

Taking ACs to the Next Level



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COUNTING BEANS

Which board committee does the most work, carry the most responsibilities, and is usually on the firing line?

Most directors and senior managers will say that it is the audit committee, or AC. So, when news of corporate failures like Enron, Worldcom and Lehman Brothers broke, a common question is: “What was the AC doing?”

It may be easy to point fingers at the ACs for “napping on the job”, but rather, the lesson here is that when ACs are held to very high standards, their value comes into question when a crisis over misleading financial statements hits.

What these misgivings about the ACs suggest is the need for AC chairs and members as well as those who support ACs (the management, auditors and regulators) to be better prepared to play their roles effectively. Indeed, over the last decade, we have seen more articles on AC-related subjects, and training sessions for ACs come up more frequently. Still, it appears that more can be done to help ACs.

Enter the AC Chapter

This is where the AC Chapter comes in.

It was formally launched by SID at the AC Seminar in January 2017, with a mission of building a community that is involved with ACs: AC members, CFOs and management personnel who support ACs, audit and other professionals involved with ACs, and regulators. The AC Chapter wants to build the capacity

and improve effectiveness of ACs in Singapore, particularly those in listed companies, REITs and business trusts.

The focus for the AC Chapter is to make it the “go-to” place for resources pertaining to ACs and where ACs can share experiences and information, through educational courses, publications and focus groups.

Education

To satisfy the educational needs of the AC community, we designed two-hour sessions called “pit stops”, to suit the needs of ACs, which are known for their fast pace and professional need to update their technical knowledge bank on a regular basis – akin to how an F1 race car makes pit stops to refuel and change their mechanical components.

The Education Subcommittee of the AC Chapter identifies the subject areas important to ACs and organises the pit stops. The pit stops organised for 2017 are shown in the box, “AC Pit Stops 2017”.

These pit stops bring together subject matter specialists from public accounting firms and ACRA to present bite-sized sessions, making them easily “digestible” for the participants.

In addition, participants can look forward to meaningful interactions with fellow attendees who come from varied backgrounds, all with a common agenda: to learn, share and network on a relevant topic, adding a valuable dimension to the learning.

AC Pit Stops 2017



16 February 2017:

Relevance of the Enhanced Auditor's Report (EAR) to Directors, ACs and Management

(Organised in collaboration with Deloitte)

12 April 2017:

Financial Reporting Surveillance Programme (FRSP) and Audit Quality Indicators (AQIs)

(Organised in collaboration with ACRA)

27 July 2017:

Practical Implications of FRS 115 Revenue from Contracts with Customers

(Organised in collaboration with KPMG)

7 September 2017:

Practical Implications of FRS 109 Accounting for Financial Instruments

(Organised in collaboration with PwC)

3 November 2017:

The Critical Role of ACs in Valuation and Impairment of Assets

(Organised in collaboration with Deloitte and Singapore Accountancy Commission)

16 November 2017:

Demystifying Sustainability Reporting and Integrated Reporting

(Organised in collaboration with EY)

Publications

In this age of information, there are numerous publications and articles on the subject matters that ACs are most interested in to the point of having information overload. The AC Chapter seeks to help by aggregating and curating lists of readings for ACs. These are catalogued in the AC Chapter section of the SID website (www.sid.org.sg).

Currently, the articles are categorised according to:

- Corporate Governance.
- Auditors and Audit Quality.
- Accounting and Reporting.
- Ethics and Culture.
- Risk and Compliance.
- Sustainability and Shared Value Creation.

The site also provides links to other resource such as:

- Audit Committee Guide.
- Board Risk Committee Guide.
- AC Mini Guide (annual).
- IAS Plus' Guidance on AC.
- PwC's AC Resources.
- EY's AC Insights.
- KPMG's AC Guides, Tools and Templates.
- KPMG Audit Committee Institute's Resources.
- Deloitte's IAS Plus - Guidance on AC.

These articles are sourced both from SID as well as that of the accounting firms and professional organisations. As we progressively source for more articles, this could become the first-stop repository of resource materials for ACs.

Focus Groups

Chapter members may also be invited to take part in focus groups for their feedback and ideas.

For example, two focus groups were organised in 2017 to discuss and provide feedback on the Enhanced Audit Report (EAR) for a study jointly conducted by ACRA, ACCA, ISCA and NTU. The focus groups provided valuable feedback for improvements to the EAR regime.

Do join the SID AC Chapter if you are not already a member and keen to be part of the AC support ecosystem. ■

To be an SID AC Chapter member, you just need to first be an SID member and then sign up by completing the AC Chapter application form on the SID website. There is no additional fee to be a member of the SID AC Chapter.