
East-Asian Accounting Roundtable: Singapore Perspective

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Introduction

This paper summarises the major academic and professional accounting issues in Singapore, as presented at the East-Asian Accounting Roundtable held at the Westin Stamford in Singapore from 13-15 February, 2000.

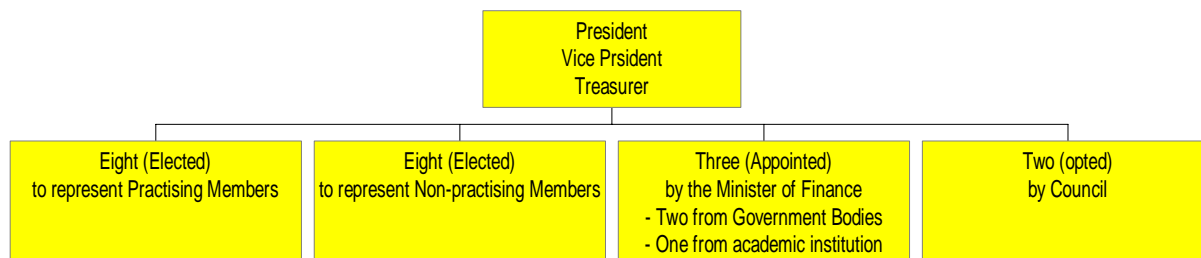
The Institute of Certified Public Accountants of Singapore (“ICPAS”)

In Singapore, auditors and industry practitioners are mostly members of The Institute of Certified Public Accountants of Singapore (“ICPAS”), which is the national organisation of the accountancy profession in Singapore. The organisation was established in June 1963 as the Singapore Society of Accountants and renamed the ICPAS in February 1989. It currently has about 7,000 members in the auditing profession (practising members) and 6,000 members in the industry and commerce sector (non-practising members). Apart from the Big 5 accountancy firms, there are about 450 CPA firms established in Singapore, serving a wide range of clients.

The mission of the ICPAS is “to develop, support and enhance the integrity, status and interests of the accountancy profession in Singapore.” Besides administering the Institute’s membership, the ICPAS caters to the training and professional development of its members through regular courses conducted by its training arm, the Singapore Accountancy Academy.

The Council of ICPAS

The Institute is an independent and self-governed professional body. The appointment of three council members by the Minister of Finance improves the communication between the Institute and the relevant governmental bodies such as Auditor-General, Accountant-General and academic institutions.



Committees of ICPAS

In addition to the accounting standards committee, auditing practices committee, the ICPAS has in total 30 regular committees and 4 ad hoc committees to deal with different day-to-day and ad hoc issues. The following are some selected examples:

- China Committee

- Community Service Committee
- IT Services Committee
- Singapore Accountancy Academy Committee
- Committee on the Suggested Exemption from Audit for Private Limited Companies (an ad hoc committee)

Example of Activities

Similar to most accountancy institutions around the globe, the ICPAS is closely involved in the following activities:

- members' welfare
- career fairs
- training
- community service
- education – sponsor of scholarships, prizes, and research projects
- issuance of accounting and auditing standards

Academic Association

Nanyang Technological University (NTU) is the only university in Singapore producing accounting graduates. Therefore, NTU is the largest employer of accounting academics in Singapore. There are a small number of accounting academics (about 15) in the National University of Singapore, where their major role is to teach accounting courses in the BBA, MBA, and other programs throughout the university. The polytechnics also employ a number of accounting lecturers teaching diploma courses. Given the relatively small number of accounting academics in Singapore, it is not surprising that there has been no formal academic accounting association formed.

In 1999, an Asian Academic Accounting Association (AAAA) was formed, with its base in Singapore. This was the initiative of a small group of accounting academics at the newly formed Singapore Management University. It was formed with "the objective of promoting research, interaction and fellowship amongst academics on issues affecting accounting developments in Asia." The AAAA is holding its inaugural conference on disclosure, governance, and transparency in August 2000. At the moment, very few accounting academics in NTU and NUS are members of the AAAA.

Interaction between Academic and Professional Association

There is close involvement in the Institute's activities by academia. Besides taking a seat in the Council, there are 6 to 7 academic members from universities/polytechnics sitting in various ICPAS committees including financial statement review committee, accounting standards committee, and banking and finance committee. These committees have regular meetings to discuss current issues; for example, there were 6 meetings for the accounting standards committee in 1999.

Interaction between Professional Association and the Government

The ICPAS has regular interactions with numerous government agents, especially

- the Monetary Authority of Singapore ("MAS"),
- Economic Development Board ("EDB"), and
- Inland Revenue Authority ("IRA").

The Institute discusses with these agents frequently on accounting and auditing issues related to banking and finance (with MAS), industry and commerce (with EDB), and taxation (with IRA). The ICPAS also sends draft copies of the standards, guidelines, and key reports to these agents for their comments and review before formal publication.

Regulatory Body for Practising Members

In addition to the ICPAS's disciplinary committee, which oversees the disciplinary matters of all ICPAS members, there is a semi-government agent, Public Accountants Board ("PAB"), to regulate the practising members of ICPAS to ensure high professional standards such as integrity and independence. Members of PAB include the president of ICPAS and numerous government officials.

Major Professional Issues

The recent approval of incorporation of audit firms in Singapore has given audit firms an important weapon for their risk management. The next step now is to tackle the increasingly important communication channel, World Wide Web, and the related issue – advertising rules.

Although the ICPAS has been attempting to adopt the International Accounting Standards ("IAS") to the local context, it has yet to fully adopt IAS. Examples of the major differences include treatment of goodwill, and classification of extraordinary and exceptional items.

The speedy advancement of IT, e-commerce, and the popularity of "going public" for the IT companies or Internet-related companies have highlighted the inadequacy of suitable accounting standards for valuation of human capital and intellectual properties. There is an urgent need for suitable accounting and auditing guidelines in these areas. The development of a conceptual framework may be the solution for the fast-paced business environment.

Major Academic Issues

An important academic issue is the aim of Singapore to be a regional educational hub, and to achieve this, the government is using incentives to attract world-class universities to set up campuses in Singapore. Competition in the undergraduate sector is intensifying with the setting up of the third university, Singapore Management University. However, it is in the graduate and executive education sectors where competition is expected to be particularly intense, with the world-class universities expected to focus mainly on these sectors. The threat of "virtual universities" offering programs through the Web is also important.

There is pressure to design programs that are relevant to an IT-driven knowledge-based economy, and that foster continuous learning.

Another issue that concerns academics in general is the considerable pressure from the Government for Singapore universities to become world-class. Individual departments/faculties are now expected to benchmark themselves against major U.S. universities in terms of research productivity and quality.

Major Research Issues

Some of the major accounting research issues are:

1. Valuation of high-technology and start-up firms
2. Accounting for intangibles, including intellectual capital, brand names, software, etc.

3. Accounting for stock-based compensation and complex financial instruments
4. The role of accounting and auditing in corporate governance
5. The impact of the financial crisis on accounting and corporate governance practices
6. Accounting and corporate governance issues in family-controlled and government-controlled firms
7. Implications of proposed move from merit-based to disclosure-based approach to regulation, e.g., role of accounting/auditing, regulatory framework, setting and enforcement of accounting/auditing standards.