



## Minutes of the 385<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee

Date: Wednesday, 15 September 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)(dial-in)  
Mr. Derek Broadley (dial-in)  
Mr. Ivan Chan (dial-in)  
Mr. Edmond Chan (dial-in)  
Ms. Hildy Chan (dial-in)  
Mr. Paul Hebditch  
Ms. Fanny Hsiang (dial-in)  
Ms. Susanna Lau (dial-in)  
Mr. Gary Stevenson (dial-in)  
Miss. Basilia Wong (dial-in)  
Mr. Thomas Wong (dial-in)  
Mr. Steve Ong (dial-in)

In attendance: Mr. Chris Joy, Executive Director  
Ms. Selene Ho, Deputy Director, Standard Setting  
Ms. Grace Lau, Manager, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting

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

Apologies: Prof. Koon-Hung Chan

### Action

#### **2940. Minutes of the 384<sup>th</sup> Meeting**

The Committee approved the minutes of the 384<sup>th</sup> meeting.

#### **2941. Work Plan Status Report and Update from Working Groups**

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

#### **2942. Submission on the IAASB's Exposure Draft Proposed ISA 600 (Revised), Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)**

The local comment period for the exposure draft ended on 14 August. SSD reported the outreach activities undertaken to solicit comments on the exposure draft, and had prepared a draft submission based on the feedback received.

The Committee was largely supportive of the proposed standard. Members discussed the draft submission and provided the following comments:

- To enhance guidance on group auditor's documentation in respect of the work of component auditors; and
- To clarify the applicability of the proposed standard in scenarios other

than an audit of consolidated financial statements.

SSD would revise the draft submission and circulate it for the Committee's approval in due course.

*[Post meeting note: The revised draft submission was circulated to the Committee for approval on 21 September. The comment letter was submitted to the IAASB on 30 September and is available at: <https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Our-views/pcd/auditing-assurance-submissions/2020>]*

**2943. HKSRS 4400 (Revised), Agreed-Upon Procedures Engagements**

In April 2020, the IAASB issued ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements*. SSD reported that ISRS 4400 (Revised) had addressed most of the Institute's comments raised in 2019 in response to the IAASB's Exposure Draft on ISRS 4400 (Revised).

As part of the international convergence programme, the Committee approved the adoption of ISRS 4400 (Revised) and endorsed the converged HKSRS 4400 (Revised) for final issuance, subject to minor editorial comments and copyright clearance from IFAC.

*[Post meeting note: HKSRS 4400 (Revised), Agreed-Upon Procedures Engagements was issued on 23 September 2020 in Members' Handbook Update 246 and is available at: <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/Update-246.pdf>]*

**2944. The IAASB's stakeholder survey on auditor reporting post-implementation review**

In July, the IAASB had launched a stakeholder survey to gather feedback on the auditor reporting standards issued in 2015. Based on the survey responses, the IAASB would develop recommendations for possible further actions on auditor reporting standards.

SSD had developed draft responses to the survey in the capacity of a standard setter. Narrative responses to the survey questions were based on the local post-implementation reviews on new auditor's report carried out in 2017 and 2018.

The Committee discussed SSD's draft responses and provided some drafting comments.

SSD would revise the draft responses and table it for the Committee's approval at the October meeting.

**2945. Reporting using Form A, The Employer's Auditor's Statement to the Administrator's Auditor under section 20(7A) of the Occupational Retirement Schemes Ordinance ("ORSO")**

Under the ORSO, a relevant employer would appoint an auditor to confirm, using Form A as issued by the Registrar under section 20(7A) of the ORSO, to the administrator's auditor on certain matters in relation to the contributions made by the employer.

SSD reported that recently, the Investment Funds Regulatory Advisory Panel proposed amendments to the extant Form A to align with the reporting requirements under HKSAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. However, the MPFA considered that the proposed revision would not comply with relevant provisions of the ORSO, in particular where the report by the auditor should be addressed to the administrator's auditors instead of the engaging party. The MPFA suggested the continuing use of the extant Form A for reporting purposes until a proposal to meet both the statutory requirement and HKICPA reporting framework could be developed.

The Committee discussed the issue and agreed to maintain the current approach for Form A reporting.

**2946. Proposed guidance on Environmental, Social and Governance (“ESG”) Reporting Assurance**

Members noted that the ESG Working Group had developed a draft guidance on ESG Reporting Assurance (“Guidance”). The purpose of the Guidance is to provide practical non-authoritative support material to assist practitioners in performing assurance engagements in accordance with HKSAE 3000 (Revised) on ESG information.

The Committee suggested the ESG Working Group to provide an overview of the draft Guidance at a separate meeting to facilitate the consideration of the next course of action.

*[Post meeting note: A video-conference was held on 28 September where the ESG working group provided an overview of the draft Guidance.]*

**2947. Draft Invitation to Comment on Proposed Changes to Standard Bank Confirmation Request Form (“ITC”)**

SSD reported that the Working Group for Bank Confirmation proposed to amend the extant Standard Bank Confirmation Request Form in Appendix 2 of HKSA 505, *External Confirmation*. The proposed amendments were set out in the draft ITC developed by SSD and the Working Group. The ITC would be circulated to The Hong Kong Association of Banks to gather feedback on the proposed amendments.

The Committee approved the draft ITC for final issuance, subject to editorial comments.

**2948. Any Other Business**

- Members noted they are welcome to propose agenda items for upcoming AASC meetings provided the Management received such items no later than 15 working days prior to the meeting date.
- It was noted that the next meeting was scheduled at 8:30 a.m. on Tuesday, 20 October.
- Members noted that the National Standard Setters meeting would be held in October and November virtually due to the coronavirus outbreak and international travel restrictions.

- It was reported that The Law Society had strengthened its monitoring over the reporting on the Solicitors' Accounts Rules and Accountant's Reports. Institute is developing an alert to highlight relevant requirement and additional guidance issued by The Law Society. SSD would monitor the situation and consider whether changes to PN 840 (Revised), *Reporting on Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountant's Report Rule* would be necessary.
- It was reported that no key developments have taken place since Monitoring Group's latest recommendations to strengthen the international audit and ethics standard setting system. The Institute would provide further updates to the Committee if any.

There being no further business, the meeting closed at 10:00 a.m.

PAUL LAU  
CHAIRMAN

5 October 2020