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AUDITING

Half of firms 'below par'

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Half of the 26 audit firms accredited by the Securities and Exchange Commission (SEC) to audit listed companies' financial statements passed the International Standard on Quality Control guideline with the lowest scores, according to the previous round of inspection through 2013.

They have been urged by the SEC to merge to share resources and cut costs.

The 26 companies have a total of 150 auditors who are authorised to certify the balance sheets of nearly 600 companies listed on the Stock Exchange of Thailand and the Market for Alternative Investment.

Thawatchai Kiatkwankul, director of the SEC's accounting supervision department, said audit inspection results for the first eight audit firms for the current round running from this year to 2016 met quality requirements. The results, however, showed room for improvement in the area of engagement performance which, if improved, would raise their efficiency and bolster investor confidence in the Thai capital market.

The SEC's audit inspection in 2013 cov-

ering eight audit firms indicated that every one passed the six key elements with the highest average score in the area of client acceptance and continuance. Most firms already have in place engagement acceptance procedures that take into account the risks of client and the technical competency and relevant experience of audit staff.

Meanwhile, shortcomings were found in engagement performance which had the lowest average score as a result of insufficient involvement of engagement partners and engagement quality control reviewers as well as incomplete audit manuals as required by quality control standard.

Other measurements in the evaluation are human resources, monitoring, leadership responsibilities and ethical requirements.

The securities watchdog found inappropriate human resource allocation and performance evaluation criteria at some accounting firms.

The inspection also found deficiencies in ethical requirements, leadership responsibilities and monitoring at some companies.

The big four auditing companies — Deloitte, Ernst & Young, KPMG, PwC — had the highest scores. The inspection found that they also have the know-how and quality human resources.

Mr Thawatchai said there are not enough accredited auditors for listed companies, which is why many listed firms have trouble hiring auditing firms.