

For website posting

Highlights of Auditing and Assurance Standards Committee Meeting on 6 October 2016

The Institute of Singapore Chartered Accountants (ISCA) Auditing and Assurance Standards Committee (AASC or Committee) met on 6 October 2016. The following are highlights of the meeting:

1. Auditor Reporting

The Committee had completed a number of initiatives in 2015 and first half of 2016 to create awareness of, encourage early adoption of and provide implementation guidance on the new and revised auditor reporting standards.

The Committee was updated on a new initiative to create awareness amongst the retail investors. ISCA is working with ACRA and Securities Investors Association (Singapore) (SIAS) to develop a guide for retail investors to explain the changes and disclosures under the enhanced auditor's report. The guide will also help retail investors understand how they can use these enhanced disclosures such as key audit matters, to obtain greater insights into the company's financial statements. The guide will be issued early next year, in time for the next cycle of annual general meetings typically held in March and April 2017.

2. International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

The article authored by the Climate Change and Sustainability Services team in Ernst & Young LLP was published in the August issue of the IS Chartered Accountant Journal.

3. Review of ISCA's Locally Developed Pronouncements

The exposure draft (ED) for Audit Guidance Statement (AGS) 1, *Sample Independent Auditor's Reports* Appendices 1 and 4 was issued for public consultation from 15 September to 14 October 2016 following AASC's and ISCA Council's approval. Subsequent to the public consultation, the Committee would finalise the AGS for the Council's approval in November 2016.

In addition, the Committee agreed to focus on issuing Appendix 2 by December 2016 and complete Appendix 5 (on agreed-upon procedures) as soon as possible next year.

4. Guidance on Audit Documentation

The questionnaire on understanding the component auditor was uploaded on the ISCA website and members were informed via ISCA Weekly on 1 September 2016.

5. SSA 720 (Revised), The Auditor's Responsibilities Relating to Other Information and Related Conforming Amendments

The Committee discussed possible outreach initiatives to raise awareness on the implementation issues arising from the application of SSA 720 (Revised).

The Committee also explored with the ACRA Observer on alternative avenues in the pipeline which might be used to incorporate elements of other information.

6. SSA 810 (Revised), Engagements to Report on Summary Financial Statements

SSA 810 (Revised) was approved by the Public Accountants Oversight Committee (PAOC) on 22 September 2016. The standard was subsequently uploaded on the ISCA Knowledge Centre on 26 September 2016. Members were informed via ISCA Weekly on 6 October 2016.

7. AASC Updated Work Programme for 2016/2017

With regard to issuing a guidance to clarify the definition of other information (OI) and the corresponding scope of work for auditors, the Committee was updated that it was challenging to develop a general, but yet practical and useful, guidance incorporating a general scope of work for auditors without going into details. The guidance would be at risk of becoming prescriptive in nature. After review and deliberation, it was agreed that the principles in SSA 720 (Revised) would suffice and serve the same purpose as the guidance.

The Committee agreed to keep in view this issue until more specific implementation challenges become apparent when the standard comes into effect next year and when the Committee carries out a post implementation review of the enhanced auditor's report.

8. IAASB's Request for Input: Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics

A Sub-Committee was formed to lead this initiative.

9. Directors' Responsibilities in the Enhanced Auditor's Report

There have been concerns raised by a few senior directors on the following wordings used in relation to the directors' responsibilities paragraph in the enhanced auditor's report: "*The directors' responsibilities include overseeing the Company's financial reporting process.*"

The Committee and the ACRA Observer discussed on the planned steps to address these concerns.

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