

Launch of AC Guide, 13 January 2017

Welcome Remarks by Willie Cheng, SID Chairman

Mr Kenneth Yap, Chief Executive, Accounting and Corporate Regulatory Authority

Mr Ng Yao Loong, Executive Director, Monetary Authority of Singapore

Mr Tan Boon Gin, Chief Regulatory Officer, Singapore Exchange

Distinguished guests

Fellow directors and AC members

Ladies and gentlemen

1. It is with great pleasure that I welcome you to the third Audit Committee Seminar, organised jointly by ACRA, SGX and SID.
2. The number of attendees today is a clear sign that the demand for seminars such as this is growing. This year, we have a record turnout of more than 500 people, so much so that we have had to convert our usual roundtable seating to theatre-style seating to accommodate everyone.
3. The fact is that the demands on audit committees are growing. Every year, there are ever more new and complex tasks which we need to grapple with.
4. And for this coming year, all listed companies in Singapore need to start preparing for the transition to a new accounting framework, the International Financial Reporting Standards, which will be effective 1 January 2018. Alongside this move is an overhaul of major accounting standards, such as IFRS 9 on Financial Instruments and IFRS 15 on Revenue from Contracts with Customers.
5. At the same time, many directors are concerned about whether they will be reviewed this year by ACRA in the Financial Reporting Surveillance Programme (or FRSP), which is evolving. 2017 is also the year in which the new enhanced auditor's report will kick in and auditors will start releasing more details to the public on what they deem as significant in their audits.

Even as they do so, the AC has tools to evaluate the auditors themselves. In 2016, ACRA had rolled out the Audit Quality Indicators or AQI Disclosure Framework. This year, it is adding targets on selected AQIs.
6. The list goes on. But, the good news is that help is on-hand. Today, we launch three support measures.
7. The first is the Audit Committee Guide. As many of you know, we have been developing the Corporate Governance Guides for Boards in Singapore. The AC Guide is the last Committee Guide in the series, after the Nominating Committee, Remuneration Committee, and Board Risk Committee Guides. That said, the AC Guide is somewhat different from the other Committee Guides in a few aspects.

8. For starters, we already have the Guidebook for Audit Committees in Singapore, the first edition of which ACRA, MAS and SGX issued in 2008, with a second edition in 2014.

So, when we embarked on developing the AC Guide, the three regulators gave us their permission and blessings to take the existing Guidebook and reformat it into the AC Guide. This is unlike the other Guides in the CG series, which were largely developed from scratch.

9. And unlike the other Guides where we had the support of a professional firm, with the AC Guide, we thought it was something that Gerard Tan, SID Treasurer and I could quite easily do ourselves by simply cutting and pasting from the existing Guidebook, and making some minor updates to them.

10. However, as we went along, we found that producing a relevant and comprehensive AC Guide of this nature involved more than just reformatting and minor updates. There were, and are, so many major updates, and new topics we felt should be added: data analytics, money laundering, enhanced audit report, FRSP, and AQIs, to name a few.

11. Fortunately, at about the same time, PwC was helping us with the development of the Board Guide. PwC agreed to help with what essentially amounted to a rewrite of the Guidebook.

So, let me take this opportunity to express my gratitude to Yeoh Oon Jin, Ng Siew Quan and Hans Koopsman of PwC Singapore and their teams, especially Alvin Chiang and Chua Hsieh Wen for their time and expertise, without which the AC Guide would not have been possible.

Also, our thanks to Roy Tan and Emily Cai of PWC for proofreading the material.

In addition, I would also like to thank Emilie Williams of KPMG for the sample AC and ARC Terms of Reference, and Goh Puay Cheh of the Institute of Internal Auditors for the sample Internal Auditor Evaluation Forms.

12. As with all the other Guides, we have had the invaluable assistance of a Review Panel of leading practitioners and professionals.

We invited back those who reviewed the first and second editions of the original Guidebook. In addition to Siew Quan and Hans, our final Review Panel comprises Adrian Chan, Yvonne Goh, Koh Soo Keong, Kevin Kwok, John Lim, Lim How Teck, Irving Low, Julia Tay, and Danny Teoh.

13. In producing this Guide - in fact, the whole CG series - we were also fortunate to have the support of the regulators. They provided support at the leadership level with Kenneth Yap, Ng Yao Loong and Tan Boon Gin in the Steering Committee.

We had very dedicated reviewers in the Programme Management team, including Bong Yap Kim, Andrew Abraham, Nicholas Ngoh, and Wong Kee Wei from ACRA; Lau Mei Seong and Wilson Chen from MAS; and Agnes Cheong and Siew Wun Mui from SGX.

And before I forget, I would also like to thank the SID team, which included Joyce Koh, Margaret Chin and Ku Xian Hong, for their hard work on this project.

14. We will be launching the AC Guide later this morning.

15. Another guide that we are releasing today is simply called the AC Mini-Guide 2017. ACRA, PwC and SID started this mini-guide last year as a quick and handy reference on the important topics of the year for ACs.

Many of you had shared how much you appreciated the 2016 mini-guide, so we have produced a second edition this year. We've come up with just six pages of text and graphics to give AC members a bird's eye view of what is important for the year. We hope you like it.

16. Now, as good as these two AC guides may be, given the avalanche of materials and demands on audit committees, we felt we needed to have, in addition, a support group. The idea was first mooted by Kenneth Yap, and reinforced by Julia Tay and Bong Yap Kim of ACRA. I am pleased to announce that we are launching the AC Chapter, the first of its kind, within SID.

The AC chapter is intended to be a community of professionals who are involved or associated with audit committees. The aim is to build capacity and to enhance the effectiveness of audit committees.

In November 2016, we set up a pro-tem committee chaired by Daniel Ee, Vice Chairman of the SID, to get the Chapter going. I will let Daniel tell you more on the AC Chapter later.

17. In summary, it's evident there are a lot of materials in the accounting and AC fields that need to be digested and worked on. However, this seminar as well as the various resources I have touched on, are just a few of the initiatives that we - the regulators and SID - hope can be of help. I also hope you find this morning and the materials you will receive later, informative and useful.

18. Thank you.