



**By e-mail < [Edcomments@ifac.org](mailto:Edcomments@ifac.org) >**

19 September 2007

Our Ref.: C/AASC

Executive Director, Professional Standards  
International Auditing and Assurance Standards Board,  
International Federation of Accountants,  
545 Fifth Avenue, 14<sup>th</sup> Floor,  
New York 10017, USA.

Dear Sir,

**[IAASB Exposure Draft of proposed ISA 200 \(Revised and Redrafted\) Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing](#)**

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 welcome the opportunity to provide you with our comments on the captioned IAASB Exposure Draft.

Before we comment on the subject IAASB Exposure Draft, we would like to take this opportunity to reiterate a point made by us in our submission dated 28 March 2006 on the IAASB Exposure Draft on Improving the Clarity of IAASB Standards. We are of the view that the IAASB should approach the development of the objectives of each ISA together rather than on a piecemeal ISA-by-ISA basis as it works through the clarity project. Accordingly, we strongly recommend that the IAASB commences to look at the objectives in all ISAs and link them to the objective in the proposed ISA 200.

Notwithstanding our above comment, we support the proposed redrafted ISA and consider that generally the objective to be achieved by the auditor, as stated in the proposed revised and redrafted ISA, is appropriate. Furthermore, the criteria identified by the IAASB for determining a requirement has been applied appropriately and consistently such that the resulting requirements will promote consistency and the use of professional judgement by auditors. Our comments on the significant proposals in the proposed revised and redrafted ISA are set out in the attachment.

We trust that our comments are of assistance to you. If you require any clarifications on our comments, please do not hesitate to contact me or Steve Ong, Deputy Director, Standard Setting ([ong@hki CPA.org.hk](mailto:ong@hki CPA.org.hk)).

Yours faithfully,

Patricia McBride  
Executive Director

PM/SO/jc  
Encl.



**HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' COMMENTS ON THE IAASB  
EXPOSURE DRAFT OF ISA 200 (REVISED AND REDRAFTED)  
OVERALL OBJECTIVE OF THE INDEPENDENT AUDITOR, AND THE CONDUCT OF AN AUDIT  
IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING**

**Comments on the significant proposals**

**1. Preface provisions**

Overall, we agree with the IAASB's proposal to incorporate in the proposed ISA 200 the relevant provisions to the Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Preface), reissued in January 2007, to reflect the effect of the new drafting conventions being used for the purposes of ISAs.

**2. Obtaining Sufficient Appropriate Audit Evidence**

We support the repositioning of the requirement for the auditor to obtain sufficient appropriate audit evidence from extant ISA 500 *Audit Evidence* (paragraph 2) to the proposed ISA 200 (paragraph 19). This requirement in the proposed ISA provides the appropriate context for the requirement that the auditor use objectives to consider whether sufficient appropriate audit evidence has been obtained.

**3. An Audit of Financial Statements and Related Concepts**

Generally, we agree with the IAASB's approach to highlight the following matters relevant to certain of the concepts described in the proposed ISA:

- Reasonable assurance
- Inherent limitations of an audit
- Sufficiency and appropriateness of audit evidence
- Professional judgement.

**Other Comments**

**4. Achievement of Objectives and the Overall Objective of the Auditor**

We note that in paragraph A58 the IAASB attempted to explain the indirect relationship between the objectives stated in the ISAs and the overall objective of the auditor by using an example. However, we are of the view that the example elaborated using "quality control" and "documentation" is not appropriate. The message from the example would appear to imply that achieving the objectives of the ISAs dealing with quality control and documentation is less important than achieving the objective of the auditor. We believe this is not the intention of the IAASB. While it would be useful to elaborate principles using examples, it may unintentionally send out a different message to readers if the example is too broad and is not specific enough to illustrate the underlying principle.

We therefore would recommend the IAASB to consider providing a clearer and more specific example.

~ END ~