



By e-mail < Edcomments@ifac.org >

1 August 2007

Our Ref.: C/AASC

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

Dear Sir,

***IAASB Exposure Draft of proposed ISA 250 (Redrafted) The Auditor's Responsibilities
Relating to Laws and Regulations in an Audit of Financial Statements***

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 ISA 200 "Objective and General Principles Governing an Audit of Financial Statements".

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 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. However, we have some comments for the IAASB's consideration as set out in the attachment which relate to guidance on anti-money laundering. Though the subject matter is not directly related to the clarity drafting conventions, we are of the view that the IAASB should consider whether it is appropriate to include some generic guidance on anti-money laundering in the proposed redrafted ISA given the recent developments in this area from the Financial Action Task Force on Money Laundering.

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).

Yours faithfully,

A handwritten signature in black ink, appearing to read "Patricia McBride". The signature is fluid and cursive, with the first name "Patricia" written in a larger, more prominent script than the last name "McBride".

Patricia McBride
Executive Director

PM/SO/jc
Encl.



**HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' COMMENTS ON THE
IAASB EXPOSURE DRAFT
OF ISA 250 (REDRAFTED) THE AUDITOR'S RESPONSIBILITIES RELATING TO LAWS AND
REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS**

Request for Specific Comments

- 1. Are the objectives to be achieved by the auditor, stated in the proposed redrafted ISA, appropriate?**

We believe that the objectives stated in the proposed redrafted IAS are appropriate.

- 2. Have the criteria identified by the IAASB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in performance and the use of professional judgement by auditors?**

Overall, we believe that the criteria for determining whether a requirement should be specified have been applied appropriately and consistently.

Other Comments

- 3. Guidance on anti-money laundering**

The Financial Action Task Force (FATF) on Money Laundering is an international inter-government organization, which sets standards and develops and promotes policies to combat money laundering and terrorist financing. Members of FATF are required to implement FATL recommendations. In this regard, we note that the proposed ISA, like the extant ISA, has no specific generic guidance provided to auditors in relation to the situation when they are carrying out procedures for the purposes of forming an opinion on the financial statements, they should be alert for those instances of possible or actual noncompliance with laws and regulations that might incur obligations for partners and staff in audit firms to report money laundering offences. Partners and staff in audit firms would also need to be alert to the dangers of making disclosures that are likely to tip off a money launderer or prejudice an investigation ("tipping off") as this would constitute a criminal offence in certain jurisdictions.

We would recommend that the IAASB considers whether it is appropriate to include some generic guidance on anti-money laundering offences in the proposed redrafted ISA.

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