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ACCOUNTANTS ACT 2004

ACCOUNTANTS (PRESCRIBED STANDARDS AND CODE OF PROFESSIONAL CONDUCT AND ETHICS) (AMENDMENT) ORDER 2023

In exercise of the powers conferred by section 64AA of the Accountants Act 2004, the Public Accountants Oversight Committee makes the following Order:

Citation and commencement

1. This Order is the Accountants (Prescribed Standards and Code of Professional Conduct and Ethics) (Amendment) Order 2023 and comes into operation on 15 December 2023.

Amendment of Fourth Schedule

2.—(1) In the Accountants (Prescribed Standards and Code of Professional Conduct and Ethics) Order 2023 (G.N. No. S 327/2023) (called in this Order the principal Order), in the Fourth Schedule, in the table, in Part 3, in the second column —

- (a) in section 300, in paragraph 300.8 A2(c), delete “engagement”;
- (b) in section 310, in paragraphs 310.8 A3(a), R310.12(b) and R310.13(b), delete “engagement”;
- (c) in section 320, in paragraph 320.3 A3, delete “engagement”;
- (d) in section 360, in paragraph R360.16, delete “in relation to a component of a group”;

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- (e) in section 360, in paragraph R360.16, after “following two situations”, insert “in the context of a group”;
- (f) in section 360, in paragraph R360.16, replace sub-paragraph (a) with —
- “(a) The public accountant performs audit work related to a component for purposes of the group audit; or”;
- (g) in section 360, in paragraph R360.16(b), replace “the component’s financial statements” with “the financial statements of a legal entity or business unit that is part of a group”;
- (h) in section 360, in paragraph R360.17, replace “an audit of group financial statements” with “a group audit”;
- (i) in section 360, in paragraph R360.17, delete “one or more components”;
- (j) in section 360, in paragraph R360.17, replace sub-paragraph (a) with —
- “(a) One or more components subject to audit work for purposes of the group audit; or”;
- (k) in section 360, in paragraph R360.17(b), replace “Whose financial” with “One or more legal entities or business units that are part of the group and whose financial”;
- (l) in section 360, replace paragraph R360.18 with —
- “If the non-compliance or suspected non-compliance might be relevant to one or more of the components specified in paragraph R360.17(a) and legal entities or business units specified in paragraph R360.17(b), the group engagement partner shall take steps to have the matter communicated to those performing audit work at the components, legal entities or business units, unless prohibited from doing so by law or regulation. If necessary, the group engagement partner shall arrange for appropriate inquiries to be made (either of management or from publicly available information) as to whether the relevant legal entities or business units specified in paragraph R360.17(b) are subject to audit and, if so, to ascertain to the extent practicable the identity of the auditors.”; and

(m) in section 360, replace paragraph 360.18 A1 with —

“The purpose of the communication is to enable those responsible for audit work at the components, legal entities or business units to be informed about the matter and to determine whether and, if so, how to address it in accordance with the provisions in this section. The communication requirement applies regardless of whether the group engagement partner’s firm or network is the same as or different from the firms or networks of those performing audit work at the components, legal entities or business units.”.

(2) In the principal Order, in the Fourth Schedule, in the table, in Part 4A —

(a) in section 400, in paragraph 400.6, in the second column, after “Section 110.”, insert “Section 405 sets out specific requirements and application material applicable in a group audit.”;

(b) in section 400, after paragraph 400.7, insert —

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Engagement Team and Audit Team	
400.8	This Part applies to all audit team members, including engagement team members.
400.9	An engagement team for an audit engagement includes all partners and staff in the firm who perform audit work on the engagement, and any other individuals who perform audit procedures who are from — (a) A network firm; or

	<p>(b) A firm that is not a network firm, or another service provider.</p> <p>For example, an individual from a component auditor firm who performs audit procedures on the financial information of a component for purposes of a group audit is a member of the engagement team for the group audit.</p>
400.10	<p>In SSQM 1, a service provider includes an individual or organisation external to the firm that provides a resource that is used in the performance of engagements. Service providers exclude the firm, a network firm or other structures or organisations in the network.</p>
400.11	<p>An audit engagement might involve experts within, or engaged by, the firm, a network firm, or a component auditor firm outside a group auditor firm's network, who assist in the engagement. Depending on the role of the individuals, they might be engagement team or audit team members. For example —</p> <p>(a) Individuals with expertise in a specialised area of accounting or auditing who perform audit procedures are engagement team members. These include, for example, individuals with expertise in accounting for income taxes or in analysing complex information produced by automated tools and techniques for the purpose of identifying unusual or unexpected relationships.</p>

	<p>(b) Individuals within, or engaged by, the firm who have direct influence over the outcome of the audit engagement through consultation regarding technical or industry-specific issues, transactions or events for the engagement are audit team members but not engagement team members.</p> <p>However, individuals who are external experts are neither engagement team nor audit team members.</p>
400.12	<p>If the audit engagement is subject to an engagement quality review, the engagement quality reviewer and any other individuals performing the engagement quality review are audit team members but not engagement team members.</p>

(c) after section 400 (after paragraph R400.89), insert —

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SECTION 405	
GROUP AUDITS	
Introduction	
405.1	<p>Section 400 requires a firm to be independent when performing an audit engagement, and to apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence. This section sets out specific requirements and application material relevant to applying the conceptual framework when performing a group audit engagement.</p>

Requirements and Application Material	
General	
405.2 A1	SSAs apply to an audit of group financial statements. SSA 600 (Revised) deals with special considerations that apply to an audit of group financial statements, including when component auditors are involved. SSA 600 (Revised) requires the group engagement partner to take responsibility for confirming whether the component auditors understand and will comply with the relevant ethical requirements, including those related to independence, that apply to the group audit. The independence requirements referred to in SSA 600 (Revised), or other relevant auditing standards applicable to group audits that are equivalent to SSA 600 (Revised), are those specified in this section.
405.2 A2	A component auditor firm that participates in a group audit engagement might separately issue an audit opinion on the financial statements of the component audit client. Depending on the circumstances, the component auditor firm might need to comply with different independence requirements when performing audit work for a group audit and separately issuing an audit opinion on the financial statements of the component audit client for statutory, regulatory or other reasons.

Communication Between a Group Auditor Firm and a Component Auditor Firm

R405.3	SSA 600 (Revised) requires the group engagement partner to take responsibility to make a component auditor aware of the relevant ethical requirements that are applicable given the nature and the circumstances of the group audit engagement. When making the component auditor firm aware of the relevant ethical requirements, the group auditor firm shall communicate at appropriate times the necessary information to enable the component auditor firm to meet its responsibilities under this section.
405.3 A1	<p>Examples of matters the group auditor firm might communicate include —</p> <ul style="list-style-type: none"> (a) Whether the group audit client is a public interest entity and the relevant ethical requirements applicable to the group audit engagement; (b) The related entities and other components within the group audit client that are relevant to the independence considerations applicable to the component auditor firm and the group audit team members within, or engaged by, that firm; (c) The period during which the component auditor firm is required to be independent; and (d) Whether an audit partner who performs audit work at the component for purposes of the group audit is a key audit partner for the group audit.

R405.4	<p>SSA 600 (Revised) also requires the group engagement partner to request the component auditor to communicate whether the component auditor has complied with the relevant ethical requirements, including those related to independence, that apply to the group audit engagement. For the purposes of this section, such a request shall include the communication of —</p> <p>(a) Any independence matters that require significant judgment; and</p> <p>(b) In relation to those matters, the component auditor firm’s conclusion whether the threats to its independence are at an acceptable level, and the rationale for that conclusion.</p>
405.4 A1	<p>If a matter comes to the attention of the group engagement partner that indicates that a threat to independence exists, SSA 220 (Revised) requires the group engagement partner to evaluate the threat and take appropriate action.</p>
<p>Independence Considerations Applicable to Individuals</p>	
<p><i>Members of the Group Audit Team Within, or Engaged by, a Group Auditor Firm and Its Network Firms</i></p>	
R405.5	<p>Members of the group audit team within, or engaged by, the group auditor firm and its network firms shall be independent of the group audit client in accordance with the requirements of this Part that are applicable to the audit team.</p>

<i>Other Members of the Group Audit Team</i>	
R405.6	<p>Members of the group audit team within, or engaged by, a component auditor firm outside the group auditor firm's network shall be independent of —</p> <ul style="list-style-type: none"> (a) The component audit client; (b) The entity on whose group financial statements the group auditor firm expresses an opinion; and (c) Any entity over which the entity in sub-paragraph (b) has direct or indirect control, provided that such entity has direct or indirect control over the component audit client, <p>in accordance with the requirements of this Part that are applicable to the group audit team.</p>
R405.7	<p>In relation to related entities or components within the group audit client other than those covered in paragraph R405.6, a member of the group audit team within, or engaged by, a component auditor firm outside the group auditor firm's network shall notify the component auditor firm about any relationship or circumstance the individual knows, or has reason to believe, might create a threat to the individual's independence in the context of the group audit.</p>

405.7 A1	<p>Examples of relationships or circumstances involving the individual or any of the individual's immediate family members, as applicable, that are relevant to the individual's consideration when complying with paragraph R405.7 include —</p> <ul style="list-style-type: none"><li data-bbox="607 510 1045 714">(a) A direct or material indirect financial interest in an entity that has control over the group audit client if the group audit client is material to that entity (see Section 510);<li data-bbox="607 738 1045 1151">(b) A loan or guarantee involving (see Section 511) —<ul style="list-style-type: none"><li data-bbox="682 822 1045 961">(i) An entity that is not a bank or similar institution unless the loan or guarantee is immaterial; or<li data-bbox="682 980 1045 1151">(ii) A bank or similar institution unless the loan or guarantee is made under normal lending procedures, terms and conditions;<li data-bbox="607 1170 1045 1304">(c) A business relationship that is significant or involves a material financial interest (see Section 520);<li data-bbox="607 1323 1045 1475">(d) An immediate family member who is (see Section 521) —<ul style="list-style-type: none"><li data-bbox="682 1412 1045 1475">(i) A director or officer of an entity; or
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	<p>(ii) An employee in a position to exert significant influence over the preparation of an entity's accounting records or financial statements.</p> <p>(e) The individual serving as, or having recently served as (see Section 522 and Section 523) —</p> <p>(i) A director or officer of an entity; or</p> <p>(ii) An employee in a position to exert significant influence over the preparation of an entity's accounting records or financial statements.</p>
R405.8	<p>Upon receiving the notification as set out in paragraph R405.7, the component auditor firm shall evaluate and address any threats to independence created by the individual's relationship or circumstance.</p>
Independence Considerations Applicable to a Group Auditor Firm	
R405.9	<p>A group auditor firm shall be independent of the group audit client in accordance with the requirements of this Part that are applicable to a firm.</p>
Independence Considerations Applicable to Network Firms of a Group Auditor Firm	
R405.10	<p>A network firm of the group auditor firm shall be independent of the group audit client in accordance with the requirements of this Part that are applicable to a network firm.</p>

**Independence Considerations Applicable to
Component Auditor Firms outside a Group
Auditor Firm's Network***All Group Audit Clients***R405.11**

A component auditor firm outside the group auditor firm's network shall —

- (a) Be independent of the component audit client in accordance with the requirements set out in this Part that are applicable to a firm with respect to all audit clients;
- (b) Apply the relevant requirements in paragraphs R510.4(a), R510.7 and R510.9 with respect to financial interests in the entity on whose group financial statements the group auditor firm expresses an opinion; and
- (c) Apply the relevant requirements in Section 511 with respect to loans and guarantees involving the entity on whose group financial statements the group auditor firm expresses an opinion.

R405.12	When a component auditor firm outside the group auditor firm's network knows, or has reason to believe, that a relationship or circumstance involving the group audit client, beyond those addressed in paragraph R405.11(b) and (c), is relevant to the evaluation of the component auditor firm's independence from the component audit client, the component auditor firm shall include that relationship or circumstance when identifying, evaluating and addressing threats to independence.
R405.13	When a component auditor firm outside the group auditor firm's network knows, or has reason to believe, that a relationship or circumstance of a firm within the component auditor firm's network with the component audit client or the group audit client creates a threat to the component auditor firm's independence, the component auditor firm shall evaluate and address any such threat.
<i>Period During which Independence is Required</i>	
405.14 A1	The references to the financial statements and the audit report in paragraphs R400.30 and 400.30 A1 mean the group financial statements and the audit report on the group financial statements, respectively, when applied in this section.

<i>Group Audit Clients that are Not Public Interest Entities</i>	
R405.15	When the group audit client is not a public interest entity, a component auditor firm outside the group auditor firm's network shall be independent of the component audit client in accordance with the requirements set out in this Part that are applicable to audit clients that are not public interest entities for the purposes of the group audit.
405.15 A1	Where a component auditor firm outside the group auditor firm's network also performs an audit engagement for a component audit client that is a public interest entity for reasons other than the group audit, for example, a statutory audit, the independence requirements that are relevant to audit clients that are public interest entities apply to that engagement.
<i>Group Audit Clients that are Public Interest Entities</i>	
Non-Assurance Services	
R405.16	Subject to paragraph R405.17, when the group audit client is a public interest entity, a component auditor firm outside the group auditor firm's network shall comply with the provisions in Section 600 that are applicable to public interest entities with respect to the provision of non-assurance services to the component audit client.
405.16 A1	Where the group audit client is a public interest entity, a component auditor firm outside the group auditor firm's network is prohibited from, for example —

	<p>(a) Providing accounting and bookkeeping services to a component audit client that is not a public interest entity (see Subsection 601);</p> <p>(b) Designing the information technology system, or an aspect of it, for a component audit client that is not a public interest entity where such information technology system generates information for the component audit client's accounting records or financial statements (see Subsection 606);</p> <p>(c) Acting in an advocacy role for a component audit client that is not a public interest entity in resolving a dispute or litigation before a tribunal or court (see Subsection 608).</p>
405.16 A2	<p>The financial information on which a component auditor firm outside the group auditor firm's network performs audit procedures is relevant to the evaluation of the self-review threat that might be created by the component auditor firm's provision of a non-assurance service, and therefore the application of Section 600. For example, if the component auditor firm's audit procedures are limited to a specific item such as inventory, the results of any non-assurance service that form part of or affect the accounting records or the financial information related to the accounting for, or the internal controls over, inventory are relevant to the evaluation of the self-review threat.</p>

R405.17	As an exception to paragraph R405.16, a component auditor firm outside the group auditor firm's network may provide a non-assurance service that is not prohibited under Section 600 to a component audit client without communicating information about the proposed non-assurance service to those charged with governance of the group audit client or obtaining their concurrence regarding the provision of that service as addressed by paragraphs R600.21 to R600.24.
Key Audit Partners	
R405.18	<p>The group engagement partner shall determine whether an audit partner who performs audit work at a component for purposes of the group audit is a key audit partner for the group audit. If so, the group engagement partner shall —</p> <p>(a) Communicate that determination to that individual; and</p> <p>(b) Indicate —</p> <p>(i) In the case of all group audit clients, that the individual is subject to paragraph R411.4; and</p> <p>(ii) In the case of group audit clients that are public interest entities, that the individual is also subject to paragraphs R524.6, R540.5(c) and R540.20.</p>

405.18 A1	A key audit partner makes key decisions or judgments on significant matters with respect to the audit of the group financial statements on which the group auditor firm expresses an opinion in the group audit.
Changes in Components	
<i>All Group Audit Clients</i>	
R405.19	When an entity that is not a related entity becomes a component within the group audit client, the group auditor firm shall apply paragraphs R400.71 to R400.76.
Changes in Component Auditor Firms	
<i>All Group Audit Clients</i>	
405.20 A1	<p>There might be circumstances in which the group auditor firm requests another firm to perform audit work as a component auditor firm during or after the period covered by the group financial statements, for example due to a client merger or acquisition. A threat to the component auditor firm's independence might be created by —</p> <p>(a) Financial or business relationships of the component auditor firm with the component audit client during or after the period covered by the group financial statements but before the component auditor firm agrees to perform the audit work; or</p> <p>(b) Previous services provided to the component audit client by the component auditor firm.</p>

405.20 A2	Paragraphs 400.31 A1 to 400.31 A3 set out application material that is applicable for a component auditor firm's assessment of threats to independence if a non-assurance service was provided by the component auditor firm to the component audit client during or after the period covered by the group financial statements, but before the component auditor firm begins to perform the audit work for the purposes of the group audit, and the service would not be permitted during the engagement period.
405.20 A3	Paragraph 400.31 A4 sets out application material that is applicable for a component auditor firm's assessment of threats to independence if a non-assurance service was provided by the component auditor firm to the component audit client prior to the period covered by the group financial statements.
<i>Group Audit Clients that are Public Interest Entities</i>	
405.21 A1	Paragraphs R400.32 and 400.32 A1 are applicable when a component auditor firm agrees to perform audit work for group audit purposes in relation to a group audit client that is a public interest entity if the component auditor firm has previously provided a non-assurance service to the component audit client.

405.21 A2	Paragraphs R600.25 and 600.25 A1 are applicable in relation to a non-assurance service provided, either currently or previously, by a component auditor firm to a component audit client when the group audit client subsequently becomes a public interest entity.
Breach of an Independence Provision at a Component Auditor Firm	
405.22 A1	A breach of a provision of this section might occur despite a component auditor firm having a system of quality management designed to address independence requirements. Paragraphs R405.23 to R405.29 are relevant to a group auditor firm's determination as to whether it would be able to use a component auditor firm's work if a breach has occurred at the component auditor firm.
405.22 A2	In the case of a breach at a component auditor firm within the group auditor firm's network, paragraphs R400.80 to R400.89 also apply to the group auditor firm in relation to the group audit, as applicable.
<i>When a Component Auditor Firm Identifies a Breach</i>	
R405.23	If a component auditor firm concludes that a breach of this section has occurred, the component auditor firm shall — (a) End, suspend or eliminate the interest or relationship that created the breach and address the consequences of the breach;

	<p>(b) Evaluate the significance of the breach and its impact on the component auditor firm's objectivity and ability to perform audit work for the purposes of the group audit;</p> <p>(c) Depending on the significance of the breach, determine whether it is possible to take action that satisfactorily addresses the consequences of the breach and whether such action can be taken and is appropriate in the circumstances; and</p> <p>(d) Promptly communicate in writing the breach to the group engagement partner, including the component auditor firm's assessment of the significance of the breach and any actions proposed or taken to address the consequences of the breach.</p>
405.23 A1	<p>Paragraphs 400.80 A2 and 400.80 A3 set out application material relevant to the component auditor firm's evaluation of the significance and impact of the breach on the component auditor firm's objectivity and ability to issue an opinion or conclusion on the audit work performed at the component for purposes of the group audit, and its consideration of any actions that might be taken to address the consequences of the breach satisfactorily.</p>
R405.24	<p>Upon receipt of the component auditor firm's communication of the breach, the group engagement partner shall —</p>

	<p>(a) Review the component auditor firm's assessment of the significance of the breach and its impact on the component auditor firm's objectivity, and any action that can be or has been taken to address the consequences of the breach;</p> <p>(b) Evaluate the group auditor firm's ability to use the work of the component auditor firm for the purposes of the group audit; and</p> <p>(c) Determine the need for any further action.</p>
R405.25	<p>In applying paragraph R405.24, the group engagement partner shall exercise professional judgment and take into account whether a reasonable and informed third party would be likely to conclude that the component auditor firm's objectivity is compromised, and therefore, the group auditor firm is unable to use the work of the component auditor firm for the purposes of the group audit.</p>

405.25 A1	<p>If the group engagement partner determines that the consequences of the breach have been satisfactorily addressed by the component auditor firm and does not compromise the component auditor firm's objectivity, the group auditor firm may continue to use the work of the component auditor firm for the group audit. In certain circumstances, the group engagement partner might determine that additional actions are needed to satisfactorily address the breach in order to use the component auditor firm's work. Examples of such action include the group auditor firm performing specific procedures on the areas impacted by the breach or requesting the component auditor firm to perform appropriate remedial work on the affected areas.</p>
405.25 A2	<p>SSA 600 (Revised) sets out that if there has been a breach by a component auditor and the breach has not been satisfactorily addressed, the group auditor cannot use the work of that component auditor. In those circumstances, the group engagement partner might find other means to obtain the necessary audit evidence on the component audit client's financial information. Examples of such means include the group auditor firm performing the necessary audit work on the component audit client's financial information or requesting another component auditor firm to perform such audit work.</p>

<i>Discussion with Those Charged with Governance of the Group Audit Client</i>	
405.26 A1	With respect to breaches by a component auditor firm within the group auditor firm's network, paragraph R400.84 applies.
R405.27	<p>With respect to breaches by a component auditor firm outside the group auditor firm's network, the group auditor firm shall discuss with those charged with governance of the group audit client —</p> <p>(a) The component auditor firm's assessment of the significance and impact of the breach on the component auditor firm's objectivity, including the nature and duration of the breach, and the action that can be or has been taken; and</p> <p>(b) Whether —</p> <p>(i) The action will satisfactorily address, or has addressed, the consequences of the breach; or</p> <p>(ii) The group auditor firm will use other means to obtain the necessary audit evidence on the component audit client's financial information.</p> <p>Such discussion shall take place as soon as possible unless an alternative timing is specified by those charged with governance for reporting less significant breaches.</p>

R405.28	The group auditor firm shall communicate in writing to those charged with governance of the group audit client all matters discussed in accordance with paragraph R405.27 and obtain the concurrence of those charged with governance that the action can be or has been taken to satisfactorily address the consequences of the breach.
R405.29	If those charged with governance do not concur that the action that can be or has been taken would satisfactorily address the consequences of the breach at the component auditor firm, the group auditor firm shall not use the work performed by the component auditor firm for the purposes of the group audit.

”; and

- (d) in section 400, before the sub-heading “**Related Entities**”, delete “[**Paragraphs 400.15 to 400.19 are intentionally left blank**]”.

(3) In the principal Order, in the Fourth Schedule, in the table, in Part 4A, in section 400, in the first column, renumber the existing paragraphs 400.8, 400.9, 400.10, R400.11, R400.12, R400.13, 400.13 A1, 400.13 A2, 400.13 A3, 400.13 A4 and R400.14 as paragraphs 400.13, 400.14, 400.15, R400.16, R400.17, R400.18, 400.18 A1, 400.18 A2, 400.18 A3, 400.18 A4 and R400.19, respectively.

(4) In the principal Order, in the Fourth Schedule, in the table, in Part 4A, in the second column —

- (a) in section 400, in paragraphs 400.30 A1 and 400.31 A1, replace “audit team” with “engagement team”;
- (b) in section 400, in paragraph R400.31, replace sub-paragraph (b) with —

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- “(b) Previous services provided to the audit client by the firm or a network firm.”;
- (c) in section 510, in paragraph 510.4 A1, replace “audit team” with “engagement team”;
- (d) in section 540, in paragraph R540.4, replace sub-paragraph (b) with —
- “(b) Perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; or”;
- (e) in section 540, in paragraph R540.20(a), replace “provide quality control” with “perform an engagement quality review, or a review consistent with the objective of an engagement quality review”;
- (f) in section 600, in subsection 605, in paragraphs 605.4 A2 and 605.4 A3(c), replace “audit team” with “engagement team”; and
- (g) in section 800, in paragraph R800.10(b), replace sub-paragraph (ii) with —
- “(ii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; and”.
- (5) In the principal Order, in the Fourth Schedule, in the table, in Part 4B, in the second column —
- (a) in section 900, in paragraphs 900.30 A1 and R900.32, replace “assurance team” with “engagement team”;
- (b) in section 940, in paragraph R940.4, replace sub-paragraph (b) with —
- “(b) Perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; or”; and

(c) in section 990, in paragraph R990.7(b), replace sub-paragraph (ii) with —

“(ii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; and”.

(6) In the principal Order, in the Fourth Schedule, in the table, in the **GLOSSARY** —

(a) in the definition of “Assurance team”, in the second column, in paragraph (b), replace “within a firm” with “within, or engaged by, the firm”;

(b) in the definition of “Assurance team”, in the second column, in paragraph (b), replace sub-paragraph (iii) with —

“(iii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement.”;

(c) in the definition of “Audit client”, in the second column, replace “*In Part 4A, the term “audit client” applies equally to “review client”.*” with —

“In Part 4A, the term “audit client” applies equally to “review client”.

In the case of a group audit, see the definition of group audit client.”;

(d) in the definition of “Audit team”, in the second column, in paragraph (b), replace “within a firm” with “within, or engaged by, the firm”;

(e) in the definition of “Audit team”, in the second column, in paragraph (b), replace sub-paragraph (iii) with —

“(iii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; and”;

(f) in the definition of “Audit team”, in the second column, after paragraph (b), insert —

“(c) Any other individuals within a network firm who can directly influence the outcome of the audit engagement.”;

(g) in the definition of “Audit team”, in the second column, delete “All those within a network firm who can directly influence the outcome of the audit engagement.”;

(h) in the definition of “Audit team”, in the second column, replace “*In Part 4A, the term “audit team” applies equally to “review team”.*” with —

“In Part 4A, the term “audit team” applies equally to “review team”.

In the case of a group audit, see the definition of group audit team.”;

(i) after the definition of “Close family”, insert —

“

Component	An entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for purposes of planning and performing audit procedures in a group audit.
Component audit client	A component in respect of which a group auditor firm or component auditor firm performs audit work for purposes of a group audit. When a component is — (a) A legal entity, the component audit client is the entity and any related entities over which the entity has direct or indirect control; or (b) A business unit, function or business activity (or some combination thereof), the component audit client is the legal entity or entities to which the business unit belongs or in which the function or business activity is being performed.
Component auditor firm	A firm performing audit work related to a component for purposes of a group audit.

”;

(j) in the second column, replace the definition of “Engagement team” with —

“All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding external experts and internal auditors who provide direct assistance on the engagement.

In Part 4A, the term “engagement team” refers to individuals performing audit or review procedures on the audit or review engagement, respectively. This term is further described in paragraph 400.9.

SSA 220 (Revised) provides further guidance on the definition of engagement team in the context of an audit of financial statements.

SSA 620 defines an auditor’s expert as an individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. SSA 620 deals with the auditor’s responsibilities relating to the work of such experts.

SSA 610 (Revised 2013) deals with the auditor’s responsibilities if using the work of internal auditors, including using internal auditors to provide direct assistance on the audit engagement.

In Part 4B, the term “engagement team” refers to individuals performing assurance procedures on the assurance engagement.”;

(k) after the definition of “Fundamental principles”, insert —

Group	A reporting entity for which group financial statements are prepared.
Group audit	The audit of group financial statements.

Group audit client	<p>The entity on whose group financial statements the group auditor firm conducts an audit engagement. When the entity is a listed entity, group audit client will always include its related entities and any other components at which audit work is performed. When the entity is not a listed entity, group audit client includes related entities over which such entity has direct or indirect control and any other components at which audit work is performed.</p> <p><i>See also paragraph R400.20.</i></p>
Group auditor firm	<p>The firm that expresses the opinion on the group financial statements.</p>
Group audit team	<p>(a) All members of the engagement team for the group audit, including individuals within, or engaged by, component auditor firms who perform audit procedures related to components for purposes of the group audit;</p> <p>(b) All others within, or engaged by, the group auditor firm who can directly influence the outcome of the group audit, including —</p>

	<p>(i) Those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the group engagement partner in connection with the performance of the group audit, including those at all successively senior levels above the group engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent);</p> <p>(ii) Those who provide consultation regarding technical or industry-specific issues, transactions or events for the group audit; and</p> <p>(iii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the group audit;</p> <p>(c) Any other individuals within a network firm of the group auditor firm's network who can directly influence the outcome of the group audit; and</p> <p>(d) Any other individuals within a component auditor firm outside the group auditor firm's network who can directly influence the outcome of the group audit.</p>
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Group engagement partner	The engagement partner who is responsible for the group audit.
Group financial statements	Financial statements that include the financial information of more than one entity or business unit through a consolidation process.

- (l) in the definition of “Key audit partner”, in the second column, replace “audit partners responsible for” with “engagement partners for certain components in a group audit such as”;
- (m) in the definition of “Review team”, in the second column, in paragraph (b), replace “within a firm” with “within, or engaged by, the firm”;
- (n) in the definition of “Review team”, in the second column, in paragraph (b), replace sub-paragraph (iii) with —
- “(iii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; and”;
- (o) in the definition of “Review team”, in the second column, after paragraph (b), insert —
- “(c) Any other individuals within a network firm who can directly influence the outcome of the review engagement.”; and
- (p) in the definition of “Review team”, in the second column, delete “All those within a network firm who can directly influence the outcome of the review engagement.”.

Saving and transitional provisions

3.—(1) Despite this Order, the provisions of the principal Order as in force immediately before 15 December 2023 apply in respect of an engagement for non-assurance services —

(a) that a component auditor firm outside the network of a group auditor firm has entered into with a component audit client before 15 December 2023; and

(b) for which work has already commenced.

(2) In this paragraph, “component audit client”, “component auditor firm” and “group auditor firm” have the meanings given by the Fourth Schedule to the principal Order.

Made on 14 November 2023.

KEVIN WONG
Chairperson,
Public Accountants Oversight
Committee,
Singapore.

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