



Minutes of the 301st Meeting of the Auditing and Assurance Standards Committee held on Tuesday, 19 May 2009 at 8:30 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Keith Pogson (Chairman)
Mr. William Crowe (Deputy Chairman)
Mr. Derek Broadley
Mr. Stephen Chan
Mr. Colin Chau
Ms. Mabel Cheung
Mr. Raphael Ding
Mr. Charles Grieve
Mr. Paul Phenix
Mr. Steve Ong, Director (Standard Setting)
Ms. Selene Ho, Assistant Director (Standard Setting)
Ms. Phoebe To, Manager (Standard Setting)

Apologies for absence were received from Mr. John Chong and Mrs. Lesley Wong.

Council
Action

2313. Minutes of the 300th Meeting

The minutes of the 300th meeting were approved by the Committee and signed by the Chairman.

2314. Meeting Summary of the 300th Meeting for publication

The Committee approved the Meeting Summary of the 300th Meeting for publication.

2315. AASC Work Plan for 2009 – Status Report

The Committee considered the status report of the Work Plan for 2009 and noted the progress made on the various projects.

2316. Endorsement of New Revised and Redrafted HKSA's

The Committee considered the following draft HKSA's prepared by the Standard Setting Department (SSD) based on the international equivalents:

- (a) Preface to Hong Kong Standards on Quality Control, Auditing, Review, Other Assurance and Related Services
- (b) HKSA 210 *Agreeing the Terms of Audit Engagements*
- (c) HKSA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
- (d) HKSA 402 *Audit Considerations Relating to an Entity Using a Service Organization*
- (e) HKSA 501 *Audit Evidence—Specific Considerations for Selected Items*
- (f) HKSA 505 *External Confirmations*
- (g) HKSA 620 *Using the Work of an Auditor's Expert*

The Committee considered the draft HKSA's and had the following comments for consideration by the SSD:

- (a) HKSA 210 – to remove the proposed Appendix 2 on “Tax Engagement Letter” to avoid possible confusion with audit engagements and the example Tax Engagement letter could be put on the Institute’s website as reference material;
- (b) HKSA 501 – to clarify the terminology of an “external legal counsel” used in the standard and “solicitors” used in paragraphs A23-1 to A23-3 of the local guidance;
- (c) HKSA 505 – to update the local guidance in Appendix 2 on “Standard Bank Confirmation Request Form” with the Hong Kong Association of Banks;

The Committee would endorse the revised HKSA’s after the SSD has considered the relevant comments mentioned above.

The Committee endorsed the Preface, HKSA’s 265, 402 and 620.

2317. Position Paper on the Adoption of ISA 800 and ISA 805 (the Position Paper)

The Committee considered the Position Paper prepared by the SSD as requested by the Committee at the last Committee Meeting. The Position Paper provided background, an overview of the ISA audit reporting model and the possible implications of the audit reporting model.

The Committee agreed that there should be a clear guideline for members on the practical implementation of the two standards and to clarify what is a true and fair framework in Hong Kong. The SSD was requested to conduct research and communicate with the standard setters of other countries like the United Kingdom, Singapore and Australia, etc on this issue.

The Committee requested the Standard Setting Department to also consult the Financial Reporting Standards Committee for guidance.

2318. Draft Examples Modified Auditor’s Reports on Financial Statements prepared in accordance with SME-FRS

The Committee considered the revised draft Examples Modified Auditor’s Reports and had some comments on the consistency of certain wordings.

The SSD was requested to make the necessary amendments to ensure consistency throughout the example reports.

2319. Joint Education Programme with Law Society

The Committee noted that the HKICPA would held a joint education programme with The Law Society of Hong Kong on 24 July 2009. The key feature of the joint event will be the compliance of the Solicitors’ Account Rules and the handling of client money.

The Committee was requested to nominate a speaker with the relevant experience in carrying out such engagements to present at the joint event. The Committee welcomed Mr. Stephen Chan, one of the Committee

members, who volunteered to present at this joint event.

2320. Annual Auditing Update Conference 2009

The Committee was notified that the Annual Auditing Update Conference for 2009 would be held on 7 November 2009.

The Committee was requested to consider the proposed topics by the SSD for the Conference and to suggest any new topics and nominate speakers. The Chairman requested the Committee members to reply to the SSD directly for any suggestions.

2321. Progress Report on HKSIR Project

The Committee noted that there were new developments on the project further to the last meeting of the Accountants' Report Sub-Committee held on 13 May 2009.

The Sub-Committee is now exploring whether the implementation of the proposed HKSIR series can be achieved without changes to the Listing Rules. The Committee would be informed of any new developments.

2322. Other Business

The Committee agreed that in order to enable interested parties to follow its activities on a timely and transparent basis, it will publish the minutes of each meeting on the Institute's website commencing immediately.

There being no further business, the meeting closed at 9.50 am

KEITH POGSON
CHAIRMAN

20 May 2009