IS Chartered
CA Accountant
JOURNAL

AUGUST 2022

Shaping Future Accountancy Professionals

Preparing Students For The Real World

A BETTER WORLD FOR ALL

Jocelyn Goh
FCA (Singapore)
ISCA Treasurer

Dear members,

ACCOUNTANCY IS THE LANGUAGE OF BUSINESS AND LIKE OTHER LIVING LANGUAGES, IT MUST EVOLVE TO KEEP UP WITH THE CHANGING ENVIRONMENT TO REMAIN RELEVANT. In recent times, the increasing focus on sustainability has raised the business consciousness, and new lexicon like climate change; decarbonisation; environment, social and governance considerations, as well as their risks and opportunities, have been added to our "language". As accountants, we must be in tune with these developments, and constant upskilling is needed to master the additions to our "language". To this end, there are a myriad of courses and resources from ISCA and other entities that are designed to bring us up to speed.

Our institutes of higher learning, too, have been doing their part. In the cover story, "Shaping Future Accountancy Professionals", two educators share how they constantly adapt to keep up with the trends in the evolving business landscape as they impact the profession, such as digitalisation and sustainability, and integrate them into the curriculum. This ensures that the pipeline of accountants have the requisite skill sets for the future workplace. Also hear from three ISCA Council members as they weigh in on the topic of sustainability.

What happens in the broader business arena will affect our profession and in this journal issue, we have updates on Singapore's 2H economic performance as well as GDP forecast, tips for working overseas, the potential offered by non-fungible tokens, and more. Clearly, as accountants, we have the necessary attributes to drive change in many different aspects of business.

We must believe it is in us to make the world a better place. Let's start today.

ABOUT JOCELYN GOH

Ms Goh is a Fellow Chartered Accountant of Singapore. She serves as Treasurer on the ISCA Council, and is Head of the newly formed SCAQ Advisory Panel Regionalisation Subgroup.

Ms Goh was a mentor to the ISCA Cares bursary beneficiaries from 2017 and 2019. She served as a member of ISCA's Accounting Technicians Learning and Development Board from 2016 to 2020, as well as the Institute's Young Professionals Group from 2009 to 2011. Ms Goh currently sits on ACRA's Disciplinary Committee.

Ms Goh has 27 years of experience in public accounting and commercial, including over 20 years with BDO LLP. As an audit partner, she is involved in the firm's talent acquisition and development, quality management, and learning and development. Her client portfolio ranges from private to public companies across various industries. As part of the leadership team in BDO, she is involved in the strategic development of the firm. She is also involved in policy development, monitoring and evaluation of quality management in her position as Head of the Practice's Quality Management which includes quality reviews of audit engagements. As a talent partner, she facilitates the training and development of emerging leaders of the firm and constantly engages accountancy undergraduates to share her experience about the profession.

Teo Ser Luck
FCA (Singapore)
ISCA President

THOUGHTS

The Professional Accountants in Business (PAIB) Conference on August 25 was like a reunion of sorts as we welcomed many attendees. It's not that surprising really, given the long break since our last large-scale event. The support shown by the government, businesses, firms, members and former ISCA Presidents Kon Yin Tong and Ernest Kan was most encouraging and uplifting. Over the last few months, the Council and management team have put in a lot of hard work not only to organise this event but to implement other member initiatives. I am grateful and thankful to all of them. Thank you!

Sustainability took centre stage at the PAIB Conference, and rightly so. Unless you are living in a cave (a cave without WiFi!), you, too, would've been reading and hearing about sustainability everywhere, every day.

The research study, "Sustainability: Jobs And Skills For The Accountancy Profession", was launched at the Conference. As the research shows, there are increasing opportunities for the accountancy profession to take on additional roles and responsibilities in various areas of sustainability. We can expect to see more multi-taskers and multi-skilled professionals in the accountancy profession.

It is not uncommon that a finance function be given additional roles and scopes not directly in accounting. Many companies' financial and accounting function, including the scope of the CFOs, get the "bonus" of having admin, procurement, supply chain, technology, risk management and now sustainability added to it. 😂 The majority of our professionals have stepped up to the task and have done well.

Most of these individuals are not practising members and, at last count, many CFOs of the largest SGX-listed companies do not hold a first degree in accountancy; nor have they taken the SCAQ (Singapore Chartered Accountant Qualification) or even know about it. One of the reasons why SCAQ is not essential in their learning journey could be due to the content being largely focused on the technicalities of practice, making it more suitable for practising members but less so for those in corporate accounting and finance.

If SCAQ's focus could shift to adding value to the knowledge and experiences of all finance professionals, then those in non-practising roles might see it as a worthwhile process to be a part of.

The *process* of learning and developing knowledge is what's important.

There is room for enhancement. It's not too late to start. 😊

AUGUST 2022

CONTENTS

ISCA INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

PUBLISHER
Institute of Singapore Chartered Accountants
60 Cecil Street, ISCA House, Singapore 049709

Tel: (65) 6749-8060 **Fax:** (65) 6749-8061
Email: isca@isca.org.sg **Website:** www.isca.org.sg

PUBLISHING & DESIGN CONSULTANT
mediacorp
MCI (P) 048/03/2021
PPS 709/09/2012 (022807)
ISSN 2010-1864

ADVERTISING
Bold Ink Magazines Pte Ltd
Jacqueline Wong
Tel: 6223-4258
Hp: 9790-0905
Email: jacqueline@boldink.com.sg

PRINTING COMPANY
Oxford Graphic Printers Pte Ltd

National Day Awards 2022

THE SINGAPORE NATIONAL DAY AWARDS are a means of recognising various forms of merit and service to Singapore. This year, a total of 6,258 individuals in 21 award categories received National Day Honours.

ISCA is proud to share that 58 of our members were conferred awards.

On behalf of the Institute, ISCA President Teo Ser Luck and the management team, we would like to extend our congratulations to all the award recipients.

THE MERITORIOUS SERVICE MEDAL

MR DAVID WONG CHEONG FOOK
Chairman, Republic Polytechnic
Ministry of Education

THE PUBLIC SERVICE STAR (BAR)

MR TAY AH KONG *JP, BBM*
Chairman, Singapore Road Safety Council
Ministry of Home Affairs

THE PUBLIC SERVICE STAR

MR CHALY MAH CHEE KHEONG *PBM*
Chairman, Singapore Tourism Board
Ministry of Trade and Industry

THE PUBLIC ADMINISTRATION MEDAL (SILVER) (BAR)

MS ANNA CHAN HOCK CHENG
Executive Vice President and Member EXCO
Corporate Development
Economic Development Board
Ministry of Trade and Industry

THE PUBLIC ADMINISTRATION MEDAL (SILVER)

MS ONG CHIEW YEN
Director, Heritage Conservation Centre
National Heritage Board
Ministry of Culture, Community and Youth

DR CHENG QIANG
Dean, School of Accountancy
Singapore Management University
Ministry of Education

THE PUBLIC ADMINISTRATION MEDAL (BRONZE)

MS NORHAYATI BINTE HARON
Director, Asset Services and Finance
Finance
Majlis Ugama Islam Singapura
Ministry of Culture, Community and Youth

MS KAREN CHANG LEE CHENG
Group Director/Senior Vice-Dean, Office of Corporate Services
Duke-NUS Medical School
National University of Singapore
Ministry of Education

MS LINDA LOO GUAY HO
Manager, Management & Payment Accounting
ITE Headquarters
Institute of Technical Education
Ministry of Education

MS HONG YUQIAN
Director, Accountant-General's Department
Ministry of Finance

MS CAROL CHOI CHOOK EE
Deputy Chief Financial Officer
Finance and Procurement Division
Agency for Integrated Care
Ministry of Health

THE COMMENDATION MEDAL

MS TAN WEN TING
Assistant Director, Internal Audit Department
Ministry of Defence

MS SIM GEOK SIEW
Deputy Director, Finance
Singapore Institute of Technology
Ministry of Education

MS TAN SONG MEEN, FLORENCE
Manager, Finance and Administration
National Institute of Early Childhood Development
Ministry of Education

MR CHIEW WEN CHING, ROYSTON
Associate Director
Office of Risk Management and Compliance
National University of Singapore
Ministry of Education

MS ONG YOON PING
Senior Associate Director, Office of Finance
National University of Singapore
Ministry of Education

MDM LWA SIEW LING
Administration Manager
Chung Cheng High School (Yishun)
Ministry of Education

MR CHAI XIAN YANG
Deputy Director (Performance & Evaluation)
Performance & Evaluation Directorate
Ministry of Finance

MS LAU AN GEL
Senior Manager, Investigation & Forensics Division
Inland Revenue Authority of Singapore
Ministry of Finance

MS YE JINGXIAN
Deputy Director, Group Accountable Care
National Healthcare Group
Ministry of Health

MR YEO KAH KIAT
Head, STROB II
Singapore Police Force
Ministry of Home Affairs

MS GEETA RAI
Asst Director (Private Trustee in Bankruptcy Compliance & Professional Standards)/
Asst Licensing Officer, Licensing & Regulation of Insolvency Practitioners Division
Insolvency & Public Trustee's Office
Ministry of Law

MS SEETOH EE MUN
Senior Deputy Director, Finance Operations & Treasury
Central Provident Fund Board
Ministry of Manpower

MS SEE SHUHUI
Deputy Director
Finance, Procurement & Administration
Enterprise Singapore
Ministry of Trade and Industry

MS FOO AI CHING
Deputy Director, Finance
Agency for Science, Technology and Research
Ministry of Trade and Industry

MS OH YING YING
Senior Assistant Director/Finance
Corporate Development
Ministry of Transport

MS SENG SWEE EE
Senior Assistant Director
Auditor-General's Office

THE PUBLIC SERVICE MEDAL

MDM KHOO CHOR HUANG
Assistant Treasurer, Cheng San-Seletar CCC
Ang Mo Kio GRC

MISS NGO SIEW POD
Treasurer, Kembangan-Chai Chee CCC
Marine Parade GRC

MISS TO SOR PENG
Chairperson, Tampines East Zone 1 RN
Tampines GRC

MISS SOONG WEE CHOO
Vice-Chairperson, Tiong Bahru CCMC
Tanjong Pagar GRC

MISS TAY POH LIAN
Treasurer, Punggol West CCC
Punggol West SMC

MR NG SIEW QUAN
Secretary-General
Singapore Federation of Chinese Clan Associations
Ministry of Culture, Community and Youth

MR SAM KOK WENG
Former Member
Singapore Arts School Ltd Board
Ministry of Culture, Community and Youth

MS TAN KHIAW NGOH
Board Member, Singapore Children's Society
Ministry of Social and Family Development

THE LONG SERVICE MEDAL

MS POH LAY CHIN
Assistant Director (Sector Regulation), Charities Unit
Ministry of Culture, Community and Youth

MS LAU LAI KWAN
Senior Audit Manager, Internal Audit Department
Ministry of Defence

MS LIEW HUEY
Senior Audit Manager, Internal Audit Department
Ministry of Defence

MS LOH PUAY CHING
Assistant Director, Internal Audit Department
Ministry of Defence

MS NG CHOO NA
Deputy Director, Internal Audit Department
Ministry of Defence

MS NG LAY NAH
Assistant Director, Internal Audit Department
Ministry of Defence

MS JEANNE LIEW
Principal & Chief Executive Officer, Principal's Office
Nanyang Polytechnic
Ministry of Education

DR CHAN SEET MENG
Senior Lecturer, School of Business
Temasek Polytechnic
Ministry of Education

MS CHER MING HUI
Senior Director (Finance & Procurement)
Accountant-General's Department
Ministry of Finance

MS LEE MEI CHERN
Deputy Accountant-General (Governance & Services)
Accountant-General's Department
Ministry of Finance

MR YEAP SHEI CHIN
Senior Tax Auditor, Goods & Services Tax Division
Inland Revenue Authority of Singapore
Ministry of Finance

MS KHOO DISIE
Principal Tax Officer, Corporate Tax Division
Inland Revenue Authority of Singapore
Ministry of Finance

MR SOH KEE HENG
Manager, Enforcement Division
Inland Revenue Authority of Singapore
Ministry of Finance

MS TAN HWEE CHOO SHARON
Senior Manager, Goods & Services Tax Division
Inland Revenue Authority of Singapore
Ministry of Finance

MS LAU AN GEL
Senior Manager, Investigation & Forensics Division
Inland Revenue Authority of Singapore
Ministry of Finance

MS GOH AMY
Assistant Director, Finance, Corporate Services Group
Health Sciences Authority
Ministry of Health

MS GRACE LIM SIEW WAH
Deputy Group Chief Financial Officer
(Service Transformation & Education)
Singapore Health Services
Chief Financial Officer
KK Women's and Children's Hospital
Ministry of Health

MR HAW SAY CHYE
Deputy Director, Procurement Management
Central Provident Fund Board
Ministry of Manpower

MDM ANG SUAT HONG
Principal Accountant
People & Business Excellence Department
Estate Administration & Property Group
Housing & Development Board
Ministry of National Development

MS SIM HUEY MIN
Director (Management Reporting, Budget & Administration)
Management Reporting, Budget & Administration Department
Finance Group
Housing & Development Board
Ministry of National Development

MS TAN WAY PING
Senior Assistant Director
Financial Planning & Analysis Division
Finance Department
PUB, Singapore's National Water Agency
Ministry of Sustainability and the Environment

MS CHIA LI THENG
Deputy Director (Supervision Platforms Div)
Information Technology Department
Monetary Authority of Singapore
Prime Minister's Office

MS CHIO SHEOK HWEE
Deputy Director
Auditor-General's Office

MS TANG WEE LING
Director (Revenue Management & Reporting)
Finance and Procurement
State Courts

National Day Wishes From ISCA Members

TO CELEBRATE SINGAPORE'S 57TH BIRTHDAY, ISCA members share their National Day greetings and well wishes for our nation.

As the national accountancy body, we will continue to contribute to our nation's growth by advancing the accountancy profession.

For 59 years since our establishment, the Institute has been supporting the development of Singapore and our members. You can count on us to do the same now and in the years ahead.

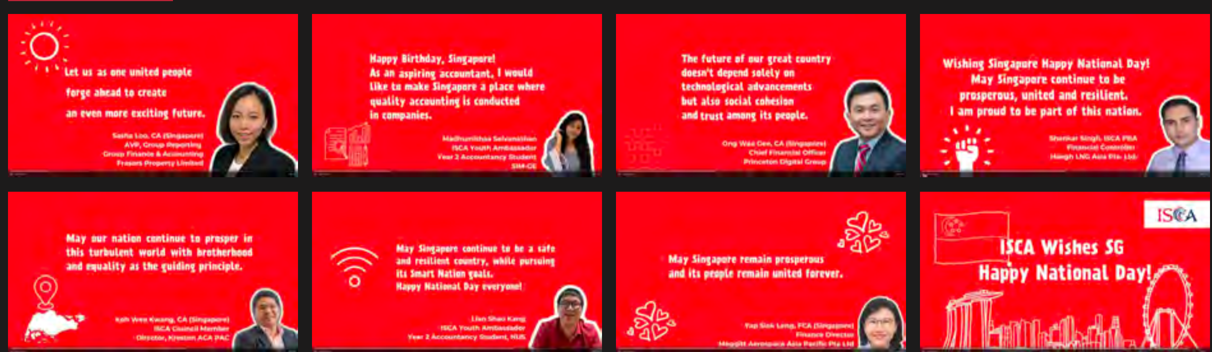
May we grow stronger together as one people, one nation, one Singapore!

RAYMOND YEO
CA (Singapore)
Divisional Director, Finance & Procurement
Sentosa Development Corporation

"Happy 57th birthday, Singapore! Together as one united people, we are stronger as a nation. And together as members of ISCA, we have transformed as a stronger professional body and will continue to evolve from strength to strength!"

BALASUBRAMANIAM JANAMANCHI
FCA (Singapore)
Managing Partner/Director
JBS Practice PAC

"As our Lion City turns 57 this National Day, I wish my fellow Singaporeans and residents of this great multiracial and multicultural nation Happy National Day. Let's work together to take our nation to greater heights."



Here are more well wishes from our members:

MARK YOUR CALENDAR

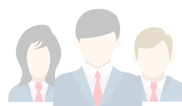
17 SEP

Is your mental health affecting your "going concern"? – Accountants' mental health and its implications on Ethics (Live Webinar) (Code: E176v)

Find out more on how mental stress will impact the ethical obligations of professional accountants and management of work-related stress to achieve mental wellness.

21 SEP

Managing Diversity through Effective Cross Cultural Communication (Live Webinar) (Code: MP165v)



We live in a multi-cultural society and communicate with people of different nationalities and ethnicities daily. This course will help you to understand different people's communication styles and differences which lead to conflicts and how you can resolve these conflicts in an effective manner.

23 SEP

Adopting Data Analytics in a Financial Statements Audit (Code: ADT184)

This course is to provide guidance to the participants in adopting data analytics in the audit of financial statements with reference to Audit Guidance Statement, AGS 13.

27 SEP

Corporate Tax Planning : Minimizing Tax Costs Through Tax Efficient Structuring (Code: TAX054)

This workshop provides a good understanding of the current practices relating to corporate tax planning. Participants will learn the key tax issues and considerations of doing business and investments in Singapore and the common techniques to minimize tax costs through tax efficient structuring and planning.

05 OCT

Sustainability and Responsible Investing (Live Webinar) (Code: BF181v)

With the rise of global sustainability challenges, investors are starting to re-evaluate traditional portfolio approaches.

This course covers an overview of the concepts revolving sustainability and responsible investing and the future of this investment.

ISCA CPE Corporate Training Package

Explore our expanded corporate training package and enhance the competencies of your firm with savings up to 41%*.

Enjoy a complimentary training plan analysis for your firm where we will recommend suitable topics for your team.

Enquire with us today.

This programme is designed to:

- **Equip** participants with essential financial reporting requirements to strengthen the overall quality of financial reporting disclosures
- **Reinforce** participants' knowledge on evolving financial reporting requirements and issues to improve financial statements disclosures
- **Strengthen** best practices in corporate governance and risk management

Dates and events are subjected to change without prior notice.
For more details, visit www.isca.org.sg

AS ANCIENT GREEK PHILOSOPHER HERACLITUS ONCE SAID, "THERE IS NOTHING PERMANENT EXCEPT CHANGE" – and changes are coming to the accountancy profession at a fast and furious pace. They require practitioners to have a fresh perspective on quality and what it entails at the firm and engagement levels, relook the modus operandi due to the shifting business landscape brought about by rapid digitisation and other mega trends, while ensuring that regulations governing the industry are complied with.

In keeping with the theme of "Audit Hot Spots 2022", the SMP Symposium on July 6, championed by the ISCA Public Accounting and Practice Committee (PAPC), covered the latest happenings and trending industry topics affecting the audit profession. The SMP Symposium is part of the ISCA Mini Conference Series.

Lee Eng Kian, Deputy Chairperson, ISCA PAPC

Wong Kee Wei, Head of Accounting Policy Department, ACRA

Germin Ong, Head of Strategy and Planning, SAC

ISCA Mini Conference Series: Audit Hot Spots

Updates And Feedback On Proposed Changes To The Accountants Act

The Ministry of Finance (MOF) and the Accounting and Corporate Regulatory Authority (ACRA) are proposing amendments to the Accountants Act (AA) to promote audit quality, enhance regulatory efficiency and consistency, and align the local regulatory regime with international regulatory best practices. A public consultation on the proposed changes to the legislation and regulatory framework was conducted in October and November 2021.

Wong Kee Wei, Head of Accounting Policy Department at ACRA, shared about the proposed changes and key feedback received from the public consultation. Some of the proposed amendments included:

- Introduction of statutory quality control inspections (QC inspections) on public accounting entities;
- Specification of ACRA's powers to conduct anti-money laundering and countering the financing of terrorism inspections (AML/CFT inspections) on public accounting entities and public accountants;
- Replacement of the current binary "Pass/Fail" framework with a tiered assessment framework ("Satisfactory"; "Satisfactory but with findings"; "Partially satisfactory", and "Not satisfactory") for Practice Monitoring Programme (PMP) and QC inspections, and
- Empowering ACRA to require public accountants with a "Not satisfactory" inspection outcome to communicate inspection findings to the audited entity of the inspected audit engagement. This communication is intended to apply to audit engagements of public interest entities.

A summary of the key feedback and responses to the public consultation on the proposed amendments to the AA will be issued by MOF and ACRA in the later part of this year. The amendments to the AA are expected to come into effect in 2023.

Lee Eng Kian, Deputy Chairperson, ISCA PAPC, delivered the welcome address

Wong Kee Wei, Head of Accounting Policy Department, ACRA, shared responses to feedback received from the public consultation on the proposed amendments to the Accountants Act

Germin Ong, Head of Strategy and Planning, SAC, provided an overview of the trends impacting the finance and accounting sector

Building A Future-Ready Accountancy Workforce Through Jobs Transformation

Germin Ong, Head of Strategy and Planning at the Singapore Accountancy Commission (SAC), spoke about the Jobs Transformation Maps (JTMs) for Accounting Practices and Inhouse Finance & Accounting (F&A) functions, which were launched in January 2022. The JTMs projected that both segments will continue to grow, creating new job roles and increased demand for manpower. Accounting practices will need more talent as clients grow in digital maturity and their needs become more sophisticated. Inhouse F&A functions will also need more accounting professionals as they are critical in supporting companies to expand from Singapore into the region. In all, 6,000 to 7,000 new accounting jobs are expected to be created by 2025.

Accounting roles will continue to evolve and become more diverse and advisory in nature due to the changing macro business environment. New job roles will also emerge in areas such as environment, social and governance (ESG), financial forensics and IT audit. Mr Ong encouraged participants to make use of the various programmes available to support individuals and employers in transforming jobs and skills for the accountancy sector. He added that leveraging on technology, redesigning job roles and reimagining operating models are key in navigating the tides of change.

Panel Discussion On Design And Implementation Of System Of Quality Management

At the panel discussion, Lee Eng Kian, Deputy Chair of PAPC and Managing Partner, PKF-CAP LLP, engaged Helmi Talib, PAPC member and Managing Partner of Helmi Talib LLP, and Koh Wee Kwang, ISCA Council member and Director of Kreston ACA PAC, to share their experiences on their firm's journey to design and implement the new requirements under Singapore Standards on Quality Management (SSQMs).

Mr Talib shared that the new requirements presented an opportunity for a strategic review of his firm's business model and operations in identifying quality risks for the firm and implementing responses to address the risks. As for Mr Koh, he has established a team to champion and drive this project. The team has performed a gap analysis to identify areas where the firm may need to design and implement additional or different policies and procedures to address quality risks.

The panellists concluded that quality is the core of every audit practice and firms need to embrace the change brought about by SSQM and do what is necessary to make it work for them. The key is not to consider the changes as merely to satisfy a particular requirement but to view the changes positively as a way to improve the practice. Practitioners will welcome the changes if the perspective towards quality is embodied as such.

As the 18th century German physicist and satirist Georg C. Lichtenberg once said, "I cannot say whether things will get better if we change; what I can say is they must change if they are to get better."

Is your firm ready to face the impending changes to the audit profession?

The panel session, "Quality Management Implementation Journey", featured (from left) moderator Lee Eng Kian, Deputy Chair of PAPC and Managing Partner, PKF-CAP LLP; Helmi Talib, PAPC member and Managing Partner, Helmi Talib LLP; and Koh Wee Kwang, ISCA Council member and Director, Kreston ACA PAC

ISCA Mini Conference Series: Managing Risks In Digital Transformation

THE PANDEMIC HAS ACCELERATED THE PACE OF DIGITAL TRANSFORMATION AND TECHNOLOGY ADOPTION. A global survey by McKinsey[1] revealed that companies have accelerated the digitisation of their customer and supply-chain interactions as well as internal operations by three to four years as a result of COVID-19. In developing the strategy to build their resilience for this business environment, organisations must strive to:

- Ensure digital trust with strengthened governance of systems, security, and data, and
- Empower their workforce through digital upskilling across the entire organisation.

For the accountancy and finance functions, a successful digital transformation will translate to enhanced efficiency and accuracy of accounting processes. These topics and more were discussed at the ISCA Mini Conference Series, "Managing Risks In Digital Transformation" live webinar on June 8. Held in collaboration with ISACA Singapore Chapter, the session was attended by more than 220 delegates.

Emerging Risks From Digital Transformation

With the pervasive use of technology, accounting and finance professionals must understand and manage related risks effectively, emphasised Lai Chin Yee, ISCA Council member and Chairperson of Continuing Professional Education Committee, in her opening address. With the increasing reliance on automation and digital tools, job roles for accountancy professionals have begun to evolve, and new skill sets are necessary to remain relevant.

Lai Chin Yee, ISCA Council member and Chairperson, Continuing Professional Education Committee, touched on the need for accountants to attain new skill sets

Be Risk-Ready: The Digital Transformation Journey

Kicking off the conference was Jenny Tan, Head of Group Internal Audit of CapitaLand Group, who shared the hard truth that more than 70% of digital transformation projects fail, according to research[2], as organisations have a common fallacy to focus on the "disruptor" instead of the "disruption". Ms Tan explained that the success of a digital transformation project hinges largely on these factors: (i) company culture; (ii) leadership decisions, and (iii) the digital strategy. If the digital transformation process is not implemented properly, re-works and patch works will be needed, hence driving up costs, she warned.

Currently, a lot of digital transformation projects are incorrectly dealt with as IT (information technology) projects. In addition, an organisation's IT function may not be trained in dealing with security risks related to digital transformation or digital projects. Project teams must be equipped with the necessary digital transformation skill sets through carefully curated training programmes.

Convenience always comes with compliance costs, Ms Tan reminded. Organisations that adopt tools such as digital applications, tools or software to enjoy convenience must be prepared to consider continuous monitoring and compliance issues.

Building Digital Trust: Overcome Security And Privacy Challenges

Despite time and money investments in establishing security controls, incidences of large-scale cyberattacks are not dwindling. With the ever-changing business environment, technological advancement and the COVID-19 pandemic, cyber threats are constantly evolving with hackers devising newer and more sophisticated attacking techniques. Making reference to a research study[3] by the University of Maryland, Ramesh Moosa, EY ASEAN and Singapore Forensic & Integrity Services Leader, shared that every 39 seconds, there is one attack on computers and networks by malicious hackers. A third of cyber breaches in 2021 were insider threat-related as the increase in remote working during the pandemic led to heightened insider risks.

Jenny Tan, Head of Group Internal Audit, CapitaLand Group, shared the ingredients for a successful digital transformation

Ramesh Moosa, EY ASEAN and Singapore Forensic & Integrity Services Leader, urged organisations to be cyber incident response-ready

To uphold an organisation's cybersecurity risk governance, business leaders should monitor evolving oversight practices by staying attuned to disclosures, reporting structures and metrics. More importantly, business leaders should set the right tone by establishing cybersecurity as a key consideration in all board matters such that it becomes part of a company's culture. Mr Moosa suggested some approaches to promote such a culture, including making it easier for employees to report issues, conducting incident simulation drills and taking adequate steps to being cyber incident response-ready. He ended off his presentation with an interesting case study on a payment system breach that resulted in US$81 million being siphoned off.

Bridging The Digital Risk Management Skills Gap Of Your Workforce

The participants then joined in an engaging panel discussion centred around digital risk management skills moderated by Mr Moosa. As the success of an organisation's digital transformation journey depends on technology and human capital, Mr Moosa noted that the workforce must be digitally risk-savvy to meet business needs.

According to Chong Cheng Yuan, Partner, RSM Chio Lim LLP, the accounting and finance functions of small and medium-sized enterprises often have to wear the hat of project leaders in digital transformation projects due to their organisation's flat structure. Additionally, since an organisation's accounting function is privy to sensitive financial information, they should understand digital risks and work with the digital team to ensure that the risks are minimised.

From a technology risk expert perspective, Richard Yeong, Board member & Director, Industry Outreach at ISACA Singapore Chapter and Head of Technology Audit & Innovation at Grab, advised accounting and audit professionals to look for opportunities to leverage technology instead of viewing it as a job threat, and rethink how they can change and improve the way they work.

Sharing her personal experiences in leading and grooming CapitaLand Group's global internal audit team, Ms Tan said that the profiles and backgrounds of every team member are taken into account in their upskilling journey. Before diving into digital risk management skill sets, it is also imperative to provide training in a growth mindset and design thinking principles to groom digital auditors.

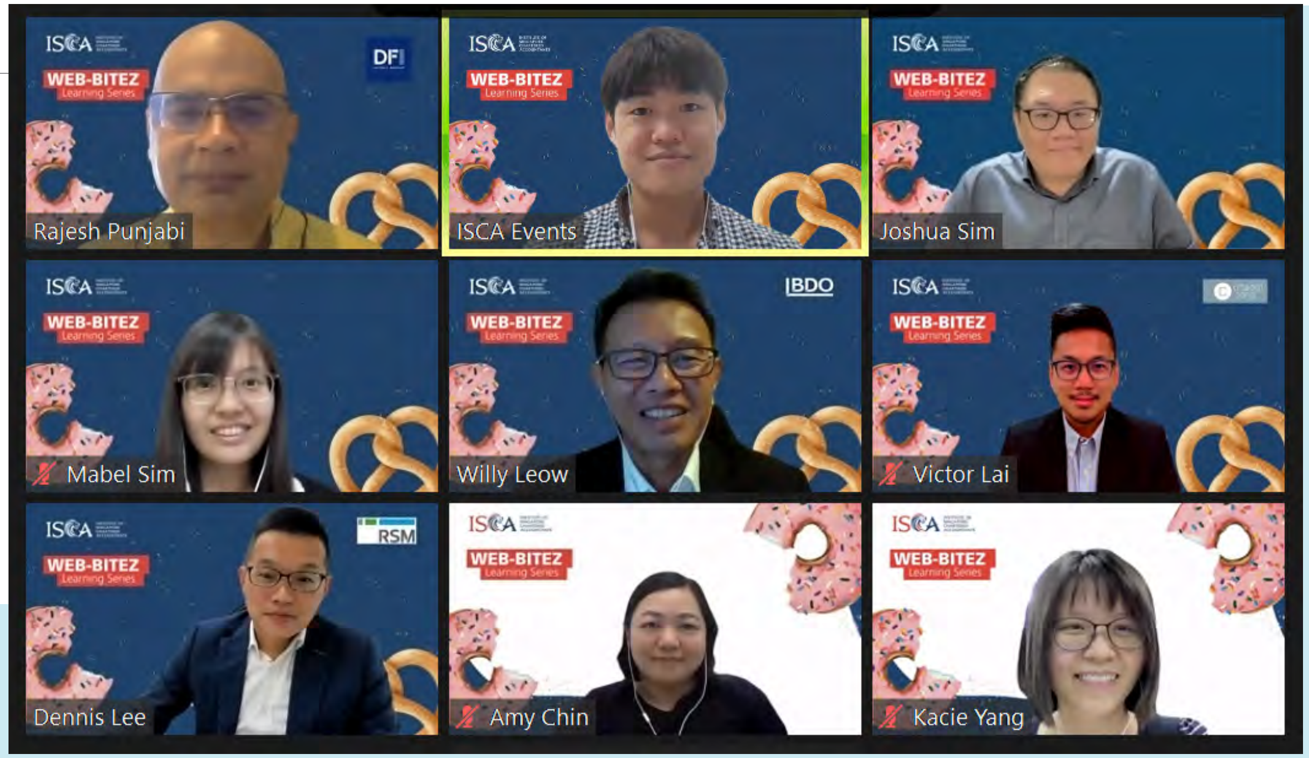
To manage digital risks efficiently, organisations must be proactive and invest in continuous upskilling as a business risk profile evolves over time, to elevate risk awareness across all levels of staff within the organisation. Finally, "do not be complacent and adopt a 'compromise' mindset," Mr Moosa said in his parting remark.

(From left) Moderator Mr Moosa with Chong Cheng Yuan, Partner, RSM Chio Lim; Richard Yeong, Board member & Director, Industry Outreach at ISACA Singapore Chapter and Head of Technology Audit & Innovation, Grab; and Ms Tan

[1] https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever
[2] https://www.forbes.com/sites/brucerogers/2016/01/07/why-84-of-companies-fail-at-digital-transformation/
[3] https://www.nbcnews.com/id/wbna17034719

isca web-bitez learning series

Realigning Risk Management And Governance To Changing Business Environment



THE MAY EDITION OF ISCA'S WEB-BITEZ LEARNING SERIES focused on "Realigning Risk Management And Governance To Changing Business Environment". The May 20 session was led by ISCA's Corporate Governance and Risk Management Committee members, who shared their insights with the 225 registered participants. The session featured three bite-sized presentations and a panel discussion.

Business Resilience: Why Does it Matter?

Speaking on "Business Resilience: The Wave Of Disruptive Events In Recent Years And Why Do Business Resilience Matter?", Rajesh Punjabi, Group Audit and Risk Management Director, DFI Retail Group, outlined the salient features of recent disruptive events. He observed that while individual events seemed infrequent when viewed together, these events were happening regularly, unfolding quickly, and have deep, lasting impacts on organisations.

Reflecting on the pandemic experience, Mr Rajesh observed that organisations are rethinking financial resilience. Some have started stress testing their cash flows to mirror a longer-term disruptive event. Organisations are also thinking deeply about environmental risk, due to the high likelihood of adverse climate change-related events.

Mr Rajesh remarked that traditional responses to risk, such as the 4T model of risk mitigation[1], are no longer easy to implement. The regularity and extent of disruptive events made it difficult to externalise risk through insurance, particularly for cybersecurity and environment-related events. Increasingly, organisations are pushed to internalise the risk, think about ways to structure their risk appetite and consider other mitigation strategies.

He also identified business continuity groups as a best practice for business resilience. These groups are often deeply embedded within an organisation and tied to C-suite or executive-level sponsorship. They help to drive resilience across an organisation for faster and stronger responses against disruptive events. Other best practices include keeping businesses agile by thinking through alternative sources of supply and suppliers (in the context of supply chain resilience), and strategies when disruptive events occur, such as applying training and drills to simulate disruptive events.

[1] The 4T Model of Risk Management refers to the four common, and non-mutually exclusive, strategies to manage risk, which is to either "Transfer", "Tolerate", "Treat", or "Terminate" the risk; https://financialcrimeacademy.org/the-4ts/

Post-Pandemic Risks

Willy Leow, Partner, Head of Risk Advisory Services, BDO, spoke on "Risks Coming Out Of The Pandemic". He outlined 12 pandemic impact themes and zoomed in on three areas, namely, people, ESG (environment, social, and governance), and technology/cybercrime.

Regarding people, Mr Leow observed that work-from-home (WFH) working models became commonplace during the COVID-19 pandemic. Hence, when employees are asked to return to the office, there would be adjustment pains. Companies should consider redesigning jobs to include WFH and flexible staff arrangements. In the redesign, transparency and trust are key. WFH models must not be the "scapegoat" should employee performance fall short of expectations. There were also difficulties in recruiting or replacing staff. However, the relaxation of border restrictions and renewed fervour in hiring should see these effects taper off.

Globally, ESG concerns are growing and these have impacts on regulations and the business environment. There are pressures arising from stakeholders taking companies to task for their ESG efforts or lack thereof. Soon, listed companies will be required to make their ESG reports more comprehensive. Many fund managers are already including ESG concerns in their key investment criteria. Moreover, carbon tax will gradually increase. Taken together, Mr Leow assessed that companies must work closely with stakeholders to manage ESG risks.

Mr Leow views technology as an enabler of new working and business models but warned of technology risks. The accelerated use of IT places companies within the crosshairs of new technology risks. Many have fallen prey to cybercrime, such as unauthorised access to systems, fraudulent payment requests, or loss of personal data. New systems were implemented in a hurry during the pandemic; hence, user training and security awareness were often neglected in their implementation. Companies should assess their IT ecosystem to ensure that

Companies should assess their IT ecosystem to ensure that security protocols are observed, alongside proper audit trails, transactions, and processes for their IT systems.

security protocols are observed, alongside proper audit trails, transactions, and processes for their IT systems.

Moving forward, Mr Leow recommended that companies should stay flexible and be ready for change as the pandemic's future trajectory remains unpredictable.

Digitalisation And Digital Accountants

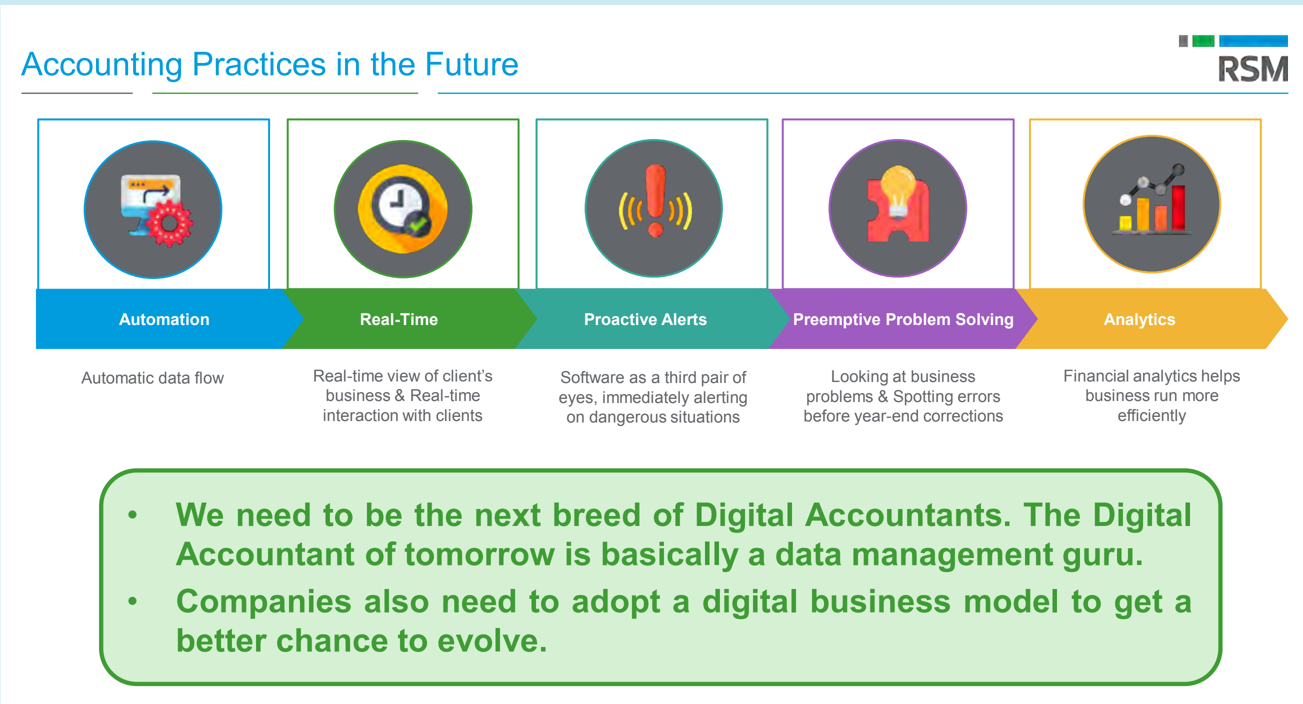
Dennis Lee, Partner, Risk Advisory, RSM, spoke on "Digitalisation And Digital Accountants: Evolving With Technology To Improve Business Performance And Manage Emerging Risks". He outlined the digitalisation opportunities for businesses, pointing out that in Southeast Asia, only 9% of retail is conducted via e-commerce; this contrasts with the 15% in the United States and 52.1% in China. Singapore could benefit from high digital growth in the next five to 10 years. However, companies must adopt a digital business model to remain competitive.

Increased digitalisation was a silver lining of the COVID-19 pandemic. Lockdowns and other pandemic restrictions forced businesses to rethink their business models. Businesses changed their internal processes to support pivotal digital changes.

These changes put the professional services sector at risk of digital disruption across all its functions. Mr Lee foresees that five key technologies would shape the role of tomorrow's accountant. First, automation technologies could enable automatic data flow. Second, real-time technologies could provide the simultaneous update and view of the client's business as well as concurrent interaction. Third, proactive alerts software could provide instant alerts on dangerous situations. Fourth, preemptive problem-solving technologies could identify business problems and spot errors early. And fifth, financial analytics will help businesses run more efficiently.

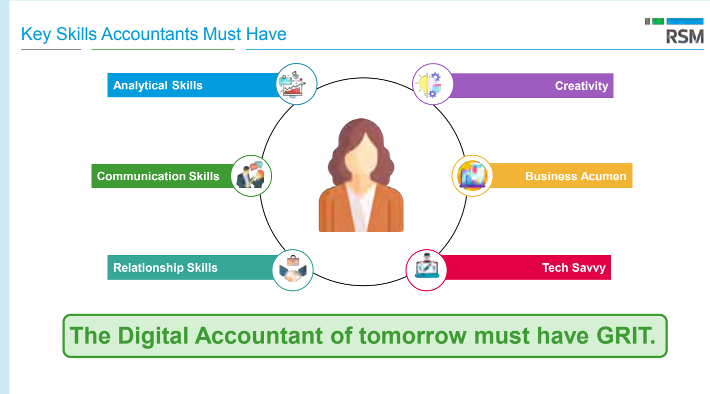
Collectively, digitalisation will change the pace accountants deliver information and key insights to key executives.

Singapore could benefit from high digital growth in the next five to 10 years. However, companies must adopt a digital business model to remain competitive.



As we enter uncharted waters, accountants must develop multiple skills. Mr Lee described the digital accountant of tomorrow as having analytical skills, communication skills, relationship skills, creativity, business acumen, and tech savviness. The process of acquiring these skills would be bumpy, hence, the digital accountant must have the grit to become comfortable with being uncomfortable.

Digitalisation, like all technologies, brings risks as well as opportunities. However, the businesses' transformational potential outweighs its risks by offering businesses the opportunities to do a lot more with less.



Panel Discussion

The panel discussion on "Realigning Risk Management To The Changing Business Environment" was moderated by Victor Lai, Principal Consultant, CitadelCorp. He opened the discussion by asking the panellists, "How has working from home affected your business resilience?"

Mr Leow replied that the key challenge of working from home was to assimilate the same practices from before into new digital processes. Overall, he did not experience as many disruptions as expected. Mr Lee said that despite its benefits, digitalisation poses challenges for building trust and team spirit. The "great resignation" is an example of employees leaving because they felt disconnected from their work and colleagues.

Mr Lai then asked the panel, "How do companies balance resilience and creating value in the short term? And what are some low-hanging fruits for smaller companies?"

Mr Leow was of the view that resilience should not conflict with short-term value creation if there were no "corner cutting" or actions taken against long-term objectives. When it came to low-hanging fruits for smaller companies, both Mr Leow and Mr Lee agreed on the importance of leveraging emerging technologies and platforms which have lower barriers to entry.

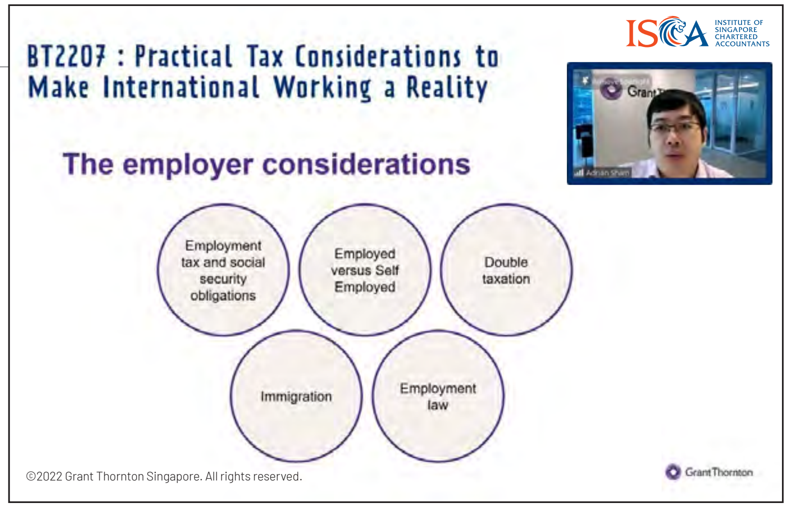
"Would we be seeing more risk-averse behaviour, such as reshoring becoming the norm among MNCs?" asked Mr Lai.

Mr Rajesh replied that offshoring trends will continue. However, MNCs are recalibrating to reshore critical roles.

Mr Lai wrapped up the panel discussion by noting that companies would never be able to fully eliminate risks; instead, they need to focus on becoming resilient so that they can bounce back quickly from crises.

Panellists (clockwise from top left) Dennis Lee, Partner, Risk Advisory, RSM; moderator Victor Lai, Principal Consultant, CitadelCorp; Willy Leow, Partner, Head of Risk Advisory Services, BDO; Rajesh Punjabi, Group Audit and Risk Management Director, DFI Retail Group isca breakfast talk

Practical Tax Considerations To Make International Working A Reality



THE ISCA BREAKFAST TALK ON JULY 26 focused on the employers' tax considerations for staff working overseas. The Grant Thornton presenters – Adrian Sham, Employer Solutions Partner, and Lor Eng Min, Corporate Tax Partner – explored the key themes outlined below.

The COVID-19 pandemic has changed the work arrangements for many employees. Working from anywhere, locally or internationally, is the new normal. The rise in popularity of international working has, in tandem, increased the risk of creating a taxable presence for the employer outside Singapore.

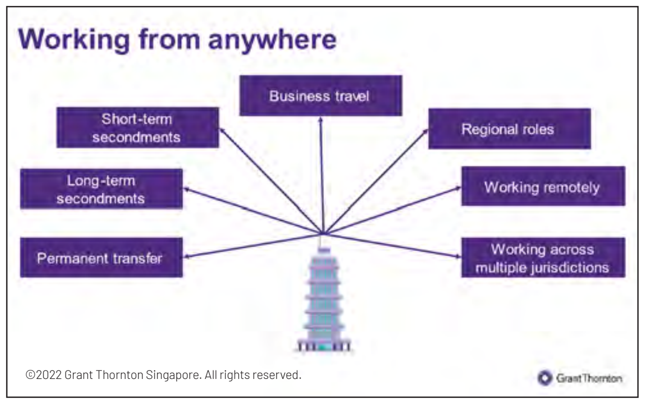
There are also implications on an employer's obligations for the employee working overseas, such as employment tax and social security.

At the individual employee level, considerations include tax residence, potential taxes on workdays and other income, and filing obligations. Depending on where the company and the individual are based, employees may also be at risk of double taxation. So, what are some of the options available?

1. Let the employee work overseas and do nothing;
2. Use a contractor arrangement overseas;
3. Use a Professional Employment Organisation;
4. Second/Hire the employee in a local overseas company;
5. Set up a new overseas company to employ the individual;
6. Register a branch overseas to employ the individual.

Businesses choosing options 1 and 2 should consider their employer obligations. Options 1, 2 and 3 could also pose some risk of permanent establishments. Option 4 may come with transfer pricing considerations, while options 5 and 6 may result in additional operating costs.

To deal with these issues going forward, companies should implement an international working policy that governs the dos and don'ts of staff overseas, track employees' presence in each country and perform timely reviews of the risks of such arrangements to evaluate if it is sustainable.



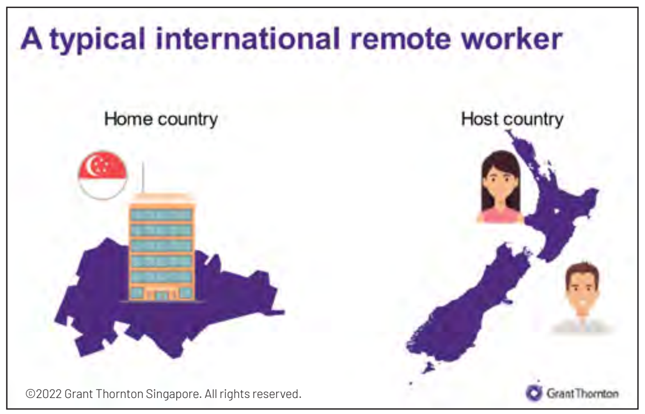


PHOTO: SHUTTERSTOCK

Shaping Future Accountancy Professionals

Preparing Students For The Real World

TAKE AWAYS

- Digital skills are important as data analytics and other technologies enable accountants to deliver insightful, higher-value work.
- Accountants will play an essential, valuable role in ESG.
- Working with industry partners to solve real problems provides students with authentic learning opportunities.
- Pedagogies and the accountancy curriculum must constantly evolve to ensure continued and future relevance.

INTERNATIONAL YOUTH DAY[1] IS COMMEMORATED ANNUALLY ON AUGUST 12. On this day, youth issues take the spotlight among the international community, including the role that youths play in enabling change to tackle global issues to achieve sustainable development.

In this feature, we celebrate International Youth Day through the lens of education. We invited two educators to share their insights into the trends that influence the way they impart knowledge to their accountancy students. We learn how they are constantly adapting so they can better prepare their young charges for the new world of work upon their graduation. Constant adaptation is also essential for them as educators so they can address the challenges they encounter along the way.

Modern technologies push companies from being reactionary and transactional to proactive and analytical

[1] https://www.un.org/en/observances/youth-day/background

"Digital tools are an accountant's best friend. Data analytics and other technologies have enabled accountants to uncover valuable insights within the financials, identify process improvements, increase efficiency, and better manage risks. They push the accounting and finance department from being reactionary and transactional to proactive and analytical. With digital transformation permeating the accounting world, the roles of accounting professionals will pivot towards digitalisation to provide data-driven financial advice and indepth insights analysis.

Daryl Aw
CA (Singapore)
Lead (Strategic Partnerships)
Singapore Polytechnic Business Innovation Centre

> "... I've come to realise that accountants have a natural ability to pick up digital skills quickly and easily. I believe it's in the nature of a Chartered Accountant, who is already trained in logical thinking, to quickly grasp new concepts."

As an educator in Singapore Polytechnic's Diploma in Accountancy (SP Accountancy), it is imperative that I prepare students for the changing accounting scene.

I am Daryl, and I oversee the Final Year Projects (FYPs) for SP Accountancy students. Part of my work involves meeting industry partners and conceptualising projects for the students. Together with my colleagues Ronnie Hoh, Germaine Lim, Yew Siew Meng and Ho Seow Hui, we supervise the students to use Robotic Process Automation (RPA) and other technologies to automate various audit, accounting, tax, finance and corporate secretarial processes for our industry partners. Part of my role also involves developing and strengthening strategic partnerships with various organisations and associations to further drive Singapore's digitalisation journey for small and medium-sized enterprises and small and medium-sized practices.

One of the early issues I faced was that lessons were taught in a traditional way where students attended lectures and then went to their respective classrooms to work on tutorial questions. There was more focus on imparting theory than the actual application of concepts. When these students join the workforce, they may be less adept at understanding workforce practices and applying their knowledge from school.

To overcome this, SP Accountancy infused flipped learning into many accounting modules. Flipped learning allows active learning in class by assigning students to do pre-lesson work such as watching recorded videos with theoretical explanations. Students would then work on projects during class to apply what they have learnt. In my auditing module, I act as the audit client and students simulate the role of external auditors to uncover hidden misstatements in the audit. This trains the students to not only apply accounting and auditing concepts but also to employ various soft skills, to obtain the information they need.

For example, when we teach Accounts Receivable (AR) confirmation as part of the auditing module, students will learn the concept of AR confirmations through recorded videos. During class, they would select debtors, check confirmation details, fold the confirmations into envelopes and drop the confirmations into a "mailbox". If details are not correct, students might not receive a confirmation reply and would have to perform alternative procedures. Hence, the flipped learning methodology allows students to focus on skills application.

My current biggest worry as an educator is that as educators focus on teaching others, we lose touch with the industry. Although the theoretical concepts may remain the same, the methods of consolidating, analysing and representing data and the types of tools have been changing at an accelerated pace.

To address this challenge, educators have to be ready to upskill to attain the latest digital and accounting skills. We have to walk the talk in picking up various digital skills in order to infuse them into the accountancy curriculum. For example, SP educators take modules on RPA, basic Machine Learning and Artificial Intelligence concepts and Python, accounting analytics and Tableau.

To make learning real and authentic, all SP Accountancy students are also required to work on an FYP with an industry partner to address its pain points. They need to adopt a design thinking framework to develop innovation and creative thinking, and combine their digital skills and accounting technical knowledge to design a solution that will address the problem effectively and efficiently. The project would also require the students to implement the solutions for the industry partner and train its employees to use the solution.

Through these projects, students have the invaluable opportunities to work closely with the industry to apply their digital and accounting skills to develop a tangible solution. I have noticed that our students are actually very IT-savvy, so I end up learning from them too!

Mr Aw makes each lesson unique and interesting for the students; for example, in a flipped lesson on audit sampling, he produced a video which includes popular K-pop group BTS

Mr Aw prefers a more interactive style of communication to the traditional one where the educator "lectures" students from the front of the classroom

Flipped learning allows students to focus on skills application

To make learning real and authentic, student projects involve addressing the pain points of industry partners

That keeps me on my toes to constantly learn and upgrade myself.

Finally, having also taught RPA to adult learners – both accountants and non-accountants – I have come to realise that accountants have a natural ability to pick up digital skills quickly and easily. I believe it is in the nature of a Chartered Accountant, who is already trained in logical thinking, to quickly grasp new concepts. Hence, to accountants who have not done so, I would encourage you to step out of your comfort zone and pick up some digital skills to drive the digital transformation in your organisation. You may find it as simple as debit and credit!"

Susan See Tho
CA (Singapore)
Assistant Dean,
NUS Business School
Senior Lecturer,
Department of Accounting
National University of Singapore

"As an educator in accountancy and business, my role entails classroom teaching, consultancy projects and internship supervision. My emphasis has always been the co-construction of knowledge through sustained interaction and partnership with my students, which I ensure through adequate facilitation of learning and assessment in the application of sound pedagogical principles. Additionally, being a part of the business school's management team requires me to navigate education beyond the classroom, including the handling of policy matters to the counselling of individuals with special needs.

There are various challenges that an educator faces, but the primary ones would pertain to the rapidly evolving business environment and accountancy landscape as they impact what I deliver in my teaching content and how I facilitate learning among the students. For example, what I taught three to five years ago may soon be or is already obsolete by the time my students graduate. Conversely, what I did not teach three to five years ago, for instance, environment, social, and governance (ESG) factors, could be bread-and-butter issues that my students will face as soon as they step into the workforce. It is important that I equip my students with the appropriate skills and knowledge for their future workplace using forward-looking pedagogical applications.

Another major challenge that I face is making sense of the explosive pool of information around us. Students' views about the business and accountancy professions are often influenced by the information that they consume from the

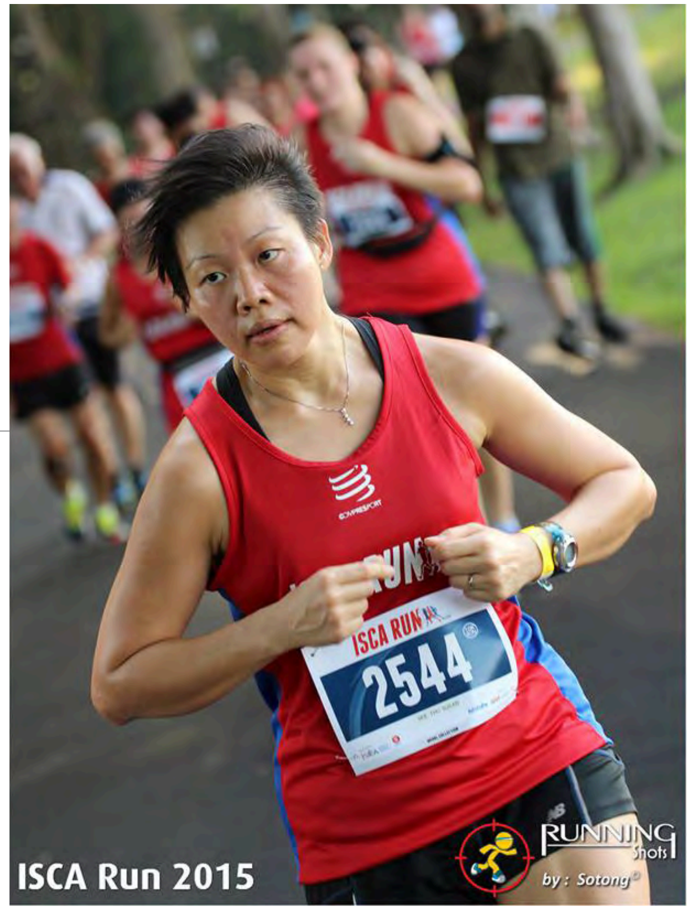
PHOTO SHUTTERSTOCK

"... accounting is commonly known as the language of business. Accountants who carry expertise in this language of business have a role in partnering the business owners and stakeholders early – especially at the strategic level – and be the forerunners in advising them how ESG concerns will create nuances in their financial and non-financial narratives over time."

social media and their personal networks. The challenge lies in guiding students to obtain balanced perspectives with adequate self awareness, and how their self identities relate to the profession that they are about to be a part of.

To tackle these challenges, I find it essential to constantly keep in touch with business and accountancy practices. Since I entered academia full time, after spending more than a decade in practice, I have continued to volunteer in activities associated with different professional networks and social and welfare communities, as well as served on boards and in committees. In giving back to the society, I am able to sensitise myself to the societal issues which require public education.

Next, I find that devoting time to the students outside the classroom enables me to holistically understand their mindset and perspectives. I spent a few years as a Fellow in a residential college that carried a sustainability focus. During those years, the students' work helped me understand environmental concerns from both the natural and social sciences' perspectives. My interaction with them also broadened my understanding of students' "adulting" aspirations and mindset.



A Ms See Tho took part in the ISCA Run in support of ISCA Cares, the Institute's charity arm

Educators like Mr Aw and Ms See Tho play an indispensable role in shaping our youths academically, guiding them through education pathways and preparing them for the business world. Here are some nuggets of wisdom gathered from their personal experiences:

1. **Multifaceted role of an educator:** Beyond teaching, the role involves constant student engagement and industry interaction to continually stay in tune with the evolving business environment.

2. **Digitalisation and ESG are shaping the accountancy sector:** While the two passionate educators bring different perspectives – Mr Aw sees digitalisation as empowering the accountants while Ms See Tho calls on accountants to step up and be an advocate for sustainability – clearly, these are two key areas shaping the accountancy sector in a significant way.

3. **Accountancy is a dynamic sector:** Accountancy is not a stagnant industry. For one to be part of the equation, one must be comfortable with change – either to adapt to change or to lead change – maintaining the status quo is not an option.

PHOTO SHUTTERSTOCK

The challenge lies in guiding students to obtain balanced perspectives with adequate self awareness, and how their self identities relate to the profession that they are about to be a part of

ESG can be taught alongside the relevant, fundamental concepts because it will soon be among the core considerations of organisations in running their businesses

You may be wondering, "Susan, are there times when you feel stressed dealing with such challenges?". Truthfully, there are certainly draining moments. But as someone who has always been active in sports, I pursue sports regularly to rest and recharge. I also engage in sports for a social cause, for example, walking a few kilometres to support a rice donation drive for needy families, or running to promote a healthy lifestyle among diabetic patients.

The heightened focus on ESG both locally and globally has certainly created a significant impact on accounting education. A few years ago, ESG trends could be treated as optional, nice-to-have topics. Also, the case studies were mostly centred on non-Asian contexts. Today, ESG can be taught alongside the relevant, fundamental concepts because it will soon be among the core considerations of organisations in running their businesses. For instance, sourcing and procurement processes in an organisation may include resource sustainability as a criterion and therefore affect vendor validity and product costs. Further, organisations that consider running their new systems out of cloud computing and data centres must now think deeper (than before) about their carbon footprints prior to making key infrastructure decisions. All these have an impact on accounting. More importantly, with many Singapore and Asian businesses stepping up their ESG efforts, there are more opportunities to include local and regional examples in my classes.

What role do accountants play in ESG efforts? Personally, I see that accountants are in for a wonderful, value-adding adventure ahead. A human language changes and adapts according to societal changes over time. It is likewise for accounting – commonly known as the language of business. Accountants who carry expertise in this language of business have a role in partnering the business owners and stakeholders early – especially at the strategic level – and be the forerunners in advising them on how ESG concerns will create nuances in their financial and non-financial narratives over time.

However, what does it take to be a sustained, authentic forerunner? Accountants should critically reflect on which part of the E, S or G their personal philosophies best align with and can do well in over time. Therefore, as an accountant, I hope to continue to be personally involved in ESG-related activities with the community so that I can regularly and critically self-reflect and know how I can contribute my best to the society.

Ultimately, ESG is about loving and respecting the creations around us." ISCA

DON WEE
CA (Singapore)
Member of Parliament and Senior Vice President, UOB

YVONNE CHAN
FCA (Singapore)
Chief Financial Officer, Sustainability Officer, Enterprise Singapore

KOH WEE KWANG
FCA (Singapore)
Director, Kreston ACA

Taking A Lead Role In Sustainability

Accountants Are The Ideal Candidates

TAKE AWAYS

- Companies are slowly but surely integrating ESG considerations into their corporate strategy but it will take time.
- Accountants are familiar with the disclosure and financial standards; the additional set of sustainability disclosure standards is just an extension or derivative of what they have been doing.
- SMPs, in particular, require guidance and help to develop their sustainability-related skill set.

IT IS A REALITY THAT EVERY HUMAN WAKES UP TO DAILY: INCREASINGLY WARM WEATHER, FREAK STORMS AND FLOODS, MELTING POLAR ICE CAPS, FOREST FIRES. Climate change is real, and what we are experiencing in the present is merely an ominous indication of much worse to come. Decades of relentless development have brought the world to a point where it is imperative to find and employ sustainable ways to move forward as a planet, and it requires the effort of every person and every industry.

The idea of sustainability has taken root, although in some parts of the world including Singapore, it is still relatively nascent. But the good news is that sure and steady steps in the right direction are being taken. In February 2021, the government unveiled a new, comprehensive Singapore Green Plan 2030, a national plan which charts concrete targets for the next decade to catalyse the national sustainability movement, strengthening the country's commitments under the United Nation's 2030 Sustainable Development Agenda and Paris Agreement, and positioning Singapore to achieve its long-term goal of net-zero emissions. Earlier in 2016, the Singapore Exchange (SGX) had introduced the integration of sustainability reporting into the annual reports of SGX-listed companies. In December 2021, SGX unveiled its roadmap for issuers to provide climate-related disclosures based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Among other requirements, issuers must subject their sustainability reporting processes to internal review, and all directors must undergo training on sustainability. These requirements align with Singapore's commitment to sustainability.

To add to the rising expectations of company leaders, Tan Boon Gin, Chief Executive, SGX Regulation, suggested at a recent closed-door event that CEOs consider attaining climate expertise as a key skill in managing the complexities of climate change. Apart from the demands from stakeholders regarding sustainability, key players in the green finance sector such as investors, insurers and lenders will likely also expect this.

The growing focus on sustainability impacts accountants, who are uniquely positioned to bring value to clients facing the new regulations and trends. Accountants who want to seize the opportunities to establish a niche in the emerging green space would need to upskill themselves in sustainability reporting and other ESG (environment, social and governance)-related skills to attain that competitive edge.

There is no doubt that the buzzword across leading industries today is sustainability, and accountants can play a key role in saving the world.

Here, we hear from three ISCA Council members, each of whom brings a different viewpoint to this important issue.

> "Sign up for ISCA's sustainability courses because they offer a potent combination of company knowledge coupled with sustainability knowledge."

Facing Up To Future Realities

Don Wee, CA (Singapore), Member of Parliament and Senior Vice President, UOB

AS THE APPOINTED "SUSTAINABILITY CHAMPION" FOR CHUA CHU KANG TOWN COUNCIL since May last year, Don Wee is one of 15 Members of Parliament (MPs) to spearhead "Action for Green Towns" in estates across Singapore, with the aim to make them zero-waste, energy-efficient and greener by 2025. This is in line with the Singapore Green Plan 2030 that the government announced in February 2021.

Mr Wee is quick to point out that he considers himself a novice, not a champion. "I'm trying to marry my roles as a parliamentarian and ISCA Council member to see what I can do for the sector," he explains. As an MP, Senior Vice President of UOB and a Chartered Accountant, he looks at sustainability from different perspectives and identifies opportunities in each sector. "If you dive into it, there are many vehicles behind sustainability – food security, water, recycling – and we will be able to create jobs in this new space," he observes. "As a bank employee, I see opportunities for renewable and green finance. And there are many opportunities for accountants and auditors, such as sustainability disclosure and assurance work. This is an area of growth."

In Mr Wee's view, sustainability is still a nascent area for Singapore, one that really began in earnest when the Singapore Green Plan 2030 was announced in 2021. Changes are slowly beginning to take place. "When budgeting in the past, Chief Financial Officers (CFOs) and Financial Controllers would be very careful with the spending. But now, with the consideration of sustainability, they may not go for suppliers who merely offer cheap products, but sustainable ones instead," he explains. "The CFO cannot just look at the dollars and cents anymore. He must have awareness about the reputation of his company, the knowhow in measuring and translating sustainability-related metrics into financial impacts. These are key to contributing to the overall strategy for business optimisation."

In a speech in Parliament, Mr Wee encapsulated the important role of the accountant and sustainability reporting in Singapore's sustainability journey. "Sustainability reporting is an emerging area and companies will need references to guide them in their disclosures," he says. And, with the introduction of the Singapore Exchange Regulation's (SGX RegCo's) roadmap for mandatory climate-related disclosures, Mr Wee shares that ISCA is also developing a series of guides to share best practices and guidance publications on green and sustainable finance. These publications include a roadmap to guide professional accountants on obtaining green and sustainable finance for their organisations if they assess that such financing fits into their corporate business strategy, and a best practice guide on how businesses can disclose their green finance policies and initiatives. "Such assessment will allow companies to better approach banks for the financing of their sustainability projects; it will also promote a virtuous cycle of sustainability," he explains.

While acknowledging that the companies that attract global investors are those which embrace or adhere to ESG principles, Mr Wee concedes that it is currently difficult to push this in Singapore as companies are grappling with rising costs as well as manpower constraints. "So, that is not the first thing that comes to mind; it's only a consideration after you've addressed your bread-and-butter concerns," he says. "But the more progressive companies would be mindful of buyers which are looking at suppliers that comply with all the ESG standards and can actually supply sustainable products. For example, beauty brand company Shiseido will only procure from petrochemical companies that commit to net-zero carbon emissions. Progressive companies will see this as an opportunity for growing business revenue rather than focusing on the cost. The mindset and the attitude are so important," he points out.

ISCA is developing a series of guides to share best practices and guidance publications on green and sustainable finance

"Singapore is not the market – members should be looking at Asia, if not the world"

SEIZING THE DAY

The thrust towards sustainability has led to both evolution and disruption in business practice. But with changing times come new opportunities, and Mr Wee declares that "accountants are the rightful stakeholders who should take advantage of this". He is of the view that the conventional accountant is very familiar with all the disclosures and financial standards. As such, this additional set of sustainability disclosure standards is just an extension or derivative of what they have been doing. On its part, ISCA is actively helping its members attain the skills to navigate the new green space. "Current ISCA members who have this skill set are more marketable to prospective employers," he notes. "The needs are great among the small to medium-sized practices (SMPs). If they are able to perform sustainability-related assurance work, this will be an additional revenue stream for this group of auditors."

What does Mr Wee hope Singapore will be like in 10 years in terms of ESG? "I believe we will be a sustainability finance hub," he shares. "When it comes to finance accountancy, we are the leader. Singapore has a good reputation; it has credibility." He feels that Singapore accountants should take advantage of this as a launchpad to provide sustainability-related assurance work, and branch out further afield. "Singapore is not the market – members should be looking at Asia, if not the world," he emphasises.

To young ISCA members reading this, Mr Wee's advice is this, "Sign up for ISCA's sustainability courses because they offer a potent combination of company knowledge coupled with sustainability knowledge." It's not simply a matter of preference but of survival. Mr Wee highlights that there are more than 700 accounting SMPs facing margin compression. "They are facing an existential threat," he reveals. "What they do in the realm of accounting now is just the checking of accounts and invoices – all this can be offshored." If such firms do not upskill themselves to be able to audit or provide assurance services to access new areas, they will end up cut out or bypassed in their current one as well. The threat is real, but Mr Wee is also mindful that it is important for accountants and auditors to understand how sustainability creates value for all its stakeholders. "Sustainability spans environmental, social and governance considerations," he explains. "The social impact includes things like 'this company has created and generated X amount of employment, and how many females have been employed in Singapore'. Some companies which have branches in other countries may provide electricity to a village and by doing so, power 10,000 homes – which will mean that 40,000 kids get to study under electrical light instead of using candlelight. So there is a lot of good that concerted sustainability practices can bring about." And accountants can do their part to fuel the momentum.

> … sustainability reporting is an enabler…. "It will clearly differentiate a compliance bookkeeping role from a strategic CFO who is a business partner that contributes to future planning."

The Steward Of Best Practices

Yvonne Chan, FCA (Singapore), Chief Financial Officer, Sustainability Officer, Enterprise Singapore

YVONNE CHAN, A MEMBER OF THE ISCA COUNCIL SINCE 2017 AND ITS VICE PRESIDENT FROM 2018 TO 2022, is well known for her advocacy for corporate governance, process re-engineering, automation, analytics, sustainability and integrated reporting. Now the Sustainability Officer at Enterprise Singapore, Ms Chan champions internal sustainability efforts for the agency, such as instilling culture change through lunchtime talks; learning journeys; awareness creation; reduction of utilities, water and waste, and carbon footprinting.

Ms Chan became involved in sustainability reporting at her previous agency, Maritime and Port Authority of Singapore, in 2014. She was candid about the fact that she did not immediately buy into the idea of sustainability reporting coming under the purview of Finance at that time. "In the beginning, I contested the notion that sustainability reports should be done by accountants as my scope was full and I felt that it would be better aligned to the corporate communications or policy and operations divisions." But as a leader who constantly seeks new challenges, she was open to trying it out. Once she embarked on sustainability reporting, she grew to have a better appreciation of how sustainability fits into her strategic role. "In the public sector, Finance may not be viewed as a strategic function but more as a transactional backroom function. In handling sustainability reporting, the alignment of value proposition of an agency, materiality of key programmes, risk management, and allocation of scarce resources to achieve key outcomes allowed me to work closer with the other divisions and my management team, to see where we want to be in 2030. In a way, it is almost like a stocktake on what to do and what not to do to leverage limited resources. So, slowly but surely, I became a convert. It empowered me to feel the vibes of being a private-sector CFO again."

To Ms Chan, sustainability reporting is an enabler. "I encourage forward-looking organisations to seriously consider doing it," she shares. "It will clearly differentiate a compliance bookkeeping role from a strategic CFO who is a business partner that contributes to future planning." She goes on to say that good sustainability reporting should be consistent, have clear measurable targets, be comprehensive and preferably follow international standards. "These are very similar to the guidelines that govern a good annual report," she adds. "Hence, accountants should be familiar with this and add it to their portfolio. Sustainability reporting is also a value proposition to stakeholders as to why an organisation can continue to be a going concern and is worth investing in," Ms Chan explains. "If done well, this can reduce the cost of capital and allow the CFO to reallocate resources to areas of growth and value."

GETTING THE BUY-IN

While there is growing awareness of sustainability in accounting and across organisations, challenges remain when it comes to its adoption. "Not all organisations are ready for sustainability to the same extent," she reveals, adding that sustainability strategies need to have strong leadership support since the tone at the top is a key factor to success. "Sustainability cannot be a compliance exercise to tick off a checklist; this may lead to greenwashing," she cautions. "Rather, it is a culture change that needs a lot of convincing, movement of the masses, and involvement of the entire leadership team. It will take time."

There are other challenges towards sustainability adoption, and these include a lack of clarity as to which standards to follow, as well as a shortage of resources to take care of a new sustainability-related function. "Finance departments everywhere are generally known to be overworked, so it is difficult for them to absorb another work scope without appropriate resources being added. Also, there's a general lack of empowerment and training," Ms Chan adds.

"For starters, it may need to be more autocratic, with clear targets set, a lot of story-sharing and leadership push by a strong, engaged and driven team," Ms Chan outlines. "Eventually, when awareness reaches critical mass and the base culture changes, it can then be relaxed and decentralised. You know that the goal has been achieved when pockets within the organisation come up with initiatives, KPIs, monitoring and feedback on their own, with little push." That said, she admits that it would be rare to have everyone onboard. "There will always be sceptics and they are entitled to their opinions," she says.

For companies that have already embarked on incorporating sustainability reporting as part of their annual reports, Ms Chan's challenge to them is to create balance among the three ESG elements. "Strategic planning and enterprise risk management should be part of ESG, especially the governance aspects," she asserts. "There is a tendency to concentrate on the E (environmental) attributes but, to have a good sustainability report, there should be balance with the social and governance factors." For the "S", she elaborates that an open and mature organisation would provide their key human resource statistics to show age profiling, gender diversity and qualifications, and address any potential issues in manpower attraction and retention. With respect to "G", this should clearly state how board members are appointed, the firm's enterprise risk management from assessment and monitoring to mitigation, and even matters as simple as how the delegation of authority or segregation of duties are being determined and reviewed.

Good sustainability reporting:
- is consistent
- has clear, measurable targets
- is comprehensive
- preferably follows international standards

> "Strategic planning and enterprise risk management should be part of ESG, especially the governance aspects"

INTERNALISED INTENT

Outside of work, Ms Chan has taken on the sustainability cause with passion. "I serve on charity boards to champion governance and financial sustainability," she shares. She also gives talks and writes articles on this topic when the opportunities arise. "It is imperative to lend our voices and efforts to champion this cause," she urges like-minded advocates. "We tend to see similar names in this space, so it is always nice to encounter new faces. It would be good if more people could come onboard and are passionate enough to share their efforts, no matter how small."

It will take time for sustainability to be fully integrated into companies and accounting functions, but Ms Chan is confident that the role of the accountant will transcend the operational. "I do hope that sustainability reporting becomes part of the financial reporting standards, and that accountants take this on as a new challenge. As we automate and digitalise the day-to-day operational work, sustainability reporting will allow accountants to take on a more strategic forward-planning role, and remain as the right-hand support to their apex leader," she says.

"Sustainability reporting involves E, S and G, and you need someone with a system mindset to pull the data and connect the dots, to interpret the matrix and feed that matrix to the different departments in a company."

A "Natural" Inclination

Koh Wee Kwang, FCA (Singapore), Director, Kreston ACA

KOH WEE KWANG MAY HAVE BECOME A MEMBER OF ISCA'S SUSTAINABILITY AND CLIMATE CHANGE COMMITTEE FAIRLY RECENTLY (in April this year), but he speaks with the passion and purpose of a lifelong sustainability champion. "I was born on a farm in Lorong Buangkok, where I lived until I was 12," he shares. "We had pigs, chickens, even crocodiles. The topic of animal cruelty is close to my heart – I have seen it for myself." Today, Mr Koh is a "flexitarian" when it comes to dietary choices. "I went vegetarian one day a week and now, I don't eat meat on Mondays and Fridays. I feel we consume too much meat, but there are people who will 'die' if they don't have meat for one meal!"

He is one who walks the talk. Since his appointment to the Committee, he has studiously read up on climate change and sustainability as he wants to serve well. He also credits his wife as the sustainability forerunner in their household, while their daughter and son, now 18 and 14 respectively, are his inspiration. "My wife has been recycling for years," he says, "and my children have so much awareness about things like carbon capture. PPP (planet, people, profits) really matter to them and that will influence their choice of employer in the future". The family has also made it a habit to bring their own bags when shopping and to refuse single-use plastics. Mr Koh's company, Kreston ACA, meanwhile, has an ongoing "go green" programme – a WhatsApp chat group to initiate and enhance awareness of green actions. "Our staff take pictures of the green things they do and post them on the chat," he describes. "At the end of the month, we vote for who we consider the 'greenest' staff member." He adds that the response has been very encouraging, and that the posts come mostly from those in their 20s and 30s. The company even has an initiative to refuse single-use plastics. "If we can share these initiatives with SMEs, we can show them that there are easy-to-implement, self-sustaining things that any organisation, big or small, can do," Mr Koh shares.

Three levels to go before sustainability practices are fully embraced socially and in the business arena: awareness, acceptance, adoption

"The key is to try and change the mindset from being shareholder-focused to stakeholder-focused..."

BIGGER STEPS TOWARDS A SMALLER FOOTPRINT

Mr Koh recognises that Singapore has some way to go before sustainability practices are fully embraced both socially and in the business arena. There are three levels to this: awareness, acceptance and adoption. "By now, most of us accept that ESG – issues like global warming – is real, so we are entering the stage of adoption," he notes, adding that there is currently much financing going into environmental companies. "But if we are to reach our Green Plan goal to achieve zero carbon emissions by 2030, that would mean we have to decarbonise by 12.9% a year, and that's a lot!"

Sustainability reporting is an important part of the whole picture, and Mr Koh asserts that accountants have a key role to play. "Sustainability reporting involves E, S and G, and you need someone with a system mindset to pull the data and connect the dots, to interpret the matrix and feed that matrix to the different departments in a company," he notes. He asserts that there is no department with better system thinking than the Finance department. While financial reporting is the traditional role of the accountant, ESG covers a much wider scope. "Accountants are trained to think systematically, to find remediation gaps." His view is that all accountants should go through sustainability training. "Climate science is challenging, and knowledge in this area is growing so fast it can be hard to catch up," he highlights.

The group that concerns Mr Koh the most is the SMPs, which may not have as many publicly listed companies as clients. "The Big Four have been doing sustainability reporting since SGX released the *Sustainability Reporting Guide* in 2016. But we haven't seen it implemented in many SMPs," he says. Ensuring that the thrust towards sustainability maintains momentum would require getting the buy-in of SMPs, and only then will we see a real change in society, Mr Koh believes. "That's why we as accountants need to do a lot more for SMPs – they have a lot of catching up to do."

Ultimately, Mr Koh believes accounting will encompass financial reporting as well as risk management and sustainability reporting. The TCFD is built on a risk management framework and sustainability is the key, he says. In the foreseeable future, the focus can no longer be on profits alone because being profitable does not guarantee an organisation's sustainability; rather, it is the organisation that holistically embraces and adopts ESG that is likely to succeed. "The key is to try and change the mindset from being shareholder-focused – which is profit-driven – to stakeholder-focused, which takes a broader look at the impact that certain decisions make on all the parties involved. I expect a future where, if a company doesn't have a sustainability badge or a social licence to operate, it will become obsolete," he concludes. ISCA

FOCUS

TEXT BY

Lawrence Loh

Sabrina Soon

> To date, ISSB has published two prototype standards – one focuses on general sustainability-related disclosure requirements and the other focuses on climate-related disclosure requirements.

Net Zero

Most Important Balance Sheet of This Sustainability Era

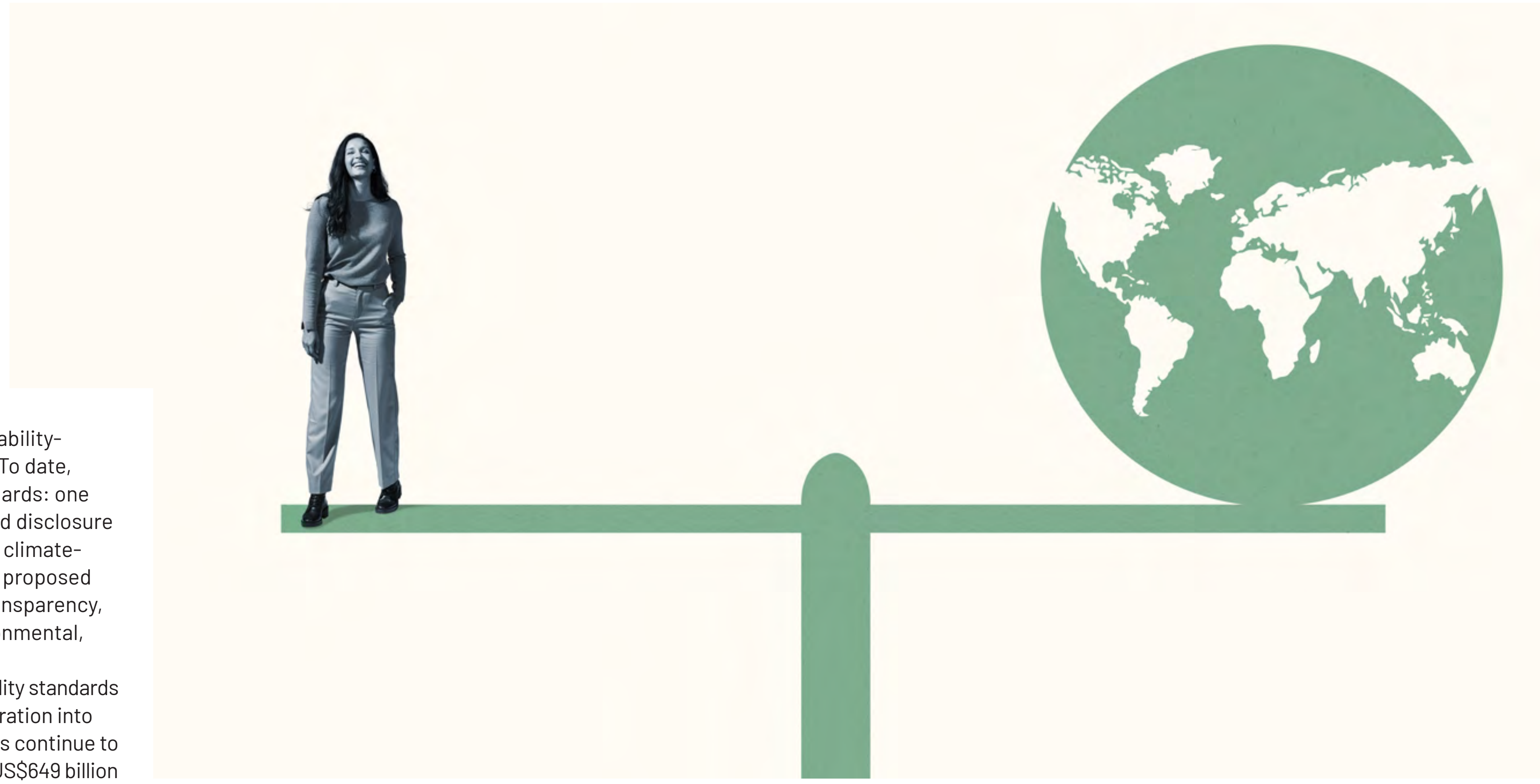


PHOTO GETTY IMAGES

TAKE AWAYS

- Accountants can help companies make pivotal systemic changes, to incorporate net zero into their organising principles.
- Accountants and sustainability officers must champion the need for change through greater achievable commitments, sustainability investments, and diverse industry engagements.
- There are many ways that accountancy professionals can contribute to sustainability in their daily work.

THE RACE TO ZERO CAMPAIGN[1] built a strong momentum for decarbonisation of the global economy as a coalition of like-minded cities, regions, businesses, investors, and higher-education institutions joined hands to work towards net zero by 2050. Net zero requires collective effort from investors, stakeholders, enterprises of all scales, governments, and NGOs. To fully embrace this shift, businesses must incorporate net zero into their organising principles. Chartered Accountants, as stewards of industry, are at the frontline of making pivotal systemic changes to benefit companies in the long term.

The Intergovernmental Panel on Climate Change (IPCC) identifies net zero as the point when anthropogenic emissions of greenhouse gases to the atmosphere, or those originating from human activities, are balanced by anthropogenic removals. There are a growing number of companies that have committed to reaching net-zero emissions. To achieve their targets, companies require the knowledge and skills of Chartered Accountants and sustainability officers to align near- and long-term targets. At the same time, we must champion the need for change within the industry through greater achievable commitments, sustainability investments, and diverse industry engagements.

In November 2021, the International Financial Reporting Standards (IFRS) Foundation Trustees established the International Sustainability Standards Board (ISSB)[2], a global body championing non-financial reporting. ISSB aims to form a comprehensive global baseline of sustainability disclosures, allowing investors to be more informed when assessing the companies' sustainability-related risks, opportunities and values. To date, ISSB has published two prototype standards: one focuses on general sustainability-related disclosure requirements, and the other focuses on climate-related disclosure requirements. These proposed standards will provide better quality, transparency, and disclosures by companies on environmental, social and governance (ESG) factors.

The emerging set of global sustainability standards aligns with the rapid advent of ESG integration into financial investments. Green investments continue to grow, with a record global investment of US$649 billion in ESG-focused funds in 2021[3]. This was close to a US$10-billion increase since 2020, and two times the amount since 2019. Consolidating investments and decisions around ESG issues extends beyond appeasing shareholders and building a positive reputation; it also opens up opportunities for companies to gather committed shareholders, which increases and strengthens its stock liquidity, value, long-term growth and business resilience.

BUILDING A SUSTAINABLE WORLD

Accountancy professionals are actively involved in an organisation's operations and decision-making processes. They help secure business resilience and ensure that long-term plans, such as ESG targets, are achieved. More broadly, accountancy professionals are also taking on frontline advisory and advocacy roles in global forums for net zero.

Sustainability is often referred to as a three-legged stool that stands on three interconnected and interdependent pillars comprising the social, environmental, and economic. For instance, improvements in energy efficiency, such as the transition to renewable energy, can improve energy security and reduce poverty, while decarbonisation of transportation, buildings and other infrastructure would reduce greenhouse gas emissions, which in turn reduces air pollution and improves health and wellbeing.

Today, virtually all the world's largest companies have committed to diversity, inclusion, and equity. Many of the current standards and reports, such as the UN Sustainable Development Goals (SDG), IFRS International Sustainability Standards and Task Force on Climate-Related Financial Disclosures (TCFD), help guide these companies towards a more resilient, net-zero economy based on climate science.

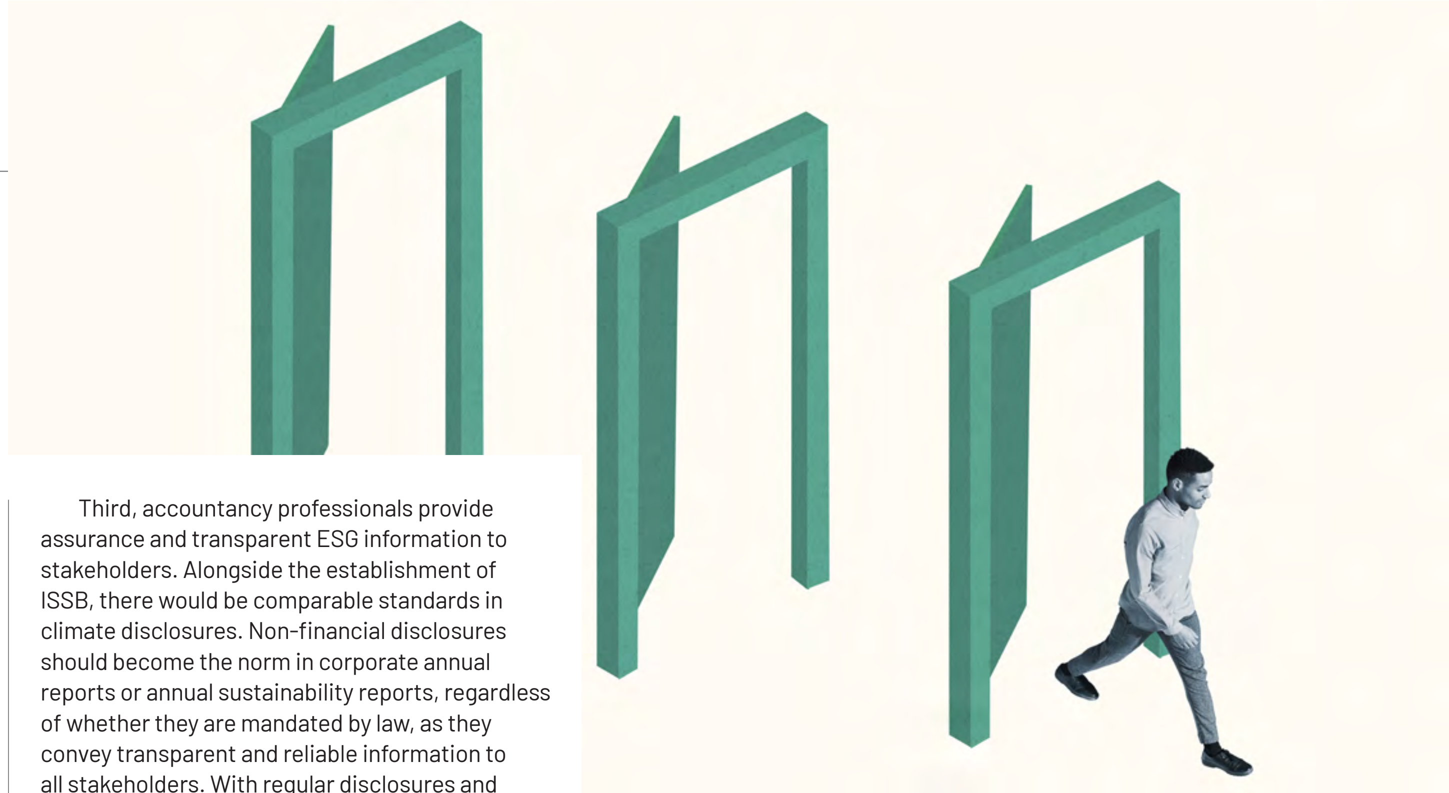
SDG is a set of inclusive global goals with frameworks and specific targets that involves business, civil society, and citizens. SDG has provided guidance and tools for companies and stakeholders to fulfil corporate sustainability. TCFD's disclosure recommendations have provided a foundation for the finance sector organisation to assess potential risks and opportunities of climate change on organisations. Building upon the work of existing global sustainability standards and frameworks such as TCFD, the finalised ISSB standards will form a comprehensive global baseline of sustainability disclosures that is able to be mandated and combined with jurisdiction requirements on reporting.

On the global front, countries and leaders of industries will meet again in late 2022 for The United Nations Climate Change Conference (COP 27) in Sharm el-Sheikh, Egypt. COP 27 will continue the monumental work of COP 26 in Glasgow, United Kingdom. During COP 26, the private sector pledged

Industry needs to work towards:

→ greater achievable commitments
→ sustainability investments
→ diverse industry engagements

[1] https://unfccc.int/climate-action/race-to-zero-campaign
[2] https://www.iasplus.com/en/resources/ifrsf/issb
[3] https://www.asianinvestor.net/article/esg-outlook-2022-investors-seek-better-disclosure-for-thematic-investing/475027



Building upon the work of existing global sustainability standards and frameworks such as TCFD, the finalised ISSB standards will form a comprehensive global baseline of sustainability disclosures that is able to be mandated and combined with jurisdiction requirements on reporting.

its commitment to net zero. Since then, an optimistic momentum has been generated as sustainability officers from the private sector, including financial institutions, investors and companies, exchanged strategies and approaches to ambitious decarbonisation targets and climate transition plans.

Moving forward, net-zero commitments are expected to become the norm. We can also expect stronger climate actions accelerating across sectors. There is significant grounded optimism that innovations, initiatives and policy interventions will make net zero achievable within the target timeframe.

BRIDGING A SUSTAINABLE PROFESSION

So how can accountancy professionals contribute to sustainability in their daily work?

First, the introduction and proliferation of data analytics in the accountancy profession has provided new opportunities for accountants and auditors to incorporate sustainability into their work. With better, real-time, and more comprehensive data, accountants and auditors can help develop net-zero pathways, as well as set interim and long-term targets. Data analytics would also better allocate funds and generate transparent credible sustainability reporting.

Second, accountancy professionals can align the organisation's values with SDG and integrate ESG considerations into business, investments, and operational decisions to reduce the organisation's environmental footprint at every level. Discussions on the impact and relationship of climate and natural capital risks with the operations of the organisation need to be on top of the board agenda. With better data from new technologies, accountancy professionals can better present and guide the boards of the organisation on the benefits of net-zero strategies.

Third, accountancy professionals provide assurance and transparent ESG information to stakeholders. Alongside the establishment of ISSB, there would be comparable standards in climate disclosures. Non-financial disclosures should become the norm in corporate annual reports or annual sustainability reports, regardless of whether they are mandated by law, as they convey transparent and reliable information to all stakeholders. With regular disclosures and non-financial standards in place, accountants and auditors can better provide assurances on sustainability's relevance to companies' long-term success and business resilience.

Disclosures of sustainability factors on assets, expenditures, incomes and liabilities are essential to ensure stakeholders are well informed of the organisation's ESG targets and progress. As a comparable measure, they will introduce healthy competition for other companies to commit towards sustainable finance. Regular sustainability reporting also ensures that greenwashing does not occur within the organisation and that sustainability integrity is upheld.

Accountancy professionals in many parts of the world have indeed shown great efforts in raising awareness and providing education in sustainability accounting. For example, in Singapore, ISCA launched an e-learning module on sustainability reporting for accountants and finance professionals to share knowledge with its member accountants.

Other accounting and finance institutes have also integrated sustainability and climate change-related content within their training syllabi. For instance, the Institute of Banking and Finance Singapore (IBF) and Monetary Authority of Singapore (MAS) have set out a list of Sustainable Finance Technical Skills and Competencies (SF TSCs)[4] for professionals within the industry to carry out sustainable finance. The SF TSCs include 12 technical skills and competencies covering a broad range of thematic and functional knowledge topics in sustainability and climate change policy for financial institutions and training providers to adopt.

- → Net-zero commitments are expected to become the norm
- → Optimism that innovations, initiatives and policy interventions will make net zero achievable

Data analytics:
- → Accountants can get better, real-time and more comprehensive data
- → Helps accountants to develop net-zero pathways and set interim and long-term targets

[4] https://www.mas.gov.sg/news/media-releases/2022/ibf-and-mas-set-out-12-technical-skills-and-competencies-in-sustainable-finance

PHOTO GETTY IMAGES

partnerships between public and private sectors are critical to transition Singapore to a green and resilient country

ACCOUNTANTS IN THE SINGAPORE GREEN PLAN 2030 JOURNEY

In Singapore, net-zero commitments are spearheaded by prominent companies across industries, such as City Developments Limited, DBS Bank Ltd, Frasers Logistics and Commercial Trust, Keppel Corporation, Singapore Airlines, Singapore Telecommunications Ltd and Wilmar International Ltd. Sustainability strategies by the companies share a common goal in sustainability and similar approaches within the ESG pillars. Although sustainability reporting is yet to be mandatory and standardised for all companies in Singapore, accountants are expected to navigate through the rapidly evolving corporate reporting landscape globally and locally.

As part of the update to the Singapore Exchange listing rules, issuers within the financial, energy, agriculture, food and forest products industries in Singapore will face mandatory climate reporting for the financial year commencing 2023. Recognising the interconnectedness of social, economic and environmental aspects of sustainability, issuers are also expected to lay down a board diversity policy that addresses gender, skill and experience, with details on diversity targets, plans, timelines and progress.

The Green Finance Industry Taskforce (GFIT) convened by the MAS has launched detailed implementation guides on climate-related disclosures, frameworks, recommendations, roadmaps, workshops as well as e-learning modules that are able to strengthen the capabilities and knowledge of accountants and financiers in green finance. Government initiatives such as the GFIT show that the engagement and partnerships between public and private sectors are critical to transition Singapore to a green and resilient country.

Singapore's climate ambition to achieve net-zero emissions also includes implementing a carbon tax, applied to all sectors since 2019. To achieve net-zero emissions by or around mid-century in Singapore, the carbon tax is set to increase in 2024. The revised carbon tax trajectory effectively shows the certainty and aspiration of Singapore's transition towards a low carbon future by having businesses onboard to invest in low-carbon technologies, carbon markets and green investments, and successively using the carbon tax revenue to support low-carbon transition.

In a climate crisis, there are no warnings, no borders, and no turning back. The responsibility to be more ambitious with our climate action, more cautious with our emissions and more proactive in climate change mitigation lies with all of us. It is never too late to join the 93% of the world's largest companies which have sustainability strategies in place. In line with the Singapore Green Plan 2030, accountants and finance professionals must recognise the importance and significance of net zero – it is the most important balance sheet that counts. ISCA

Professor Lawrence Loh is Director, Centre for Governance and Sustainability, NUS Business School, National University of Singapore (CGS-NUS), and a member of ISCA's Corporate Governance and Risk Management Committee; Sabrina Soon is Research Associate, CGS-NUS.

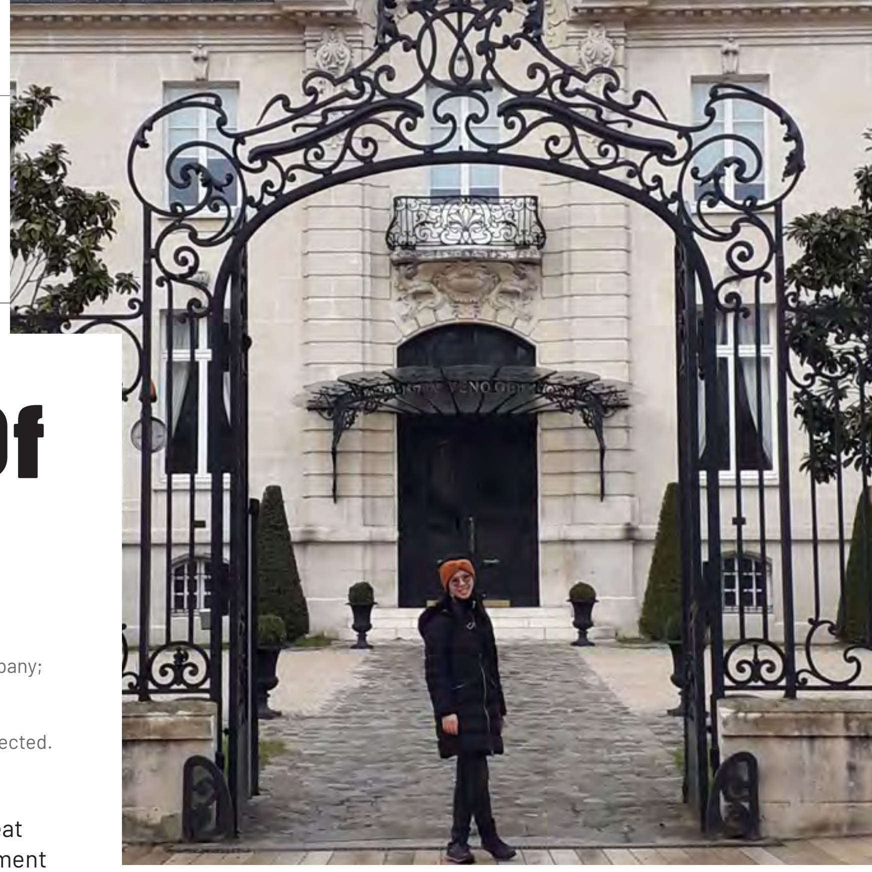
VIEWPOINT

Making The Most Of An Overseas Stint

Pack, Uproot, Embrace New Experiences

TAKE AWAYS

- Accepting an overseas posting can translate to opportunities within the company; it also opens doors to future global roles.
- Being prepared is essential to a fulfilling overseas experience.
- Agility and adaptability when on location are necessary, to address the unexpected.



Ms Teo enjoyed playing the tourist during her overseas stint

Loving it in Paris

TRAVELLING TO VARIOUS COMPANIES AROUND EUROPE to resolve business risks and uphold best practice processes was all in a day's work for Angelique Teo, CA (Singapore), in her former capacity as a Global Internal Audit Manager. Currently an APAC Ads Incentives Analyst at Google, the 32-year-old highlights useful tips for those considering an overseas work experience.

Where were you stationed, and for how long?
As a Global Internal Audit Manager with leading multinational food company Danone, I was based at its Paris headquarters (HQ) for a year and a half, most excitingly during the peak COVID-19 period.

What compelled you to move there?
I've always been interested in working overseas as such an opportunity represented a chance to test my abilities outside my comfort zone. The offer to move was tempting for several reasons: being at the HQ would help to improve my future opportunities in the company; I would gain valuable work experience in the Eurozone, which could open doors to global roles in the future. And, internal auditing is a great area of professional development because it would test my capabilities in all areas, from HR to finance, sales and compliance. On a personal level, I was interested to improve my fluency in French, and travel around Europe as part of the job. Besides, Paris is a beautiful city to be based in.

What were the key factors you considered before seeking an overseas posting?
The biggest factor was the merits of the job role offered. I asked myself if I could carry out such a role in Singapore (I couldn't), and if it would contribute to my career development (yes, in many ways). Singapore's low tax rates, salary and cost of living were also key considerations in negotiations for the new role. I also questioned whether I could see myself living in a new city, and if I had existing connections there to make settling down easier. And, as a true-blue Singaporean, the existence of a Chinatown or Asian grocery shops was also an important consideration!

Were there logistical challenges you had to overcome?
My former company took care of the logistical matters, so I didn't have any major issues. For me, the key was to ensure that such support was covered in my relocation package. For instance, having a housing agent recommend rental locations was incredibly helpful. It also helped to have good relationships with colleagues; I received tips on opening a bank account and applying for a phone line. And, if you're moving to a country where people speak a different language, consider asking for language lessons.

The main difficulty, once the overseas contract was signed, was securing a work visa. This can differ from one country to another. Tip: Offers for overseas positions are contingent on a successful visa application. If your visa application is rejected, there is no way you can move overseas.

Experiencing the winter cold

The silver lining is that tough experiences help you grow.

PHOTOS ANGELIQUE TEO

Please share the ways to assimilate into a new working life, culture and environment.
Know yourself and what you need to be happy. An extrovert may want to reach out to university alumni or Singaporean groups so that you will have friends and a support network when you arrive. Similarly, be friendly with your colleagues and see if deeper friendships can develop. For introverts, I would say look for good ways to continue your hobbies in your new city to keep your mood up. I searched out many climbing gyms, and also made new friends via an English writing circle and a regular volunteer activity.

How did your proficiency in the French language help?
I am quite fluent, which made it much easier for me to fully enjoy my time there. While shop assistants are friendly, they can be very shy about their English abilities. Being able to speak French meant I could communicate or ask for help more easily. I also joined a French organisation called UCPA (a non-profit body that organises outdoor sports holidays) to enjoy ski and rock-climbing adventures. During a week-long climbing session, I was the only non-native speaker, and ended up speaking French 24/7. It was great for language practice!

How did you prepare for your new role?
I read books on French culture (to avoid giving in to stereotypes) and spoke to colleagues working in the internal audit team in both Singapore and Paris. Thanks to my boss in Singapore, I also managed to join the Singapore audit team for a few test audits in Asia, before officially starting my role in Paris. It allowed me to share best practices from Singapore with the Paris team, which also helped to bridge both teams.

How did the pandemic complicate things? How were these difficulties overcome?
COVID-19 really complicated my plans. Audits moved online, work travel stopped, and I sometimes wondered if I should just carry out my role back in Singapore. It was also scary to go through lockdown in a foreign country, while worrying about my loved ones back home. Not having been with the team long (I joined in October 2019), it was also harder to connect with my colleagues via video calls. So I made time to chat with them on non-work matters, and to stay optimistic. I also connected even more deeply with friends in Paris, and stayed happy through my hobbies.

What has been the biggest takeaway from your experience?
Take a chance – you never know what you might learn! Although I did my best to prepare for the move, there were still some hiccups. Life in Paris was tough at times, I made mistakes at work due to cultural differences, struggled to find a support network, missed home and even got my phone stolen. The silver lining is that tough experiences help you grow. And you can only truly know a city when you've lived there for an extended period.

Since my overseas experience, I've learnt to appreciate life in Singapore more, but also wish that I could bring some Parisian practices back home. Part of my heart will always remain in Paris, even as I love my life in Singapore. ISCA

TEXT BY

Selena Ling

At this juncture, the 2023 outlook remains highly uncertain as much would depend on whether the global tide of aggressive monetary policy tightening subsides if the global economy gives way and inflation prints stabilise.

PHOTO SHUTTERSTOCK

2H Updates From OCBC Bank

MAS Re-Centres S$NEER; Upgrades CPI Forecasts

TAKE AWAYS

- MAS took a further calibrated step to lean against price pressure becoming more persistent.
- MAS core inflation is tipped to rise above 4% and is still expected to ease in 4Q22, albeit with a big caveat that there is considerable uncertainty over the extent of the decline.
- Beyond monetary policy settings, the question remains if other policy tools are needed, to help vulnerable Singaporeans cope with rising costs, and as a policy response to the continued buoyancy in asset prices in Singapore.

TIME AND TIDE WAIT FOR NO MAN. Just yesterday (August 1), the Bank of Canada surprised financial markets with a 100bps rate hike to 2.5% and lo and behold, this morning, the Monetary Authority of Singapore (MAS) also announced its second off-cycle tightening move this year with a re-centring to prevailing levels, with no change to the slope and bandwidth. MAS assessed that it was appropriate to take a further calibrated step to lean against price pressures becoming more persistent and reiterated that it will build on previous tightening moves to help slow the inflation momentum and ensure medium-term price stability. MAS also upgraded both its 2022 headline and core CPI forecasts to 5–6% and 3–4% respectively, up from 4.5–5.5% and 2.5–3.5% previously. Notably, MAS core inflation is tipped to rise above 4% and is still expected to ease in 4Q22, albeit with a big caveat that there is considerable uncertainty over the extent of the decline. In addition, there remain upside risks to inflation from fresh shocks to global commodity prices and domestic wage pressures. That said, with today's off-cycle move to arrest any inflation expectations shift early clearly signifies some policy resolve to tamp down imported inflation and likely puts the S$NEER positioning at a more comfortable level for the near term.

Broadening base of price pressures makes the inflation challenge more protracted given heady combination of cost-push and demand-pull factors

Apart from the usual suspects of inflation in non-cooked food inflation (partly due to sharply higher poultry prices), retail goods, food services and transport inflation amid the demand rebound and higher pass-through of cumulative business costs to end-consumers, the tight domestic labour market is also exerting pressure on wage. Food services, in particular, may continue to see heightened price pressures and would pose specific challenges to low-income households.

MAS upgraded both its 2022 headline and core CPI forecasts to 5-6% and 3-4% respectively, up from 4.5-5.5% and 2.5-3.5% previously.

Note that resident wage growth already jumped 7.8% YoY in 1Q and may stay elevated around the 6% handle for the full year amid the tight labour market. While a greater influx of foreign workers in 2H22 may be in the pipeline, nevertheless, this may only bring intermittent relief to selected industries – namely specific industries that require skilled labour may continue to see only a gradual ramp up and hence face higher-than-normal wage growth even into 2023.

Full-year 2022 growth forecast is on track, but anticipate a further moderation in growth momentum for 2H22

The advance 2Q22 GDP growth estimates disappointed consensus and our forecasts of 5.4% YoY (1.0% QoQ sa) and 5.3% YoY (0.9% QoQ sa). The flatlining of 2Q22 GDP growth at 0.0% QoQ sa marked the slowest quarter since 1Q20, which was the start of the COVID-19 pandemic, even though YoY growth accelerated from 4.0% in 1Q to 4.8%

PHOTO SHUTTERSTOCK

While today's MAS move provides some headroom until the next scheduled MPS meeting in October, the inflation-growth nexus remains very dynamic...

YoY in 2Q22. As expected, manufacturing performance was stellar at 8.0% YoY (0.3% QoQ sa) in 2Q22, led mainly by broad-based growth in all clusters including electronics and precision engineering due to robust global demand for semiconductors and semiconductor equipment, except for the biomedical and chemicals clusters. The construction sector was hampered by slower-than-expected inflow of migrant workers, which implied continued labour shortages. Meanwhile, the services sector saw a pickup in growth momentum in the accommodation & food services, real estate, administrative & support services and other services from 3.5% in 1Q to 8.2% YoY, whereas the information & communications, finance & insurance and professional services moderated from 5.7% to 4.1% and the wholesale & retail trade and transportation & storage also eased from 3.4% to 2.8% YoY. The official 2022 GDP growth forecast remains at the lower half of the 3–5% range.

A recession is not on the cards for the Singapore economy at this juncture despite the external headwinds
With the upward revision in 1Q22 GDP growth from 3.7% YoY (0.7% QoQ sa) to 4.0% YoY (0.9% QoQ sa), this brought 1H22 growth to 4.4% YoY.

our GDP growth is tipped to moderate further into 2023, likely to around or even below the 3% YoY handle

Our 2H22 GDP growth momentum will moderate further to around 3.4% YoY. Potential recession worries in the US and Eurozone (partly due to the current energy crisis) and hard landing concerns for China are starting to weigh on business and consumer confidence at this juncture, especially amid the aggressive frontloading of monetary policy tightening by major central banks like the US Federal Reserve. Even if a recession does not actually materialise for these major trading partners, a slowing external growth momentum will still weigh on Singapore's trade-related sectors for the next six months, and our GDP growth is tipped to moderate further into 2023, likely to around or even below the 3% YoY handle.

In summary, our 2022 GDP growth forecast remains intact at 3.5–4.0% YoY, with headline and core CPI forecasts standing at 5.6% and 4.1% respectively
At this juncture, the 2023 outlook remains highly uncertain as much would depend on whether the global tide of aggressive monetary policy tightening subsides if the global economy gives way and inflation prints stabilise. However, many central bankers have pivoted to indicate that inflation will remain structurally higher beyond the short term, hence their obsession with inflationary expectations becoming entrenched and the need to frontload more aggressive tightening. While today's MAS move provides some headroom until the next scheduled MPS meeting in October, the inflation-growth nexus remains very dynamic – we have to watch for whether global commodity prices stabilise further, the Fed hikes 75 or 100bps at the upcoming FOMC, and whether the local labour market tightens further.

Beyond monetary policy settings, the question also remains as to whether other policy tools are needed to achieve the following: first, additional targeted help for vulnerable Singaporeans to cope with the cost-of-living issues beyond the recently announced $1.5-billion package, especially when the 1% point GST hike kicks in from January 2023, and second, whether there would be any policy response to the continued buoyancy in asset prices in Singapore including COE premiums and the private residential property market. ISCA

Selena Ling is Head of Research and Strategy, OCBC Bank.
This article was first published in *OCBC Treasury Research* on 2 August 2022. Reproduced with permission.

Token Representation

Non-fungible tokens are having their moment in the public eye, but are they more than just a trendy but risky proposition?

THE PRESENT MOMENT SEEMS A POOR ONE TO DISCUSS THE POTENTIAL OF NON-FUNGIBLE TOKENS (NFTS) FOR ANYTHING OTHER THAN SPECULATION. A cursory scan of the news, via a Google search for NFTs, reveals a wealth of stories on speculation, some cautionary tales, and a number of universally cautious or outright negative official government advisories. It all caught the imagination of the public early last year when auction house Christie's sold an NFT of a work by the artist Beeple for US$69 million (S$95.43 million). Similar stories made the news throughout last year, with NFT communities such as Bored Apes becoming a part of pop culture and the term "NFT" itself named Collins Dictionary's Word Of The Year.

TAKE AWAYS

- An understanding of blockchain technology will help in the understanding of NFTs.
- NFTs are at a nascent stage, and there are few regulatory frameworks from governments/authorities.
- Basically, an NFT is a read-only document available to anyone who wants to view it.

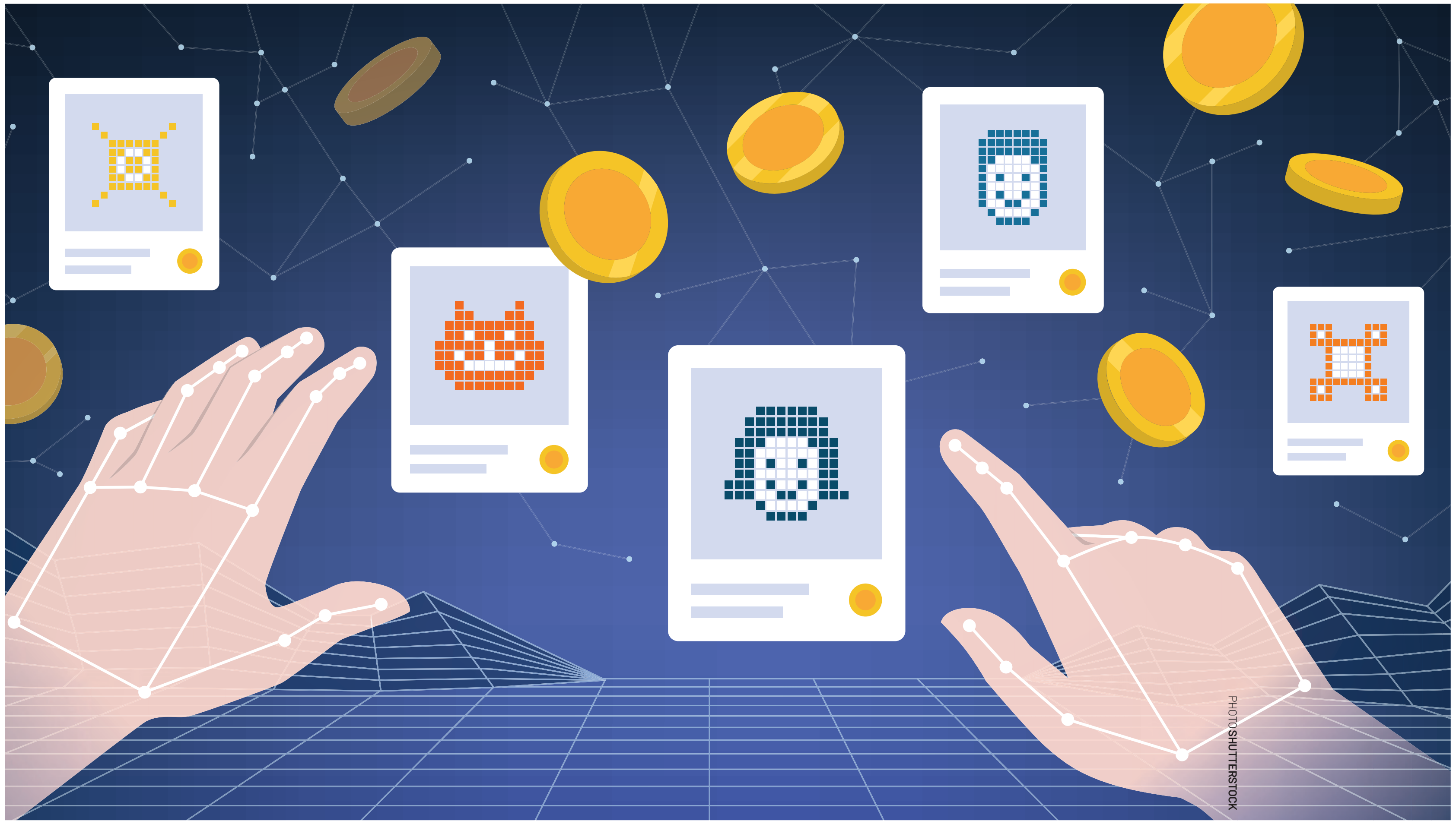


PHOTO SHUTTERSTOCK

> MAS does not regulate NFTs – except where they might represent proper financial assets – and has no plans to do so

Many international brands have also jumped on the bandwagon, while musicians and artists have embraced this phenomenon and similarly grabbed the headlines in doing so. Earlier this year, major global news outlets reported that the sale of NFTs last year hit US$17.6 billion but today, the global NFT market finds itself in the red for the first time. However, NFTs may have real potential for businesses, based on the technology underlying the whole thing.

Which, then, is the road to follow?

DEFINING THE NON-FUNGIBLE TOKEN

To begin, what is an NFT? There are a few definitions going around but we will use Senior Minister Tharman Shanmugaratnam's official written answer to a question in Parliament about whether the Monetary Authority of Singapore (MAS) has plans to regulate NFTs.

"Non-fungible tokens (NFTs) are a form of digital token, where each token has distinct and unique features that are verified and secured by blockchain technology. NFTs are still a relatively new development in the technology space. While NFTs can be used to represent any underlying asset, they have for now been mainly used to tokenise digital art and other collectibles," Senior Minister Tharman wrote, in his capacity as Minister in charge of MAS.

To put it another way, NFTs are lines of programming code that reside on a blockchain. Each code is unique, much like a serial number might be. Blockchains are, at their core, digital ledgers, so NFTs are distinct entries on such ledgers that cannot be easily duplicated. Senior Minister Tharman went on to note that MAS does not regulate NFTs – except where they might represent proper financial assets – and has no plans to do so.

This starting point is one that blockchain advocates and crypto-investors also agree with. "NFTs is a nascent area, so we do not have a lot of regulations (of the kind that MAS and other authorities would impose) yet," says Liu Shan Ming, a Hong Kong-based advisor to technology firms and crypto-investors. "The idea of NFTs itself is very enticing from the perspective of verifying authenticity and proving ownership."

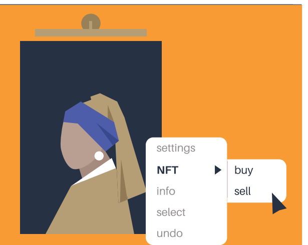
LEDGERS AND TRANSACTION FEES

Mr Liu also echoes Senior Minister Tharman's implied point that to understand NFTs, it is necessary to first understand blockchain technology. Mr Liu believes that an understanding of cryptocurrency is also necessary. This is because of an unavoidable if frequently overlooked fact: to transact an NFT (transferring it from one owner to another) requires a processing fee. This is called a "gas fee" in blockchain parlance, and refers to the payment due to the processors who handle transactions on any given platform. This is applicable to every transaction, and is unpredictable. Despite the variability, gas fees can be understood to be potentially higher on more popular blockchains such as Etherium, and lower on relatively less popular ones such as Polygon.

Even if an NFT is actually traded via conventional currency, there is no escaping gas fees. "While NFTs can be transacted in fiat currency, they are really bits of code on the blockchain, so gas fees still need to be paid," says Mr Liu. The issue of gas fees is important to understand when considering the various proposed uses for NFTs.

While the NFT space has been roiled this year by a high degree of volatility, the core ideas about ownership and authenticity have remained constant. Innovation has also continued, including new ventures that propose using NFTs to power automation in accounting (most notably Auditchain), or to enable triple-entry accounting. Some ideas are already a reality, such as Nike's patented Cryptokicks system that uses NFTs to verify the authenticity

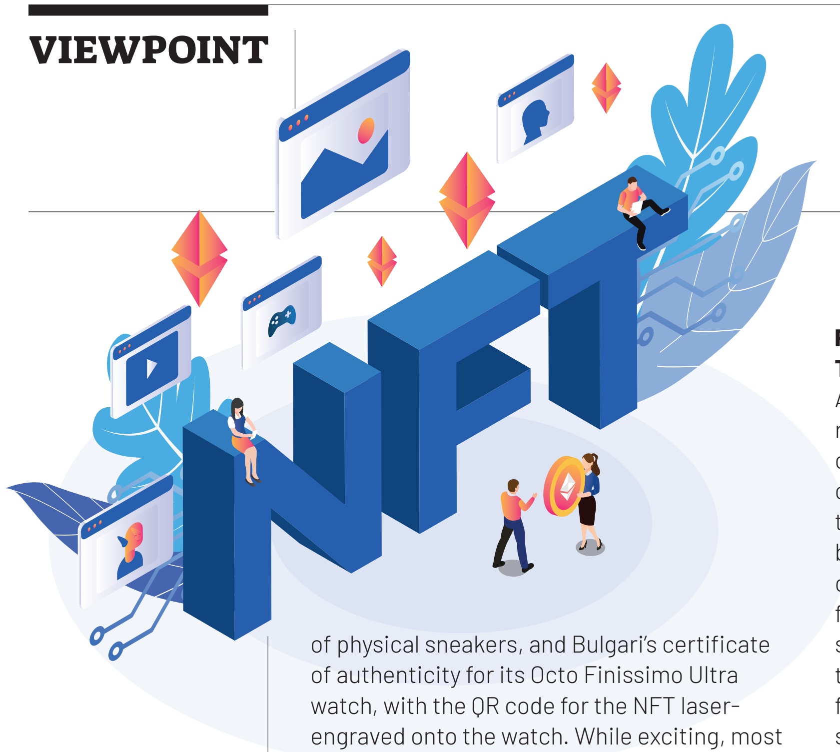
HOW TO CREATE AN NFT



NFTs are not terribly difficult to make, aside from mastering the jargon and ins and outs of the NFT marketplaces. There are plenty of web resources to help. Using a marketplace such as OpenSea, Rarible, Nifty Gateway and Binance NFT gives you simple tools to create your own NFT, or get started on creating NFTs. Think of these just as you would think of Wix or SquareSpace when it comes to building websites.

On that note, if you have coding experience, and things such as creating smart contracts, navigating the blockchain and minting tokens do not scare you, then you could make your own NFT without the help of an intermediary. Like building your own website, you are completely responsible and will have to manage your own efforts.

As noted in the article, there is a cost factor here because minting tokens requires you to pay gas fees. If done incorrectly, you will waste these fees. It is worth remembering that gas fees cannot be negotiated nor refunded, especially on popular blockchains.



of physical sneakers, and Bulgari's certificate of authenticity for its Octo Finissimo Ultra watch, with the QR code for the NFT laser-engraved onto the watch. While exciting, most of these proposals have yet to prove their utility, or showcase how they will get around the issue of gas fees. Compounding the issue is the Etherium blockchain's proposed changes in how it will verify transactions; Auditchain's automated system uses Etherium, for example, but uncertainty in any major blockchain system potentially affects all NFTs.

A BUBBLE OF TROUBLE?

Critics of NFTs – such as YouTube creator and video essayist Dan Olson – contend that all NFTs exist to give people with cryptocurrency something to do with all their crypto assets, and that even the "man-in-the-middle attacks" that blockchain technology effectively foils are relatively minor compared with fraud that might happen when tokens (fungible or otherwise) are minted. Other more succinct attacks include those from Rabobank's Head of Financial Market Research for Asia Pacific Michael Every, who said that he was "gobsmacked" by the "bubblicious stupidity" of the NFT market. Bill Gates remarked that he thought NFTs are "100% based on greater fool theory", a statement which has now made it into the Wikipedia entry for NFTs. Even enthusiastic crypto-evangelists do not exactly disagree. Macroeconomist and crypto-investor Tascha Che, commenting on NFTs, the blockchain and Web 3 (which is another blockchain offshoot) for *Time*, hedged her bets by saying "it's not going to stay stupid forever".

POTENTIAL BENEFITS IN BUSINESS TRANSPARENCY

All blockchain experts – whether for or against – recognise that there is no guarantee of privacy on the blockchain. Basically, an NFT is a read-only document available to anyone who wants to view it; they can see who owns it, when they bought it and for how much. This information can never be deleted or amended, although further information can be added, if the NFT is sold or otherwise transferred. On the flipside, this type of transparency is precisely what some financial professionals might be interested in, so the potential is certainly there.

It is useful to remember that the blockchain is a ledger, so it is not a stretch of the imagination that it could be useful to financial professionals. The reality though, is that this could take years. Even optimists such as DBS CEO Piyush Gupta thinks blockchain will power the "back office of the world in five to 10 years", as he told *The Straits Times* recently[1].

Mr Gupta notes that any "record-keeping entity" might benefit from the blockchain, and this includes things such as stock exchanges. NFTs, in particular, can also be used to cryptographically seal data on the blockchain, rendering them tamper-proof while preserving all the information, and this has been the subject of white papers from blockchain researchers and developers. Crucially though, the moving parts of these ideas remain shrouded in a haze, as does a pointed concern about regulation. This brings us back to MAS and other such entities, because Mr Gupta, for one, believes that regulators must weigh in before anyone seriously experiments.

Despite the negativity surrounding the current NFT market, the case for the potential of the technology itself remains intriguing. Perhaps the optimists are right when they say that the market will right itself in time, and this implies that companies should adopt a wait-and-see approach. On the other hand, limited individual experiments such as those by Nike and Bulgari might inspire other firms to see how they, too, can best use NFTs. ISCA

A "gas fee" is payable for every transaction

The gas fee varies from blockchain to blockchain

[1] https://www.straitstimes.com/opinion/blockchain-will-power-the-back-office-of-the-world-in-5-to-10-years

PHOTO SHUTTERSTOCK

TEXT BY

Koh Su Hock

PHOTO: KOH SU HOCK/YONG YOGA ASIA

Understanding Our Minds Better, Enhancing Our Mental Wellbeing

Practical Strategies To Achieve Balance

TAKE AWAYS

- Practise flexibility, mindfulness and resilience to achieve balance and prioritise mental wellness.
- Modern and traditional techniques such as mindfulness and yoga can help to enhance mental wellbeing.
- When stress becomes overpowering, it is okay to reach out for help.

"IT IS OKAY TO NOT BE OKAY" is now a phrase that is commonly associated with mental wellness; more specifically, it pertains to seeking help and talking to others about what's affecting our mental wellbeing.

What's the difference between mental wellness and mental health?

According to the Singapore Association for Mental Health, being mentally well means "your mind is in order and functioning in your best interest. You are able to think, feel and act in ways that create a positive impact on your physical and social wellbeing. Mentally well people are positive, self-assured and happy, in control of their thoughts, emotions and behaviour, enabling them to handle challenges, build strong relationships and enjoy life"[1].

A mental illness (mental health issue) is a disturbance of the mind that impairs the way we think, feel and behave. It affects our daily activities, and also impacts the lives of family members and friends.

Mood and anxiety disorders are the most common mental illnesses. About one in seven Singaporeans has experienced a mood or anxiety disorder at some point in his/her life[2].

Due to the increased stressors of (post-)pandemic living, and an increasingly accelerated digital pace of life, mental wellness is now receiving mainstream recognition globally. Locally, the Singapore government, companies and industry bodies like the Institute of Singapore Chartered Accountants (ISCA) are all devoting significant resources to this important area.

Two important resources which I turn to regularly are Healthhub[3] and the ISCA mental wellness page[4].

MENTAL ILLNESS IS A SPECTRUM OF CONDITIONS

To me, examinations are stressful situations. In a flashback to my final examination in university before graduating from accountancy, I had a temporary nervous breakdown brought on by severe and cumulative stress. When the examination started, I suffered from a panic attack as my mind kept revolving around the "what if" scenario of me failing the exam and not being able to graduate. Very soon, I was sweating profusely, and feeling dizzy and physically unwell.

Somehow, I decided that I had a choice – continue to ruminate or try to think more positive thoughts. I managed to slow down my breathing (I hadn't heard about mindfulness or yoga breathing then), asked for permission to visit the restroom for a quick break, and returned to the exam hall. Having "overruled" the random doubts in my mind, I told myself to try my best and not worry about the outcome. Eventually, I did pass and graduate with my cohort.

[1] https://www.samhealth.org.sg/understanding-mental-health/what-is-mental-wellness/
[2] https://www.samhealth.org.sg/understanding-mental-health/what-is-mental-illness/
[3] https://www.healthhub.sg/programmes/186/MindSG/Discover
[4] https://isca.org.sg/member-support/mental-wellness
[5] SVYASA/Swami Vivekananda school of yoga. Swami Vivekananda was a key inspiration for Gandhi's non-violence ethos; https://svyasa.edu.in

... mental wellness is a spectrum of conditions. It ranges from good mental wellbeing that is able to deal with stress effectively to an "at-risk" stage due to too much ongoing and chronic stress to finally, severe, debilitating mental health issues which require clinical treatment.

Little did I know then that mental wellness is a spectrum of conditions. It ranges from good mental wellbeing that is able to deal with stress effectively to an "at-risk" stage due to too much ongoing and chronic stress to finally, severe, debilitating mental health issues which require clinical treatment.

Our minds have a habit of replaying the worst-case scenarios we fear. While this may be due to our neurological and physiological makeup, the thoughts, emotions and physical responses they produce in the body can have serious health impacts if left unchecked. Thus, we should try to understand our minds more. Instead of seeking to control and remove stress or negative thoughts immediately, we can progressively train the mind to respond appropriately.

Like any training, moulding our minds is a process and a journey. My personal journey for mental wellness brings me back a few thousand years to ancient India and China.

THE WISDOM OF ANCIENT CIVILISATIONS

Being a yoga coach graduating from an Indian lineage[5] and an avid student of Chinese history, I learnt that both these civilisations have a wealth of knowledge we can draw upon to improve our mental wellness.

Yoga practice is a way to enhance our mental wellbeing, says Mr Koh

PHOTO KOH SU HOCK/YONG YOGA ASIA

Heart-mind refers to the connection between our mind and heart, which together define who we are

A resilient mindset reminds us that bad things are temporary

Yoga: Uniting body, mind and spirit

Modern yoga tends to focus more on the physical aspects of flexibility and fitness by emphasising the practice of poses (that is, *asanas*). The ancient yogis viewed yoga as a holistic approach to wellbeing and human existence.

In the concept of *pancha kosha*, human existence is defined as having five interconnected layers through which we filter all experiences. On the outside is our physical, flesh body. The *pranamaya kosha* (breath/life energy layer) and *manomaya kosha* (mental layer) are the second and third layers beneath the external body. In the innermost layer is our true self – the most subtle form of existence.

While modern society is just recognising the importance of mental wellbeing, traditional yoga has viewed mental health as an intricate part of human wellness. An unhurried, steady, and gentle breathing pattern helps to develop a foundation for mental focus and wellbeing. At my studio, Yong Yoga Asia, we reinforce the importance of breathing and mental alertness during all our yoga sessions.

Chinese definition of wellbeing

In Chinese philosophy, to cultivate overall wellbeing (养生之道), there are generally three accepted components that we need to develop and nourish – 养身 (physical health), 养息 (breathing), and 养心 (heart-mind)[6]. The first portion is to improve physical health through proper lifestyle and diet habits, exercise and techniques like qigong, traditional Chinese medicine, and massage. The second portion relates to developing better breathing techniques, ideally, a slow, subtle inhale and exhale breath barely audible to oneself. This is not unlike what yogic breathing teaches.

Finally, 养心 refers to looking after the heart-mind. Chinese thinking is systematic and functional in nature, and does not break down the physical organs into their component parts. Heart-mind refers to the connection between our mind and heart, which together define who we are.

Through practices like qigong, developing virtues and upholding morality, the heart-mind stays balanced and well. Again, like yoga, the ancient Chinese view mental wellbeing as inseparable from overall wellness. Humans will be well when harmonious balance between nature and body is achieved, that is, when we are in a state of homeostasis[7].

A resilient mindset holds the perception that bad things are temporary and can change for the better, as reflected in "This too shall pass".

ACHIEVING MENTAL WELLNESS DAILY

Helming two startups – Rexmed Telemedicine, and Yong Yoga Asia – I am constantly facing the pressure of modern living, like everyone else. How do I keep my balance and prioritise mental wellness?

Personally, I adopt the trio practice of Flexibility, Mindfulness And Resilience espoused here[8]:

Flexibility

In the context of mental wellness, flexibility is the ability to adjust our thinking and behaviours to new situations. A lot of mental stress develops because we are pre-conditioned to react to a situation in a certain way. We feel distress when things don't happen as we expect.

In Laozi's 道德经 (Way of Dao)[9], the ancient sage advocated the need to stay mentally flexible. He used the examples of a leaf which sways and bends in a strong wind, and yielding when necessary to avoid injury. He also believed that rigidity is a characteristic associated with danger and death.

At work, maintaining mental flexibility means I stay curious instead of expecting circumstances to happen in some pre-set way. Curiosity and adaptive thinking are how I welcome the unknown. It also means ceding control most of the time; after all, trying to control what's beyond control is a source of stress we can eliminate.

Mindfulness

Popularised by Jon Kabat Zinn, mindfulness is now practised extensively by millions globally. In one of the sessions in ISCA's Web-Bitez Learning Series, I shared the various techniques which can be used to mitigate stress[10]. Mindfulness practice can be both formal (for example, setting aside time, attending structured workshops and events, etc), or informal (for example, deciding to meditate while queuing for food).

I have found informal mindfulness to be especially useful in the middle of a busy day. Any physically safe setting can be leveraged to perform an inner mental scan and connect to myself inwardly. Mindfulness helps me to stay grounded in the present and develop better sensitivity to the needs of others around me.

Resilience

A resilient mindset holds the perception that bad things are temporary and can change for the better, as reflected in "This too shall pass". There is always hope for the future and this keeps us from sinking into despair.

This doesn't mean a blind optimism about what lies ahead. Rather, it means looking for meaning in difficult situations, developing a healthy self-esteem and laughing more, which is something most of us have forgotten how to do!

I had to constantly build resilience while initiating the business for Dropbox in Asia (my previous role) and also for my two startups. There are countless challenges every day spanning unreasonable timelines to product issues, communication breakdowns, missed opportunities... the list goes on. Rather than stressing over setbacks as failures, I view them as essential learning episodes and have a good laugh at my own mistakes. Having meaningful connections at work as well as socially definitely helps to nourish resilience.

MENTAL WELLNESS CAN BE ENHANCED

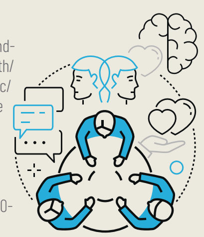
In summary, we can all play an active role in enhancing our mental wellbeing with modern and traditional techniques such as mindfulness and yoga, respectively.

If you start to experience stress which is overpowering, it is okay to reach out for help. There is no weakness or shame in seeking help. We all need support to bring us through life's difficult moments.

May everyone enjoy better mental wellbeing! ISCA

Koh Su Hock is Yoga Coach & Founder, Yong Yoga Asia, and Chief Customer Officer & Co-Founder, Rexmed Telemedicine.

[6] https://zhuanlan.zhihu.com/p/35858946
[7] http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.581.7508&rep=rep1&type=pdf
[8] https://latinxtalktherapy.com/the-three-pillars-of-mental-wellbeing-and-how-to-strengthen-your-mental-health/
[9] http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.581.7508&rep=rep1&type=pdf
[10] https://eservices.isca.org.sg/CourseDetailClone?courseMasterId=a0g2t000001ouSbAAI&_ga=2.171562661.409951057.1655433350-601350743.1655433270



Technical Highlights

AUDITING AND ASSURANCE

ISCA Issues Conforming And Consequential Amendments To Other Singapore Standards As A Result Of The Quality Management Standards

The conforming and consequential amendments are limited amendments to the ISCA suite of standards in response to the quality management standards. The standards covered under these amendments do not include the Singapore Standards on Auditing (SSAs). Conforming and consequential amendments to the SSAs were finalised and issued in October 2021 alongside the quality management standards.

For more information, please visit https://isca.org.sg/content-item?id=02590c9c-6c60-4057-8242-192f8b75c07e

ISCA Issues Audit Bulletin 3 *Implementation of Quality Management Standards*

This audit bulletin contains frequently asked questions to assist firms that perform audits or reviews of financial statements, or other assurance or related service engagements in the implementation of the quality management standards which will become effective from 15 December 2022.

For more information, please visit https://isca.org.sg/content-item?id=3e3b159d-4ab9-43bb-b20a-997719e6e64f

FINANCIAL REPORTING

June 2022 IASB Update Available And Work Plan Updated

This Update highlights IASB's discussions on topics such as Post-implementation Review of IFRS 9 – Classification and Measurement, Financial Instruments with Characteristics of Equity, Business Combinations under Common Control and Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures. The IASB work plan has also been updated.

For more information, please visit https://www.ifrs.org/news-and-events/updates/iasb/2022/iasb-update-june-2022/

Post-implementation Review Of IFRS 10, IFRS 11 And IFRS 12 – Conclusion

IASB has published a Project Report and Feedback Statement concluding its Post-implementation Review (PIR) of IFRS 10, IFRS 11 and IFRS 12. Feedback from stakeholders and research undertaken as part of the PIR shows that the requirements set out in the standards are working as intended and that application of the requirements did not give rise to unexpected costs.

For more information, please visit https://www.ifrs.org/news-and-events/news/2022/06/post-implementation-review-of-ifrs-10-ifrs-11-and-ifrs-12-conclusion/

June 2022 IFRIC Update Available

This Update is a summary of discussions by the IFRS Interpretations Committee (IFRIC). Topics discussed include tentative agenda decisions on Multi-currency Groups of Insurance Contracts (IFRS 17 and IAS 21), agenda decisions on Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9) and Negative Low Emission Vehicle Credits (IAS 37).

For more information, please visit https://www.ifrs.org/news-and-events/updates/ifric/2022/ifric-update-june-2022/

Meeting Papers For July 2022 Accounting Standards Advisory Forum (ASAF) Meeting Available

For this ASAF meeting held on 11 and 12 July 2022, topics discussed included Goodwill and Impairment, Post-implementation Review of IFRS 9 – Classification and Management and Financial Instruments with Characteristics of Equity.

For more information, please visit https://www.ifrs.org/news-and-events/calendar/2022/july/accounting-standards-advisory-forum/

PHOTO GETTY IMAGES

PHOTO GETTYIMAGES

TEXT BY

Patricia Tan Mui Siang

Koh Wei Chern

● don's column

Making Sense Of The Increasingly Demanding Sustainability Disclosure Environment

From The Preparer's Perspective

TAKE AWAYS

- There is strong demand for high-quality and globally comparable sustainability disclosures that are compatible with the financial statements.
- SGX requires an issuer to prepare an annual sustainability report that describes sustainability practices with reference to five primary components on a "comply or explain" basis.
- SGX has 27 Core ESG Metrics (non-mandatory) to guide issuers, to facilitate consistency and comparability of disclosures.
- There appears to be a current disconnect between ESG reporting and mainstream financial information in practice.

SINCE 2016, the Singapore Exchange (SGX) has required every issuer to prepare an annual sustainability report which describes the issuer's sustainability practices with reference to five primary components (the first component being environmental, social and governance (ESG) factors) on a "comply or explain" basis. An issuer must issue a sustainability report for its financial year no later than four months after the end of the financial year, or where the issuer has conducted external assurance on the sustainability report, no later than five months after the end of the financial year.

In August 2021, SGX conducted a consultation review on the sustainability reporting rules in Singapore. Post-2021 consultation review, SGX decided to maintain current practice to not prescribe specific sustainability reporting frameworks against which issuers should report except for climate-related disclosures. SGX introduced a phased approach to mandatory climate reporting based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). With effect from 1 January 2022, climate reporting is mandatory for all issuers on a "comply or explain" basis. From financial year commencing 1 January 2023, climate reporting will shift to a mandatory basis for issuers in three industries, namely, (i) financial industry; (ii) agriculture, food and forest products industry; and (iii) energy industry. From financial year commencing 1 January 2024, climate reporting will be mandatory for issuers in two additional industries, namely, (i) materials and buildings industry; and (ii) transportation industry.

For broad sustainability reporting frameworks, the SGX website[1] lists Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and International Integrated Reporting Council (IIRC). SGX states, "The issuer should select a sustainability reporting framework which is appropriate for and suited to its industry and business model, and explain its choice. In doing so, the issuer should place importance on using a globally-recognised framework for its wider acceptance in an increasingly global marketplace"[2].

Concurrently, SGX also introduced a list of 27 Core ESG Metrics to guide issuers to disclose a common and standardised set of metrics, to facilitate consistency and comparability of ESG disclosures so as to better meet users' information needs. The list is not mandatory as SGX recognises that the 27 core metrics may not be applicable across industries.

In November 2021, the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB). The ISSB aims to develop "a comprehensive global baseline of sustainability disclosures designed to meet the information needs of investors when assessing enterprise value"[3]. On 31 March 2022, ISSB issued its first two proposed standards. The first exposure draft ED/2022/S1 sets out general sustainability-related disclosure requirements and the second exposure draft ED/2022/S2 specifies climate-related disclosure requirements, focusing on climate-related risks and opportunities and incorporates the recommendations of the TCFD. SGX is keeping an eye out for these standards and may decide to incorporate the ISSB standards eventually if the market's responses to the standards are positive.

RATIONALE FOR INCREASED AND IMPROVED SUSTAINABILITY DISCLOSURES

A key driving force behind these developments stems from the strong demand for high-quality and globally comparable sustainability disclosures that are compatible with the financial statements. Financial markets need to assess potential sustainability-related issues

[1] https://www.sgx.com/sustainable-finance/reporting-frameworks#Focused%20Reporting%20Standards, accessed 26 June 2022
[2] https://www.sgx.com/regulation/sustainability-reporting
[3] Exposure Draft Snapshot, IFRS Sustainability Disclosure Standards, March 2022, p. 2

PHOTO GETTYIMAGES

> Proper sustainability disclosures are necessary to help investors assess risks and opportunities and, in turn, should benefit the firm with a lower cost of capital.

including risks and opportunities that entities need to deal with since these affect enterprise value. The Sustainable Finance Taskforce, established by the International Organisation of Securities Commissions (IOSCO), carried out two fact-finding exercises in 2020 and concluded that investors "seek complete, consistent and comparable sustainability-related reporting to inform investment and risk analysis". Also, investors want to understand "the linkage between a company's sustainability risks and opportunities with its business, strategy and financials"[4].

The International Monetary Fund, in its October 2021 Global Financial Stability Report, called on policymakers to "urgently strengthen the global climate information architecture (data, disclosures, sustainable finance classifications including climate taxonomies) both for firms and investment funds" so as to facilitate investment strategies that support the transition to a green economy. Such an architecture includes "a harmonised and consistent set of climate-related disclosure standards"[5].

Larry Fink, Founder, Chairman and CEO of BlackRock, Inc, emphasised in his letters to CEO from 2020 to 2022 that climate risk is an investment risk. No firm is protected from the climate issue, and no business model is immune from the effects of the transition to a net-zero economy. As such, firms need to be preparing for that transition, and disclosures on how firms are managing these risks and transforming their business models provide essential information to help investors in their resource allocation decisions. Fink's letters also emphasised that entities should be clear and deliberate about their role in society and how they act in the interest of their stakeholders. Entities that can show "its purpose on delivering value to its customers, its employees and its communities" are better able to compete in the long term. Proper sustainability disclosures are necessary to help investors assess risks and opportunities and, in turn, should benefit the firm with a lower cost of capital.

Locally, a survey of 14 financial institutions in Singapore conducted by SGX, KPMG, and the National University of Singapore's Centre for Governance and Sustainability (CGS)[6] reports that 86% of its respondents consider ESG data when making investment decisions and 93% actively examine ESG risks in their investment decisions.

Hence, it is critical that preparers of sustainability disclosures understand the information needs of the investors with respect to sustainability issues and serve those needs when providing such disclosures.

- → Investors want to know the linkage between a company's sustainability risks and opportunities with its business, strategy and financials
- → Climate risk is an investment risk
- → Firms need to disclose their transition strategies towards net zero

HOW, THEN, SHOULD PREPARERS PLAN FOR THE NEW DISCLOSURE ENVIRONMENT?

Unfortunately, there appears to be a current disconnect between ESG reporting and mainstream financial information in practice, as seen in both the 2020 and 2021 Ernst and Young (EY) surveys of global institutional investors. The 2021 global survey showed that investors are particularly concerned about the lack of insight into how companies create long-term value[7]. Financial performance and value creation should be assessed holistically, thus, communicating the "connect" between ESG reporting and financial information increases the usefulness and effectiveness of ESG reporting. Andreas Barckow, Chair of the International Accounting Standards Board (IASB), said, "The IASB is predominantly focused on reporting transactions and events that have taken place up until the reporting date; the ISSB's focus is on risk and opportunities that could impact the company's future value and cashflows …. The two types of information should neatly fit together like two pieces in a puzzle[8]."

ISSB's first exposure draft ED/2022/IFRS S1 sets out the general requirements for disclosure of sustainability-related financial information and the requirements appear to address the problems of disconnect. We highlight two key points that preparers could keep in mind when preparing their sustainability reports.

Firstly, the ED recognises that information "relevant to the assessment of enterprise value is broader than information reported in the financial statements. It includes information about a company's impacts and dependencies on people, the planet and the economy when relevant to the assessment of the company's enterprise value"[9]. Paragraph 20 states that such disclosures include information on the current and anticipated effects of sustainability-related risks and opportunities not just for the entity per se but across a company's value chain[10]. Paragraph 22 elaborates that the disclosures should enable users to understand the effects of significant sustainability-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term.

Secondly, paragraph 42 of the ED states that the disclosures should enable investors to assess the connections between different sustainability-related risks and opportunities, and to assess how information about these risks and opportunities is linked to information in the financial statements. The ED provides examples of such connected information summarised below:

1. An entity's strategic response to decreasing consumer demand due to consumers' preference for low-carbon alternatives may be to close a major factory. Providing connected information means explaining how this may have effects on its workforce and community, and the effects of closure on the useful-lives estimation and impairment assessments of its assets.
2. An entity's strategic response to a sustainability-related risk may be to restructure its operations. Providing connected information means explaining how this could affect the future size and composition of its workforce. This could have further implications on the provision for restructuring costs.

As set out in paragraph 36 of the ED, for sustainability-related financial information to be useful, entities should bear in mind the fundamental and enhancing qualitative characteristics of information set out in the Conceptual Framework for Financial Reporting and extend them to the sustainability-related financial information.

CONCLUSION

Sustainability disclosures have become a central concern in the capital markets. Preparers can frame their disclosures by considering what information enables investors to assess the prospects and risk profile of the entity. It is important to take a broad perspective in this respect by looking at the impact across its entire value chain and secondly, to link its sustainability disclosures to its mainstream financial information, thus showing how the financial information and the sustainability disclosures "neatly fit together like two pieces in a puzzle". ISCA

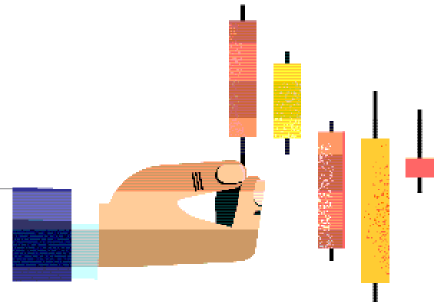
Patricia Tan Mui Siang is Associate Professor of Accounting, Nanyang Business School, Nanyang Technological University, and Koh Wei Chern is Associate Professor, Accountancy Programme, School of Business, Singapore University of Social Sciences.

[4] "Report On Sustainability-Related Issuer Disclosures", IOSCO, June 2021, p. 14
[5] "Global Financial Stability Report", IMF, October 2021, pp. 59 and 73
[6] "Perspectives Of Financial Institutions On Sustainability Disclosures", SGX, KPMG, and CGS, 2021
[7] "Is Your ESG Data Unlocking Long-Term Value?" Sixth global institutional investor survey, Ernst and Young, Nov 2021, p. 20
[8] "Connectivity, Core Work And Convergence – What Next For IFRS Accounting Standards?" Andreas Barckow (IASB Chair), 7 December 2021
[9] Exposure Draft Snapshot, IFRS Sustainability Disclosure Standards, March 2022, p3
[10] Appendix A of ED/2022/IFRS S1 defines a value chain as encompassing the activities, resources and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption and end-of-life.

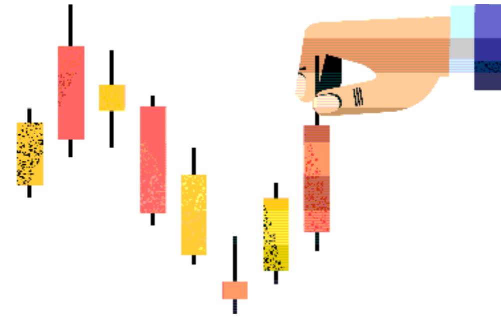
TEXT BY


Felix Wong


Agatha Oei



In order to ensure taxes are appropriately accounted for in the evolving tax and business landscape, companies need to put in place a robust governance system with proper standards, processes and controls.



TP Governance And Operations

Achieving Intended TP Outcomes Through Effective Execution

TAKE AWAYS

- Be aware of the common operational TP challenges.
- Understand the key components of good TP governance.
- Investing in technology is not an end-all-be-all solution to achieving TP governance.
- Good quality data for TP purposes needs to be accessible, timely, and segregated.

"Tax transparency", "fair share of tax", "real-time data sharing", "automation and digitalisation" – these are some of the buzzwords highlighting global tax trends in recent years, and they are changing the way companies manage their taxes.

"Amid the heightened scrutiny by tax authorities and greater collaboration among tax authorities in tax audits, coupled with growing public interest towards tax governance by a broader range of stakeholders, companies are under pressure to proactively evaluate their readiness to meet rising compliance requirements for tax and transfer pricing," highlighted Liao Jie Hong, Partner focusing on Transfer Pricing, Digital Tax and Transformation at PwC Singapore, in a recent webinar by the Singapore Chartered Tax Professionals; the webinar was also helmed by Liu Yuhui, his fellow Transfer Pricing Partner, and Ashwin Sharma, Digital Tax Senior Manager from the firm.

Liao Jie Hong, Partner, Transfer Pricing, Digital Tax and Transformation; **Liu Yuhui**, Partner, Transfer Pricing, and **Ashwin Sharma**, Senior Manager, Digital Tax, PwC Singapore, shared their insights on the TP governance landscape in Singapore and the role of technology in mitigating operational TP risks

PHOTO GETTY IMAGES

Technology can help companies to optimise their TP operations: do more with less

In order to ensure taxes are appropriately accounted for in the evolving tax and business landscape, companies need to put in place a robust governance system with proper standards, processes and controls.

TRANSFER PRICING (TP) GOVERNANCE

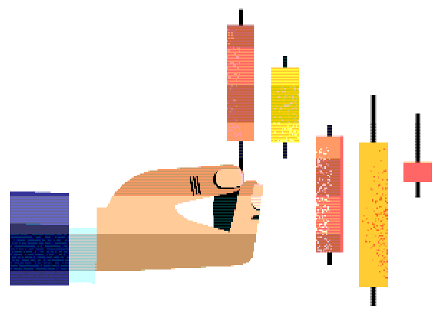
A TP governance framework helps safeguard the level of certainty on TP related financial statements and tax positions. It is about embedding TP policies into business processes to achieve the intended above-the-line TP outcome in the financial statements.

Generally, a good TP governance framework consists of the following building blocks:

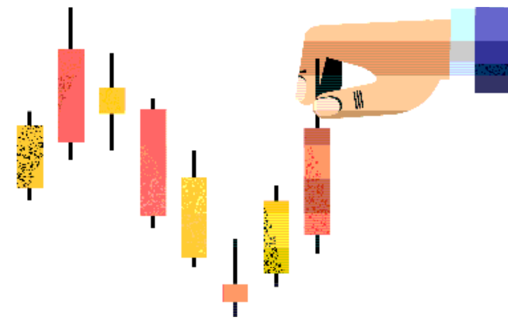
- **Tax governance statement**
  At the heart of a TP governance framework is the tax governance statement. It sets the overall tone of the company towards tax compliance, relationship with revenue authorities, governance for tax risk management, and role of tax in relation to other stakeholders.

- **Tax risk management and governance policy**
  The tax risk management and governance policy sets out the key aspects in managing tax risks, such as stating:
  - The company's approach in managing tax risks;
  - What the risk assessment and control activities are;
  - The approach in managing information and communications with third parties;
  - The roles and responsibilities of each key personnel in the organisation (from the Board to senior management, finance department and operations personnel);
  - The reporting structure on the types of tax risk that are reported and the frequency of such reports.

- **TP policies and instruction manuals**
  With the tax governance statement and tax risk management and governance policy in place to set the overarching posture, TP policies – typically segmented according to each category of related-party transactions, such as services or tangible goods transactions – that the company partakes in are defined.



> While technology has a part to play in helping companies enhance their TP operations, the successful execution of TP policies will require much more than investing in the latest TP software.



To avoid ambiguity, the TP policies should be translated into simple-to-understand "operational language" with instruction manuals and granular definitions. For example, if the TP policy requires "cost plus five" for a particular related-party transaction, it should specify the cost components which are included or otherwise in the cost base, and from which cost centres they should be pulled.

- **Processes and responsibilities**
  The end-to-end processes (from defining and setting of pricing in the financial system through to the steps that are undertaken to book the intercompany transactions in the financial systems, and subsequently the accounts and tax returns) should be mapped out with the internal process owners. Apart from documentation of transfer price setting and monitoring, the communication with tax authorities, and overall audit management process should also be clearly mapped out.
  Inputs and outputs for each step are then identified, with controls built in at the critical points. These may include setting delegation of authority levels, triggers and threshold for review and approval. To improve accountability, clearly defined responsibilities should be assigned to all relevant personnel involved in the process.

- **Monitoring and pulse check**
  The last building block is measuring how well the processes are executed from time to time – it can be through exception reports or a yearly exercise to perform sampling testing of the strength of the controls and to fix any lapses in controls.

COMMON CHALLENGES WITH TP OPERATIONS

In practice, many multinational enterprises (MNEs) encounter challenges in operationalising TP and translating their TP policies into transfer pricing and tax outcomes that form part of the financial statements and statutory returns. Some of the common challenges include:

- **Lack of quality data for price setting and cost allocation**
  Traditionally, many MNEs invested in enterprise resource planning (ERP) systems to manage their businesses, but tax and TP functions were often not part of the consideration when these ERP systems were set up.
  As the importance of tax and TP governance grows, MNEs often find their ERP systems ineffective in managing the tax and TP processes (for example, the ERP systems may not be set up to provide functional or product-level data needed for TP adjustments). Accordingly, the MNEs turn to offline manual processes or external tools to set and monitor their intercompany prices, or to allocate costs.
  From a control perspective, this is not ideal as disparate data from multiple systems or sources increase complexity and time taken for data collection, organisation and reconciliation, while manual processes can potentially reduce data accuracy and data traceability.

- **Lack of timely control over TP risks**
  Absence of well-defined responsibilities and escalation process may result in missed opportunities to identify and prevent the aggravation of potential TP risks by the tax teams.

HARNESSING TECHNOLOGY

As TP transactions are met with rising levels of scrutiny from the tax authorities, companies can turn to technology to optimise their TP operations. The aim is to do more with less, while reducing TP risks. Operational optimisation and automation can be performed both within and outside of the company's ERP environment (such as using Excel modelling).

Technology, for example, can be harnessed to better collect, extract and segment data for real-time reporting, provide secure storage to enhance data integrity and transparency, automate repeatable processes for efficiency while reducing human errors, and create a harmonised database for all users within the company.

More than investing in the latest TP software

Having said that, it should be noted that while technology has a part to play in helping companies enhance their TP operations, the successful execution of TP policies will require much more than investing in the latest TP software.

In practice, many operational TP issues are caused by processes and people, and introducing even the best technological solution in isolation will not magically resolve the issues. Instead, companies should look to implement an end-to-end operational TP strategy involving trained and informed personnel, good data, well-documented processes and responsibility segregation, and supported by fit-for-purpose technology.

If TP governance sounds daunting and overwhelming, it does not have to be. In fact, companies looking to improve their TP governance do not need to put in all the processes and controls at one go to solve every single operational TP issue.

A good practical way to start is to first identify the most critical TP issues of the organisation and trace the root cause; this could be the inability to generate segmented data from the system, or unclear roles and responsibilities. Once the company has a clear idea of the gaps, it can then prioritise the low-hanging fruits (that is, the high-impact issues that can be solved with relatively little effort) and resolve them – one at a time. ISCA

Instead of trying to solve all operational TP issues at one go, start by working on the most critical issues first

Felix Wong is Head of Tax, Singapore Chartered Tax Professionals (SCTP), and Agatha Oei is Tax Specialist, SCTP.

PHOTO GETTY IMAGES

ISCA INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

ARE YOU SAVVY ENOUGH TO NAVIGATE THROUGH THE NEW NORMAL?

As the national accountancy body, ISCA helps develop the capabilities and confidence that ISCA Youth Associates need to enhance their CV and achieve their career aspirations.

Even during these unprecedented times, ISCA continues to support all our student members by curating relevant webinars and online workshops. These resources are designed to transform student members into agile, resilient, and curious learners who can position themselves ahead of the curve.

Take the first step to hone your
skill sets and prepare for your future career.
Learn more at isca.org.sg/YouthAssociate

Membership fees will be waived for a limited time period.

Scan here to sign up as a Youth Associate now

Global Mindset, Asian Insights