



21 October 2015

Our Ref.: C/AASC

International Auditing and Assurance Standards Board
529 Fifth Avenue, 6th Floor
New York, 10017
USA

Dear Sirs,

IAASB's Exposure Draft on Proposed Amendments to the IAASB's International Standards - Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations

The Hong Kong Institute of Certified Public Accountants is the only statutory licensing body of accountants in Hong Kong responsible for the professional training, development and regulation of the accountancy profession. The HKICPA sets auditing and assurance standards, ethical standards and financial reporting standards in Hong Kong.

We appreciate the efforts of the IAASB in revising the various ISAs to resolve inconsistencies of approach of the NOCLAR proposals and to align the scope.

Responses to the specific questions in the ED are included in the attachment.

We trust that our comments are of assistance to you. If you require any clarification on our comments, please contact Ms. Selene Ho at selene@hkipa.org.hk.

Yours faithfully,

Chris Joy
Executive Director

Sh/al

Encl.



ATTACHMENT

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' COMMENTS ON THE IAASB'S EXPOSURE DRAFT ON PROPOSED AMENDMENTS TO THE IAASB'S INTERNATIONAL STANDARDS – RESPONDING TO NON-COMPLIANCE OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS

Specific comments

- 1. Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards.**

We appreciate the efforts of the IAASB in revising the various ISAs. However, we are of the view that the proposed limited amendments do not clarify and emphasize to the same extent as the NOCLAR proposals.

Due to the different drafting conventions of the IESBA Code of Ethics for Professional Accountants ("COE") and ISAs, some paragraphs in the proposed Section 225 of COE appear similar to those in the "Requirements" or the "Application and Other Explanatory Material" sections of ISA 250 which may create confusion to auditors who may be required to comply with both standards.

In addition, some guidance appear to be inconsistent as currently drafted: e.g. paragraph 225.12 of COE requires the auditor to discuss with the appropriate level of management and paragraph 19 of ISA only requires discussion with management; the guidance as to which level of management to discuss with is inconsistent as described in paragraph 225.16 of COE and paragraph 24 of ISA 250.

In jurisdictions where both ISAs and COE have been adopted, the auditors would be carrying out the work procedures under both sets of standard concurrently. We would suggest the IAASB to consider which paragraphs of Section 225 are considered "requirements" and align ISA 250. This would help streamline the work to be carried out by auditors.

- 2. The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?**

We observed that Section 225 of COE appear to provide more in depth guidance to auditors in certain areas such as when addressing the matter with management and determining whether further action is needed when compared to ISA 250. We would suggest the IAASB to consider if such guidance in Section 225 of COE would also be applicable to auditors under ISA 250 where there is no COE.

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