



Joint Media Release - ACRA and SGX Provide Guidance to Strengthen Audit Quality

Singapore, 15th July 2010 --- The Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange (SGX) today jointly issued the *"Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors"*. The Guidance aims to strengthen the quality of audit among companies in Singapore by providing practical guidance to assist the Board and Audit Committees in the evaluation of work performed by their external auditors.

2. The Guidance focuses on four key indicators of audit quality observed through ACRA's Practice Monitoring Programme (PMP), a programme that assesses public accountants' compliance with auditing standards and pronouncements. The four indicators of audit quality, also known as E-A-S-E indicators, are:

- a. Emphasis on quality by the audit engagement partner and the audit firm;
- b. Allocation of adequate and appropriate human resources;
- c. Substantial involvement of the audit engagement partner; and
- d. Exercise of professional scepticism.

3. The Guidance also includes a set of sample guidance questions that are directly relevant to the identified indicators of audit quality. The guidance questions offer constructive assistance to Audit Committees in discharging their statutory and fiduciary duties.

4. Said Ms Juthika Ramanathan, Chief Executive of ACRA, "An effective audit function is a key pillar of a sound corporate governance eco-system. While the public accountancy profession remains primarily responsible for driving audit quality, other key stakeholders including Board of Directors, Audit Committees and Investors, can also play a crucial part in the process of strengthening audit quality. This practical Guidance would be a catalyst for better engagement between Audit Committees and the public accountancy profession which would contribute towards the delivery of a high quality outcome to an external audit."

5. "This Guide provides practical and valuable assistance to Audit Committees in carrying out their responsibilities. Quality financial reporting and disclosure will contribute to maintain confidence in the Singapore's capital markets," said Ms Yeo Lian Sim, Chief Regulatory Officer, Singapore Exchange.

6. The Guidance is available on both ACRA and SGX websites.

7. Please click [here](#) for the Guidance on SGX website.