

24 April 2017

Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Sirs,

RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA) EXPOSURE DRAFT (ED) – PROPOSED REVISIONS TO CLARIFY THE APPLICABILITY OF PROVISIONS IN PART C OF THE EXTANT CODE TO PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

In preparation of this comment letter, the Institute of Singapore Chartered Accountants (ISCA) has sought views from its members through a one-month public consultation and discussed the ED with members of the ISCA Ethics Committee.

Generally, we agree with all the suggestions in the ED and do not have significant comments or additional insights, except for the following specific question:

Request for Specific Comments

1. Do respondents agree with:

- (a) The proposed applicability paragraphs; and
- (b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code.

If not, why not?

- (a) We note that the example given in the proposed paragraph 120.4 A1 pertains to that of a professional accountant in public practice being pressured to underreport chargeable hours for a client engagement in order to enhance engagement profitability. This is applicable where engagement profitability affects the remuneration of engagement partners.

Similarly, over-reporting of chargeable hours may also happen in cases where clients are billed based on time cost incurred by the engagement team and the engagement partner's remuneration is affected by the amount of revenue he brings in.

Hence, to enable the example in the proposed paragraph 120.4 A1 to cater to different circumstances, we propose the wordings to be tweaked as follows:

“For example, where a professional accountant in public practice is pressured by an engagement partner to ~~underreport~~ inaccurately report chargeable hours for a client engagement in order to ~~artificially enhance engagement profitability~~ which might impact the partner's remuneration, the requirements and application material set out in Section 270 would be relevant.”

- (b) We agree with the proposed locations of the applicability paragraphs in Sections 120 and 300 of the proposed restructured Code.

Should you require any further clarification, please feel free to contact Mr Kang Wai Geat, Deputy Director, Technical Advisory and Professional Standards, or Mr Ang Soon Lii, Manager, Technical Advisory and Professional Standards, at ISCA, via email at waigeat.kang@isca.org.sg or soonlii.ang@isca.org.sg respectively.

Yours faithfully,



Mr Titus Kuan
Director

Technical Advisory and Professional Standards, and Learning and Development