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ACCOUNTANTS ACT (CHAPTER 2)

ACCOUNTANTS (PUBLIC ACCOUNTANTS) (AMENDMENT NO. 2) RULES 2015

In exercise of the powers conferred by section 64 of the Accountants Act, the Accounting and Corporate Regulatory Authority, with the approval of the Minister for Finance, hereby makes the following Rules:

Citation and commencement

1. These Rules may be cited as the Accountants (Public Accountants) (Amendment No. 2) Rules 2015 and shall come into operation on 1 February 2015.

Amendment of rule 2

2. Rule 2 of the Accountants (Public Accountants) Rules (R 1) (referred to in these Rules as the principal Rules) is amended —

(a) by deleting the definition of “approved principal” and substituting the following definitions:

“ “audit engagement” means a reasonable assurance engagement in which a public accountant expresses an opinion whether financial statements are prepared, in all material respects (or give a true and fair view or are presented fairly, in all material respects), in accordance with an applicable financial reporting framework;

“audit management role” means managing an audit engagement, and includes performing any key audit function;

“audit principal” has the meaning assigned by rule 6A;

“audit quality review role” means any of the following roles:

- (a) assessing or reviewing the quality of an audit engagement performed for an accounting entity, the Authority or a professional accountancy body or organisation in Singapore;
- (b) carrying out an audit inspection under a practice monitoring programme, or another similar programme, for the Authority, or a professional accountancy body or organisation in Singapore;

“audit technical role” means the role of performing technical audit or accounting consultation by a person in an accounting entity who —

- (a) holds at least a managerial position in the accounting entity; and
- (b) reports directly to a partner of an accounting firm or an equivalent person in any other accounting entity;

“engagement partner” and “engagement team” have the same meanings as in the Fourth Schedule;

“hot review order” means an order imposed by the Oversight Committee on a public accountant (*A*) under section 38(1)(a)(iii) of the Act, requiring *A* to seek the services of another public accountant, who is approved by the Authority (*B*), for *B* to review one or more audit engagements undertaken by *A* before *A* may issue an audit opinion for these audit engagements as the engagement partner;

“key audit function” means any of the following functions performed in relation to an audit engagement:

(a) planning functions, namely —

- (i) reviewing and forming conclusions on the acceptance and continuation of any client relationship concerning the audit engagement, and whether the audit engagement complies with independence requirements, including those set out in the Fourth Schedule;
- (ii) developing the scope and objective of the audit engagement;
- (iii) evaluating the client’s profile and risk, and the implications of these for the audit engagement;
- (iv) reviewing and approving the planned audit approach before the start of audit fieldwork; and
- (v) ensuring that staffing and resources are adequate, taking into account the required competencies and capabilities;

(b) leading functions, namely —

- (i) directing and monitoring the progress of the audit engagement, to ensure its compliance with applicable professional standards and regulatory and legal requirements, and against its timelines and budget;

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- (ii) supervising and mentoring other professional staff involved in the audit engagement;
 - (iii) communicating and consulting with the engagement partner and members of the engagement team about issues arising from the audit engagement which need to be resolved, and resolving such issues; and
 - (iv) communicating with the client with respect to any matter relating to or arising from the audit engagement;
- (c) reporting functions, namely —
- (i) reviewing any document relating to the audit engagement, and reviewing the work done for the audit engagement, to ensure that the procedures performed are adequate and in compliance with the applicable auditing standards;
 - (ii) forming opinions based on sufficient audit evidence and in accordance with the applicable auditing standards;
 - (iii) communicating the audit findings to, and discussing such audit findings with, the client; and
 - (iv) preparing, or supervising the preparation of, audit reports and other documents relating to the audit engagement to be delivered to the client under the audit engagement;”;

(b) by deleting the definition of “pupil” and substituting the following definitions:

““pupil” means a person who is to acquire qualifying audit experience under —

(a) the direct supervision of one or more audit principals; or

(b) where paragraph 3(4) of the Second Schedule applies, the overall oversight of an audit principal,

for the purpose of being registered as a public accountant under the Act;

“qualifying audit experience” means practical experience acquired in —

(a) carrying out an audit management role;

(b) carrying out an audit quality review role;
or

(c) carrying out an audit technical role;”;

(c) by deleting the definitions of “structured practical experience” and “unstructured practical experience” and substituting the following definitions:

““restriction order” means an order imposed by the Oversight Committee on a public accountant under section 38(1)(a)(i) of the Act;

“Singapore Standard on Quality Control 1” means the standard by that name issued by the Institute of Singapore Chartered Accountants (ISCA) that deals with an accounting entity’s responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements;

“suspension order” means an order imposed by the Oversight Committee on a public accountant under section 38(1)(b)(ii) of the Act.”.