



RT

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Contents

Auditing & Assurance

- 1.1 US PCAOB issues new auditing standard to enhance auditor's reports

Regulatory & Business

- 2.1 MAS proposes Increasing Deposit Insurance Coverage to S\$75,000
- 2.2 SGX to adjust equities market structure after supportive feedback

Events & News

- 3.1 RT Off-Peak Event 2017- Singapore Amazing Race
-

1. Auditing & Assurance

1.1 US PCAOB issues new auditing standard to enhance auditor's reports

The US Public Company Accounting Oversight Board (PCAOB) has adopted a new auditing standard to enhance auditor's reports by providing additional, relevant information to users, including critical audit matters (CAMs). The PCAOB's new auditing standard is known as Auditing Standard (AS) 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, included in the PCAOB's June 2017 release, *PCAOB Release No. 2017-001 The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion and Related Amendments to PCAOB Standards*. The PCAOB's new standard is subject to the US Securities and Exchange Commission (SEC) approval.

CAMs are comparable to key audit matters (KAMs) introduced under the enhanced auditor reporting standards issued by the International Auditing and Assurance Standards Board (IAASB).

Two new publications comparing the IAASB and PCAOB standards have been developed by the IAASB's Auditor Reporting Implementation Working Group. These publications will assist users in understanding the key similarities and differences between the IAASB and PCAOB requirements. To view the two publications, please go to the following URL: <http://bit.ly/2fH5xwT>

Some of the key similarities and differences between the IAASB and PCAOB requirements are as follows:

What is a KAM/ CAM?

According to the IAASB standards, KAMs are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance.

According to the PCAOB Standard, a CAM is any matter arising from the audit of the financial statements that was communicated or required to be communicated to the audit committee and that:

- Relates to accounts or disclosures that are material to the financial statements, and
- Involved especially challenging, subjective, or complex auditor judgment.

The frameworks for determining KAM/CAM are substantially similar and start with those matters communicated or required to be communicated to those charged with governance. There are also commonalities in the underlying criteria regarding matters to be communicated, such that many of the same matters would be communicated.

The IAASB and PCAOB both indicate that generally there would be at least one KAM/CAM to communicate. However, if there are no KAM/CAM identified, a statement to this effect must be included in the auditor's report.

Both standards require KAM/CAM to be communicated in relation to the audit of the current period. However, the PCAOB provides examples of circumstances when it may be appropriate to communicate CAM in relation to a prior period. These examples are not contemplated by the IAASB Standards.

The IAASB's Standards indicate that KAM may not be communicated if the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The PCAOB acknowledges that the auditor is not expected to provide information about the company that has not been made publicly available by the company, unless such information is necessary to describe the principal considerations that led the auditor to determine that the matter is a CAM or how it was addressed in the audit.

Communication of KAM/CAM when there is a modified opinion

Both standards require the communication of KAM/CAM when there is a qualified opinion. In addition, under both standards, KAM/CAM are not communicated when there is a disclaimer of opinion. However, when ISA 701 applies, the IAASB requires the communication of KAM when the auditor expresses an adverse opinion, whereas under the PCAOB Standard the requirement to communicate CAM does not apply when there is an adverse opinion.

Auditor's tenure

Under the IAASB standards, there are no requirements regarding the disclosure of the auditor's tenure whilst under the PCAOB Standard, a statement containing the year the auditor began serving consecutively as the company's auditor is required to be included in the auditor's report.

Effective date

The IAASB's Standards are effective for periods ending on or after 15 December 2016 whilst the PCAOB's Standard's effective dates are as follows:

- All provisions other than CAMs- audits for fiscal years ending on or after 15 December 2017.
- Communication of CAMs-
 - (i) Audits for fiscal years ending on or after 30 June 2019 for large accelerated filers.
 - (ii) Audits for fiscal years ending on or after 15 December 2020 for all other companies to which the requirements apply.

2. Regulatory & Business

2.1 MAS Proposes Increasing Deposit Insurance Coverage to S\$75,000

On 4 August 2017, the Monetary Authority of Singapore (MAS) released a public consultation on its proposals to enhance the Deposit Insurance (DI) Scheme, which insures Singapore dollar deposits held at a full bank or finance company in Singapore.

A key proposal is to increase DI coverage from the current S\$50,000 to S\$75,000 per depositor. The DI coverage limit was last raised from S\$20,000 to S\$50,000 in 2011 which, at that time, fully covered more than 90% of insured depositors. Since then, with the growth in deposit base, the percentage of fully-covered insured depositors has fallen to 87%. The proposed coverage limit of S\$75,000 will restore the percentage of fully insured depositors to above 90%, in line with international norms.

MAS proposes to achieve the targeted DI Fund size of 30 basis points of total insured deposits in a progressive manner. The plan is to extend the build-up period of the DI Fund from 2020 to 2028, and to revise the annual premium rates levied on full banks and finance companies from 2.0-7.0 basis points to 2.5-8.0 basis points.

MAS invites interested parties to give their views and comments on the proposals contained in the consultation paper. The public consultation will end on 4 September 2017. More details can be found on the MAS website as follows: <http://bit.ly/2uWKJU1>

2.2 SGX to adjust equities market structure after supportive feedback

On 18 July 2017, the Singapore Exchange (SGX) announced that it is proceeding with adjustments to the equities market structure after receiving largely supportive feedback during the public consultation process in March 2017.

Effective 13 November 2017, the equities market will break from 12.00pm to 1.00pm. In addition, the minimum bid size for relevant securities in the \$1.00 to \$1.99 price range will be increased to \$0.01 from the current \$0.005 and the forced order range for relevant securities will be widened to +/- 30 ticks from +/- 20 ticks. The adjustments are aimed at addressing market conditions while balancing the diverse objectives and interests of different segments of participants in the market ecosystem.

For more information, please visit the following URL: <http://bit.ly/2w5d9Ap>

3.1 RT Off-Peak Event 2017 - Singapore Amazing Race



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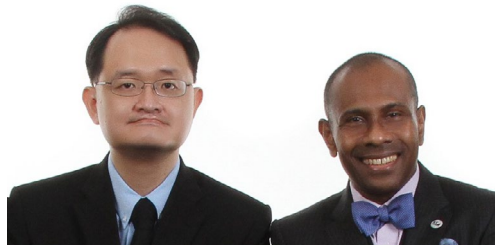
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