



Minutes of the 334th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 28 May 2013 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. Dennis Ho (Chairman)
Mr. Derek Broadley (Deputy Chairman)
Ms. Mabel Cheung
Mr. Ringo Chiu
Mr. John Chong
Mr. Jonathan Lai
Mr. Patrick Law
Mr. Alec Leung
Ms. Grace Ma
Dr. Phyllis Mo
Mr. Steve Ong
Mr. Ian Parker
Mr. Paul Phenix
Mr. Chi Kit Shaw
Mr. Thomas Wong
Ms. Joyce Woo
- In attendance: Mr. Simon Riley, Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Action

2572. Minutes of the 333rd Meeting

The minutes of the 333rd meeting were approved by the Committee and signed by the Chairman.

2573. Work Plan Status Report and Update from Working Groups

The Committee considered the work plan status report and noted the progress made on the various projects.

The Chairman updated the Committee on the progress of the Section 408 project and proposed for the working group to meet before the summer break to commence drafting of the relevant guidance.

A committee member enquired about the due process on an Alert issued by the HKICPA in April 2013, which set out some matters on documentation requirements for group auditors arising from the Practice Review Committee. The Chairman updated the Committee on the background of the Alert.

The Chairman of the Accountants' Report Sub-Committee updated the Committee on the latest progress on the proposed revision of AATB 1 and proposed that the finalization of AATB 1 be aligned with the proposed industry guidance to be issued by the Hong Kong Securities Institute.

2574. IAASB Future Strategy Survey (Survey)

The Committee noted that the final response to the Survey was submitted online to the IAASB on 7 May 2013.

The Chairman advised that he would attend the IAASB national setters meeting at the end of May 2013 and would report back to the Committee at the next meeting.

2575. Circular on Reporting to Grantees of the Quality Education Fund (Circular)

The Committee noted that the HKICPA had been approached by the Education Bureau Quality Education Fund (QEF) Steering Committee in September 2011 to develop guidance for the reporting to grantees of QEF. The Working Group on Types of Reporting (WG) had been tasked to develop the guidance.

The Committee considered and endorsed the Circular for issuance. However, the Committee raised a concern about the impact of the reporting requirements on smaller value grants as the threshold amount has been reduced from \$3 million to \$100,000. The SSD was requested to communicate with the QEF, from a compliance cost perspective, to suggest the QEF to re-consider whether the reporting requirements (audit of financial statements and AUP on internal controls) would be necessary for all grants above \$100,000 at its next revision of the QEF guidelines.

SSD

[Post meeting note: The Circular was issued on 29 May 2013 and is available at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/techbull-circular/cir_qef.pdf]

2576. Basel Committee's consultative document *External audits of banks* (consultative document)

The Committee noted the consultative document issued by the Basel Committee on Banking Supervision (BCBS) in March 2013. This consultative document proposes to enhance and supersede the BCBS's guidance *The relationship between banking supervisors and bank's external auditors* (2002) and *External audit quality and banking supervision* (2008).

As a member of the BCBS, the Hong Kong Monetary Authority (HKMA) has indicated its intention to adopt the updated guidance once finalized. The HKMA encouraged the HKICPA to send comments to the BCBS directly and copy the response to the HKMA for information.

The SSD reported that the BRLG had met on 26 April to discuss initial comments on the consultation document. The BRLG would meet again on 31 May to consider the draft response letter before circulating to the Committee for final approval.

SSD

2576. ICAS's discussion paper on the provision of positive assurance on management commentary – *Balanced and Reasonable* (discussion paper)

The Committee noted the discussion paper issued by the ICAS in April 2013. The Committee considered that no response was required at this stage. The Committee would however continue to monitor global developments on this topic.

There being no further business, the meeting closed at 9:20 a.m.

DENNIS HO
CHAIRMAN

30 May 2013