



Minutes of the 306<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee held on Tuesday, 23 February 2010 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. Jack Chow (Chairman)  
Mr. Keith Pogson (Deputy Chairman)  
Mr. Derek Broadley  
Mr. Stephen Chan  
Mr. Colin Chau  
Ms. Mabel Cheung  
Mr. Alun Grassick  
Mr. Charles Grieve  
Ms. Grace Ma  
Mr. Paul Phenix  
Mr. Charlix Wong  
Mr. Chris Joy, Executive Director  
Mr. Steve Ong, Director (Standard Setting)  
Ms. Selene Ho, Assistant Director (Standard Setting)  
Ms. Phoebe To, Manager (Standard Setting)

Council  
Action

**2350. Welcome to new members and Committee composition for 2010**

The Chairman welcomed Mr. Alun Grassick, Ms. Grace Ma and Mr. Charlix Wong as new members of the Committee.

The Committee recorded a vote of thanks to the retiring members, Mr. Charles Grieve, Mr. John Chong, Mr. William Crowe, Mr. Raphael Ding and Ms. Lesley Wong for their contributions to the Committee during the tenure of their services.

**2351. Guidance note on general confidentiality rules**

The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

**2352. Terms of Reference**

The Committee considered and agreed the new terms of reference. A member also reminded the Standard Setting Department to monitor the developments of the IAASB in relation to the Standards on Investment Circular Reporting Engagements project for reporting accountants as the IAASB is also developing an ED on *Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses*.

**2353. Meeting Schedule for 2010**

The Committee agreed on the following meeting dates for 2010:

23 February  
16 March  
20 April  
18 May  
22 June  
20 July  
21 September  
26 October  
16 November  
21 December

**2354. Minutes of the 305<sup>th</sup> Meeting**

The minutes of the 305<sup>th</sup> meeting were approved by the Committee and signed by the past Chairman. Mr. Charles Grieve, the representative member from the SFC updated the Committee that comments letters on the IOSCO Consultation Paper on Auditor Communications and others have been published on the IOSCO website.

**2355. Proposed Work Plan for 2010**

The Committee considered the proposed work plan for 2010 and noted that the key areas addressed in the work plan are:

- (i) To maintain a concurrence agenda with the IAASB; and
- (ii) To develop/ update local guidance to align with clarified HKSA's.

The major project under local guidance would be the updating of various practice notes or circulars to align the requirements with the clarified HKSA's.

The Committee endorsed the work plan for 2010.

**2356. To consider and endorse the new HKSAE 3402 Assurance Reports on Controls at a Service Organization for issue**

The Committee considered and endorsed the new HKSAE 3402, subject to certain improvement amendments.

The Committee also considered the conforming changes to the *Preface to Hong Kong Standards on Quality Control, Auditing, Review, Other Assurance and Related Services*. The Standard Setting Department (SSD) was requested to consider the Committee's comments and revise the proposed *Preface*.

**2357. Progress Report on updating of example bank confirmation in HKSA 505 (Clarified) External Confirmations**

The Committee noted that a meeting had been held with the Hong Kong Association of Banks (HKAB) in January 2010.

It was reported that HKAB would revert with its comments on the example bank confirmation by the end of February 2010.

The Committee also suggested including some of the guidance in the IAASB Alert *Emerging Practice Issues regarding the Use of External Confirmations in an Audit of Financial Statements* (issued in November 2009) when updating the example bank confirmation in HKSA 505.

*[Post Meeting Note: HKAB provided their comments to the Institute on 18 March 2010 and this is under consideration by the Working Group members.]*

**2358. To consider the revised Circular on Reporting on the Audit of Schools (Circular)**

The Committee considered the revised Circular and had some comments in relation to the format of the report and the reporting requirements of the Education Bureau.

The SSD was requested to consider the comments and amend the Circular accordingly.

**2359. Practice Note 740 Auditor's letter on Continuing Connected Transactions under the HK Listing Rules**

It was reported that the Working Group is finalizing the draft PN 740 in relation to the comments received and would submit the finalized draft for the Committee's consideration when completed.

There being no further business, the meeting closed at 9.40 am.

JACK CHOW  
CHAIRMAN

9 March 2010