



## **MEDIA RELEASE**

### **ASEAN AUDIT REGULATORS AND AUDIT FIRMS DISCUSS INITIATIVES TO RAISE AUDIT QUALITY AND MARKET TRANSPARENCY IN THE REGION**

**Kuala Lumpur, 16 June 2015** – ASEAN audit regulators and audit firms in the ASEAN region have just concluded a meeting that discussed initiatives to raise audit quality and market transparency in the region. The ASEAN Audit Regulators Group's (AARG) 5<sup>th</sup> Annual Meeting was held in Kuala Lumpur from 15-16 June 2015.

2 Hosted by Audit Oversight Board (AOB), Securities Commission Malaysia, the meeting was attended by over 80 regulators and audit firm representatives from 6 ASEAN countries and Hong Kong. Besides the AARG members comprising Malaysia's AOB, Singapore's Accounting and Corporate Regulatory Authority (ACRA), and Thailand's Securities and Exchange Commission (SEC), the meeting also saw a wider participation by regulators from Cambodia, Hong Kong, Indonesia, Laos and Philippines. Joining the meeting to give the audit firms' views were leadership of the regional Big 4 audit firms and representatives from the Regulatory Working Group (RWG) of the Global Public Policy Committee (GPPC) firms<sup>1</sup>.

3 This year's discussions focused on two key areas. First, the use of Audit Quality Indicators (AQIs) to spur deeper conversations on audit quality matters between audit firms and stakeholders such as audit committees. Second, challenges and opportunities arising from the implementation of the expanded auditor's report.

4 Commenting on the discussion on the use of AQIs, Mr Kenneth Yap, Chief Executive, ACRA said "There was general agreement that the AQIs could be a useful tool for audit committees to start a meaningful conversation with audit firms on the quality of their audits. In Singapore's context, ACRA has been exploring the potential of having an AQI framework and we are currently actively engaging audit firms and company directors on this."

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<sup>1</sup> The Global Public Policy Committee (GPPC) firms comprises representatives of the six largest international audit firm networks (BDO, Deloitte, Ernst & Young, Grant Thornton, KPMG, and PricewaterhouseCoopers)

5 The expanded auditor's report will be implemented globally for audits of financial statements for periods ending on or after 15 December 2016. New requirements to disclose key audit matters are viewed as a potential game changer in enhancing the quality of auditing and financial reporting. Participants at the meeting agreed this was a good opportunity to increase transparency on the value and relevance of audit in today's increasingly complex business environment where investors and other stakeholders are making more demands on financial reporting.

6 AOB Executive Chairman Mr Nik Mohd Hasyudeen Yusoff said "The expanded auditor's report is envisaged to create more communicative value to the users of the report by providing a more informative and tailored reporting specific to clients' circumstances. This is in contrast with the present reporting approach consisting of standard terms and boilerplates."

7 Reflecting on the meeting's discussions, Mr Thawatchai Kiatkwankul, Director of the SEC's Accounting Supervision Department noted that any initiatives to raise quality would require collaboration between audit firms and regulators. He said "Close collaborative efforts (between audit firms and regulators) on initiatives such as the AQI and the expanded auditor's report are crucial if we want to raise the standards of audit quality in the region. This will bode well for investor confidence in ASEAN capital markets."

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### **About the AARG**

The AARG is an informal grouping formed in 2011 by Malaysia's Audit Oversight Board (AOB), Singapore's Accounting and Corporate Regulatory Authority (ACRA), and Thailand's Securities and Exchange Commission (SEC). Its formation is aimed at fostering closer collaboration amongst audit regulators to promote audit quality in the ASEAN region. The annual AARG meeting provides an effective platform to promote regional audit regulator and audit firm cooperation, whilst complementing efforts of the International Forum of Independent Audit Regulators (IFIAR) to uphold the standards of audit quality globally.

### **About ACRA**

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. As at 31 May 2015, 473,404 business entities and 1,053 public accountants practising in public accounting firms, accounting limited liability partnerships and accounting corporations are registered with ACRA.

For more information, please visit [www.acra.gov.sg](http://www.acra.gov.sg)

### **About AOB**

The AOB was set up by the Securities Commission Malaysia in 2010, to oversee the auditors of PIEs, protect investors' interest and promote confidence in the quality and reliability of audited financial statements of PIEs. As at 31 May 2015, a total of 306 individual auditors and 51 audit firms have registered with the AOB. The AOB has also recognised 10 foreign individual auditors from five foreign audit firms.

More information about the AOB is available on the SC website at [www.sc.com.my](http://www.sc.com.my). Follow SC on twitter at @SecComMy for more updates.

## **About SEC Thai**

Established on May 16, 1992, the Securities and Exchange Commission is an independent public agency under the Securities and Exchange Act B.E. 2535 (1992) with the duty to supervise and develop the Thai capital market to ensure efficiency, fairness, transparency and integrity. One of the SEC's responsibilities is to monitor and enforce the application of high quality accounting and auditing standards. As the SEC has direct responsibility over a supervision of the auditors of securities issuers and entities under the SEC supervision (i.e., listed companies, brokers, dealers, asset management companies and collective investment scheme), the SEC has regulated individual auditors and monitored individual auditors' work since 1993. Apart from oversight of individual auditor quality, the SEC has established an effective supervisory model of independent oversight to monitor audit firms' quality assurance system since 2010.

For more information, please visit [www.sec.or.th](http://www.sec.or.th)