



Minutes of the 381st Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 14 April 2020 at 8:30 a.m.

Location: Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (and via videoconference).

Present: Mr. Paul Lau (Chairman)
Ms. Loretta Fong (Deputy Chairman)
Mr. Derek Broadley (dial-in)
Mr. Edmond Chan (dial-in)
Mr. Ivan Chan (dial-in)
Prof. Koon-Hung Chan (dial-in)
Ms. Hildy Chan (dial-in)
Mr. Paul Hebditch (dial-in)
Ms. Fanny Hsiang (dial-in)
Mr. Gary Stevenson (dial-in)
Mr. Thomas Wong (dial-in)
Mr. Steve Ong (dial-in)

In attendance: Ms. Grace Lau, Manager, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Observer: Ms. Cynthia Leung, Financial Reporting Council (dial-in)

Apologies: Ms. Susanna Lau
Miss. Basilia Wong

Action

2914. Minutes of the 380th Meeting

The minutes of the 380th meeting were approved by the Committee.

2915. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress of various projects.

2916. Terms of Reference of Working Groups

The Committee noted that from time to time the Institute's committees would convene various sub-committees, sub-groups or working groups to undertake specific tasks. In order to promote good corporate governance, management had suggested to implement an annual review for all sub-groups under the auspices of the Institute's committees with effective from year 2020.

As part of the annual review, the Committee considered the draft terms of reference ("TOR") and members lists of the following working groups set up by the AASC with ongoing activities as of April 2020:

- Working Group on Types of Reporting
- Accountants' Report Sub-Committee
- Producer Responsibility Schemes Reporting Working Group
- Extended External Reporting (EER) Working Group
- Environmental, Social and Governance (ESG) Reporting Working Group
- Working Group for Bank Confirmations

The Committee discussed and provided some comments on the draft TOR. The Chairman would further discuss with SSD and seek the Committee's approval on the draft TORs at the next meeting.

SSD

2917. IAASB's Audit Evidence Information Gathering and Targeted Outreach Activities

At the March meeting, the Committee was briefed on the IAASB's Information Gathering Activities on Audit Evidence and SSD's preliminary analysis on relevant issues identified by IAASB.

SSD received responses from firms of various Committee members. SSD had considered the comments received and prepared the draft submission for the Committee's consideration. In summary, all respondents considered the application of "professional skepticism" as the prime issue to audit evidence in ISAs.

At the meeting, the Committee considered the draft submission and provided some comments to enhance the drafting of the submission. The Committee also suggested to cover the overall observation of potential burdensome requirements of certain HKSA's to less complex entities and highlight some examples in the submission. SSD would revise the draft submission and circulate it to the Committee for approval in due course.

SSD

[Post meeting note: A revised draft submission was circulated to the Committee on 15 April for final approval and the submission was submitted to IAASB on 16 April.]

2918. Proposed revisions to bank confirmation requests template

The Committee had discussed a bank's proposal to amend the Standard Bank Confirmation Request Form attached at Appendix 2 of HKSA 505 *External Confirmations* at the September 2019 meeting. The key proposal was for the bank to send the confirmations to auditors by email.

To follow up with the discussion, SSD proposed to set up a working group with representatives nominated by the Committee members. It was suggested that the representatives should have practical experience in handling bank confirmations. The Committee agreed with SSD's proposal to set up a working group and suggested the working group to consider other related issues on bank confirmations such as the use of electronic signatures, especially in view of the recent outbreak of coronavirus.

[Post meeting note: The Committee members were requested to nominate representatives for the proposed working group by 22 April.]

2919. Project plan of the ESG working group

As agreed at the March meeting, a working group was formed to develop local guidance on ESG reporting (“ESG guidance”). The ESG working group (“WG”) first met on 8 April and agreed on the following:

- The WG would develop ESG guidance in local context and with respect to the reporting requirements under the ESG Guide and Listing Rules of the HKEX.
- The WG would meet once a month where possible on the working progress of the proposed ESG guidance.
- The WG would endeavour to finalise the proposed ESG guidance by the end of 2020, subject to the due process of the Institute and AASC.

The Committee suggested to issue the final guidance by end of 2020 such that listed entities could apply the guidance for December 2020 reporting. The Committee also provided comments on the scope of the proposed guidance and suggested SSD staff or WG representative to report the progress to the Committee at future meetings. SSD was requested to take the Committee’s suggestions back to the WG.

SSD

2920. Any Other Business

The Chairman updated the Committee that the next IAASB NSS meeting would be held in mid-May. Due to the coronavirus outbreak, the meeting would probably be held via videoconference.

There being no further business, the meeting closed at 9:30 a.m.

PAUL LAU
CHAIRMAN

4 May 2020