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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**33rd SESSION**

4 - 6 October 2016

Room XVIII, Palais des Nations, Geneva

Tuesday, 4 October 2016

Afternoon Session

**Agenda item 3. Practical implementation of compliance  
monitoring and the enforcement of accounting and audit  
requirements for high-quality reporting**

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# **Practical Implementation of Monitoring, Compliance and Enforcement – Case Study on Singapore**

UNCTAD, International Standards of Accounting and Reporting –  
33<sup>rd</sup> Session

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# ACRA's Financial Reporting Surveillance Programme (FRSP)

Public-private collaboration to strengthen quality of financial reporting by companies

- ACRA & ISCA combining resources and sharing expertise to increase breadth /depth of financial reporting surveillance regime in Singapore

Enforces Section 201 of Companies Act

- Directors' duties to prepare financial statements in accordance with prescribed Accounting Standards in Singapore

# Findings from FY2013 Financial Statements

Insufficient scrutiny by directors when the reported financials did not accord with their understanding of the business

Over-reliance on accounting team who may lack competence or diligence

Independent directors did not adequately challenge management's judgement

# Practice Monitoring Programme (PMP)

## What is PMP?

- ACRA inspects audits performed by public accountants to check if they have complied with the Singapore Standards on Auditing (SSA) and other requirements.

## Objective

- Promote audit quality
- To ascertain whether those providing public accountancy services meet the prescribed standards, methods, procedures and other requirements

## Benefits

- The independent oversight of public accountants and accounting entities provides a high degree of confidence in Singapore's audited financial information.

# Overview of PAOC and PMSC

## Public Accountants Oversight Committee (PAOC)

- ACRA appoints PAOC from among members of ACRA Board
- PAOC promotes audit quality of company financial statements and protects public interest through:
  - Registering public accountants,
  - Determining professional standards
  - Administering PMP

## Practice Monitoring Sub-Committee (PMSC)

- PAOC appoint PMSC to assist them in designing and implementing PMP
- Members of PMSC comprises:
  - Big-4, mid-tier and small accounting firms,
  - Academic,
  - Finance Director
  - Director of a Corporate Advisory and Investment Firm

# PMP Inspection carried out by ....



- Inspects PAs in accounting entities that audit listed companies and other public interest entities (PIEs)

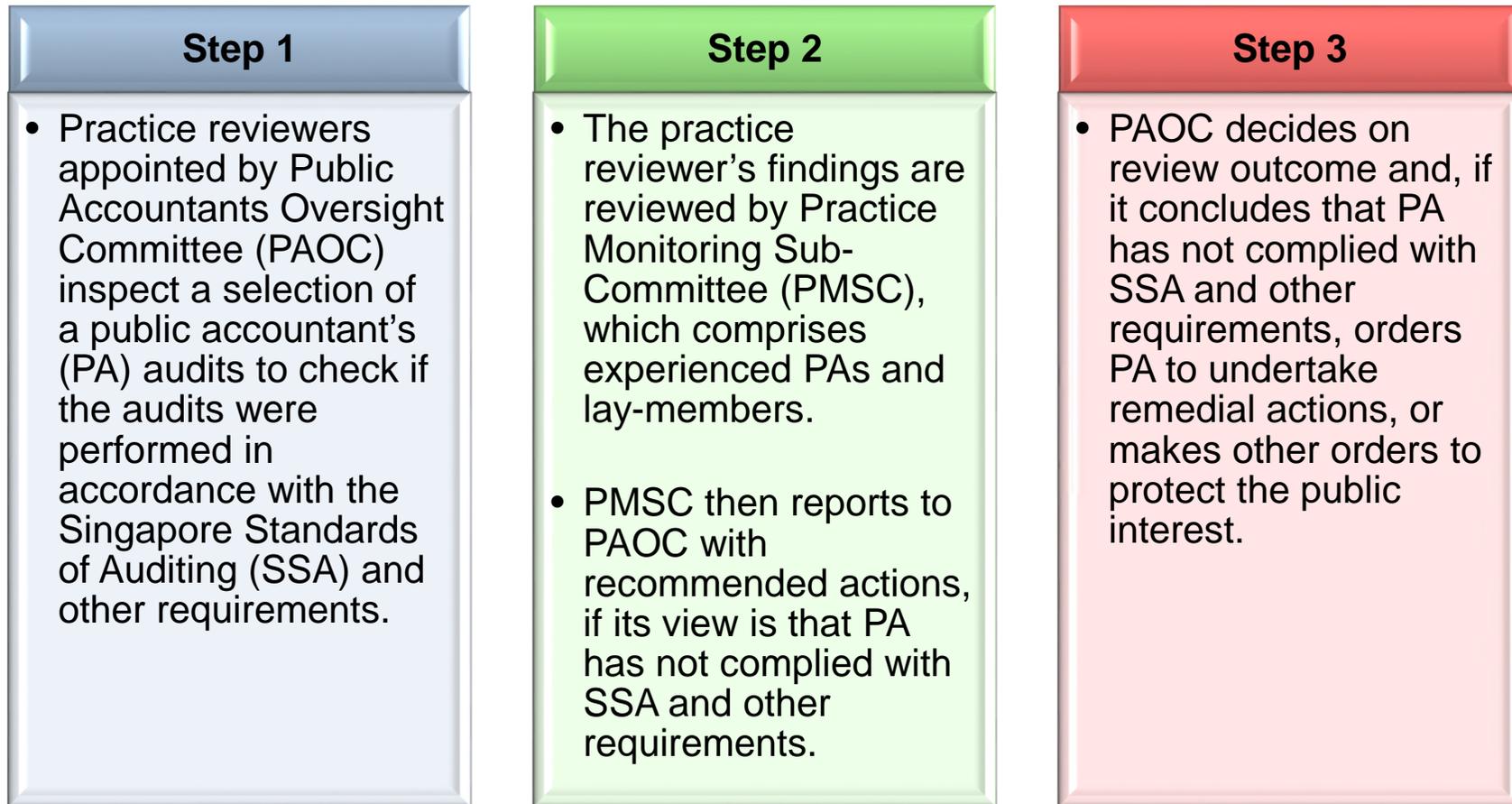


- Appointed by PAOC to inspect PAs that do not audit PIEs
- Inspection reports are submitted to PMSC and PAOC

*PIEs include listed companies or are in the process of issuing debt/equity instruments for trading, entities in regulated financial industries and other entities which raise funds from the public (such as charities, Institutions of Public Character and religious organisations)*

# Practice Monitoring Programme (PMP)

## Overview

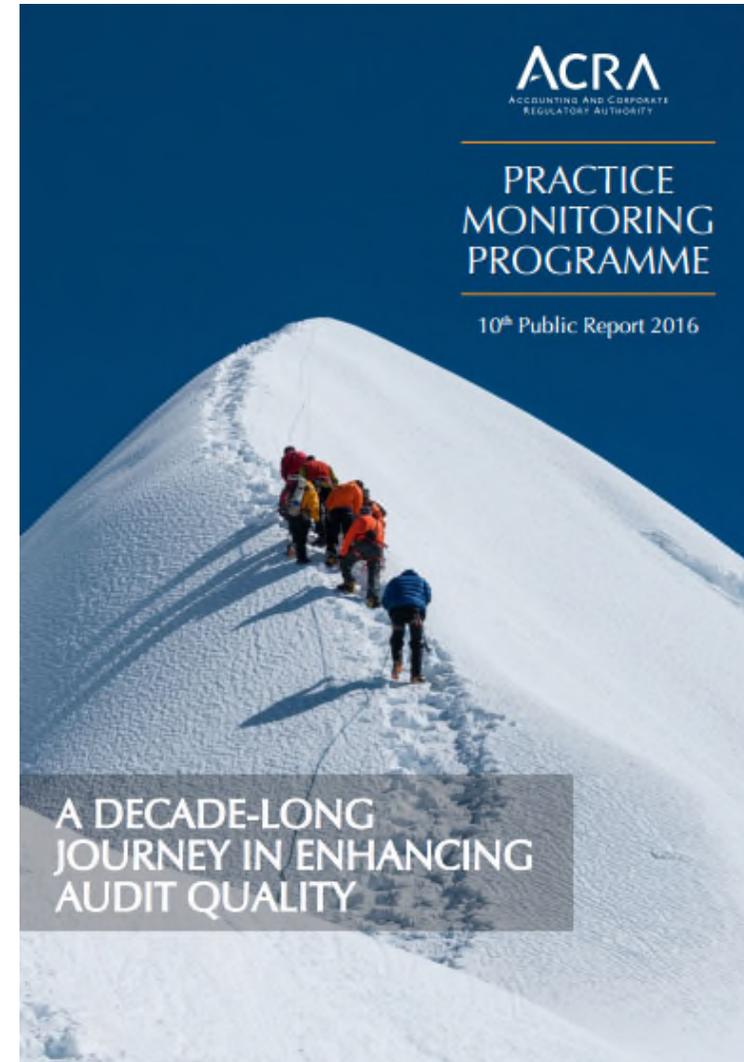


## Trends for PMP

- ✓ The listed companies segment has shown improvement in audit quality.
- ✓ There is slower progress in the non-listed companies segment but ACRA will not hesitate to take tougher enforcement actions.

## New Regulatory Initiatives

- ✓ Target public accountants practising in firms that are part of the Global Public Policy Committee networks.
- ✓ Focus on public accountants that have not shown significant improvements despite repeated findings of poor audit quality.



# Investigation & Disciplinary Committee (I&DC)

I&DC



Upon conclusion of its inquiry



removal or suspension from membership

a fine not exceeding \$5,000

censure

member to complete any professional development course at his own expense

member to obtain advice or professional assistance from such source as the DC thinks appropriate

In the case of member who is a public accountant, the finding be referred to ACRA with the recommendation that his registration be suspended or cancelled

MOF  
MINISTRY OF FINANCE  
SINGAPORE

 singapore  
accountancy  
commission



ACRA  
ACCOUNTING AND CORPORATE  
REGULATORY AUTHORITY

ISCA  
Formerly ICPAS  
INSTITUTE OF  
SINGAPORE  
CHARTERED  
ACCOUNTANTS

ASC  
ACCOUNTING STANDARDS COUNCIL

ISCA  
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# Thank You



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