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ACRA SEEKS PUBLIC FEEDBACK ON PROPOSED AMENDMENTS TO THE CODE OF PROFESSIONAL CONDUCT AND ETHICS FOR PUBLIC ACCOUNTANTS AND ACCOUNTING ENTITIES

Singapore, 29 November 2013 - The Ethics Sub-Committee (EC) of the Public Accountants Oversight Committee (PAOC) is seeking public feedback on proposed amendments to the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (Singapore Code), which sets out the ethical and independence standards for auditors. The public consultation exercise will run from 29 November 2013 to 10 January 2014.

Background

2. The present Singapore Code was issued in 2009 and is prescribed in the subsidiary legislation of the Accountants Act. It is based on the Code of Ethics issued in 2006 by the International Ethics Standards Board for Accountants (IESBA) of the International Federation of Accountants (IFAC) (2006 IESBA Code). The Singapore Code also includes Singapore Provisions, which supplement the 2006 IESBA Code with additional guidance or requirements for public accountants in Singapore.

3. In 2009, IESBA issued a revised version of the IESBA Code (Revised IESBA Code). This was followed by IESBA issuing strengthened or new provisions to the code in four areas this year¹. The proposed amendments to the Singapore Code takes into account the recent revisions made to the IESBA Code. This will ensure that ACRA's regulatory framework for auditing in Singapore is kept in line with internationally recognised benchmarks. It will also further strengthen the standard of professional ethics and auditor independence in Singapore. Some audit firms in Singapore as part of their own quality controls, have already taken steps to ensure they comply with the Revised IESBA Code.

Proposed Amendments

4. In considering the proposed amendments, the EC, which comprises senior members of the accountancy profession and stakeholder representatives, also

¹ The areas are (a) Conflicts of interest, (b) Breach of a requirement of the Code, (c) Definition of "engagement team" and (d) Definition of "those charged with governance".

assessed whether the Singapore Provisions remain relevant in light of the IESBA revisions and developments within Singapore.

5. Some of the key proposed amendments include extending higher independence standards to public interest entities (PIEs) in line with the Revised IESBA Code. Higher independence standards currently apply to audits and reviews of listed entities as a higher degree of public confidence in the financial information of these entities is crucial. The Revised IESBA Code extends the higher independence standards to all audits and reviews of PIEs. The consultation paper seeks views on whether the requirements should apply to the audits and reviews of entities such as listed entities, financial institutions, large charities and large Institutions of a Public Character. This is in recognition of the fact that these entities are expected to meet a higher benchmark in corporate governance and financial reporting.

6. The EC is also proposing to adopt, in place of the present Singapore Provisions, the Revised IESBA Code's thresholds that address the independence threats related to the level of audit fees an auditor receives from an audit client. The Singapore Provisions were originally included because the 2006 IESBA Code did not set such clear thresholds².

Public Consultation Details

7. The Consultation Paper is available for download on ACRA's website www.acra.gov.sg. ACRA welcomes all members of the profession and public to give their feedback and views on the proposed amendments.

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² This is in view that should a large proportion of an auditor's fees comes from one client, it can threaten the auditor's independence as a result of the financial ramifications should the auditor lose the client's business.

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 October 2013, 425,036 business entities and 1,002 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

About the Public Accountants Oversight Committee (PAOC)

The PAOC was established under the Accountants Act and promotes audit quality and protects the public interest through functions such as the registering of public accountants, the determining of standards and other professional requirements, as well as the administering of the Practice Monitoring Programme (PMP), complaints and disciplinary procedures.

About the Ethics Sub-Committee

The Ethics Sub-Committee is established by the PAOC with a mandate to, amongst others, review the existing Code of Professional Conduct and Ethics to ensure that it remains relevant in promoting the standards of the profession of public accountancy in Singapore.

The current committee comprises the following members:

Mr Quek See Tiat (Chairman of the EC), Chairman, Building and Construction Authority

Mr Gerard Ee, Chairman, SIM Governing Council & Public Transport Council

Mr Winston Ngan, Head of Financial Services, Ernst & Young LLP

Mr Sajjad Akhtar, Managing Partner, PKF-CAP LLP

Mr Lim Ah Doo, Independent Director

Mr Thio Shen Yi SC, Joint Managing Director, TSMP Law Corporation
