to advance their common interest in promoting high quality audits.

Members discussed and reached agreement in principle on the text of a Multilateral Memorandum of Understanding (MMOU) that would provide a framework for information sharing among those IFIAR members that decide to sign the MMOU once it is finalized and opened for signature. This project was commenced in 2013 and the Officers are pleased to have reached agreement in two years.

IFIAR addressed how changes in the economic environment and the market for audit services have impacted or may in the future impact the audit industry and audit quality, in particular disclosure of audit quality. The discussions with invited panelists and leaders from the audit profession included:

- Firm revenue and growth;
- Competition in the audit market;
- Governance within the global audit firm network structure; and
- Quality and extent of resources in the labor market for auditors.

A related background paper title “Current Trends in the Audit Industry” prepared by the Investor and Other Stakeholders Working Group and Global Public Policy Committee Working Group is available on the [IFIAR website](#).

IFIAR members shared insights on developments and changes to the auditor’s report and audit committee reporting, focusing on experiences to date with extended reporting in a panel discussion with the Chairman of the International Auditing and Assurance Standards Board (IAASB) and an investor representative.

IFIAR members were updated on a coordinated, multijurisdictional audit inspection undertaken to assess practices in group audits. Also, IFIAR members from smaller regulators met to discuss initiating additional work targeted to serving their needs going forward.

IFIAR members approved for publication a report summarizing the results of an Enforcement Working Group survey conducted for the purpose of developing an understanding of the mandates, objectives, and legal authority of IFIAR members’ enforcement regimes, with the

goal of sharing information and enhancing discussion of current and emerging enforcement issues, methodologies, and techniques. The [report](#) and a [fact sheet](#) provide additional information about the survey. The Enforcement Working Group held its first Enforcement Workshop in Taipei on April 24, which was also hosted by the FSC.

IFIAR reached agreement in principle to establish a governing board in place of the current governance structure and is evaluating the establishment of a permanent secretariat.

Following the meeting, IFIAR will be led by Chair Janine van Diggelen of the Netherlands Authority for the Financial Markets, and Vice Chair Brian Hunt, CEO of the Canadian Public Accountability Board. “I am delighted to announce Janine and Brian as IFIAR’s new Officers. I look forward to the next two years and am confident that IFIAR will thrive under their leadership”, said outgoing Chair Lewis Ferguson.

IFIAR elected members from Germany, Japan, and the United States to its Advisory Council. They join current Advisory Council members from Australia, France, Singapore and the United Kingdom. IFIAR expressed gratitude to outgoing Advisory Council members from Abu Dhabi, Canada, and Sri Lanka for their service.

IFIAR members approved a work plan for the new Officers’ term. The work plan sets forth IFIAR’s key initiatives, including intensifying the conversation with global audit firm networks around global audit quality, deepening IFIAR’s dialogue with stakeholders, considering audit standard setting and its governance, and maturing IFIAR’s structures and processes to enhance its effectiveness.

About IFIAR

IFIAR is composed of 50 independent audit regulators from jurisdictions in Africa, the Americas, Asia, Europe, the Middle East and Oceania. It was formed in 2006 to provide a forum for regulators to share knowledge of the audit market environment and the practical experience gained from their independent audit regulatory activity. IFIAR’s official observer organizations are the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the Public Interest Oversight Board and the World Bank. For further information about IFIAR and its activities, visit www.ifiar.org.