



Minutes of the 317<sup>th</sup> meeting of the Auditing and Assurance Standards Committee held on Tuesday, 19 April 2011 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. Jack Chow (Chairman)  
Mr. Stephen Chan  
Mr. Colin Chau  
Mr. Raymond Cheng  
Ms. Mabel Cheung  
Mr. John Chong  
Mr. Alun Grassick  
Ms. Grace Ma  
Mr. Paul Phenix  
Mr. Charlix Wong  
Ms. Joyce Woo

In attendance: Mr. Steve Ong, Director, Standard Setting  
Ms. Selene Ho, Associate Director, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Mr. Derek Broadley and Mr. Keith Pogson.

**2444. Minutes of the 316<sup>th</sup> Meeting**

The minutes of the 316<sup>th</sup> meeting were approved by the Committee and signed by the Chairman.

**2445. AASC Work Plan 2011 – Status Report**

The Committee considered the status report of the Work Plan for 2011 and noted the progress made on the various projects.

The Standard Setting Department (SSD) was requested to closely monitor the ED on revised ISRE 2400 *Engagements to Review Historical Financial Statements*. SSD

[Post meeting notes: The Institute's comment letter on the ED on revised ISRE 2400 was submitted to IAASB on 20 May 2011 and is available at [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/submission/2011/isre-2400.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/submission/2011/isre-2400.pdf)]

**2446. Update on referral to Ethics Committee on pre-IPO applicants**

At a previous meeting, the Committee had requested the SSD to forward a referral to the Ethics Committee (EC) in respect of the application to a "public interest entity" (PIE). The SSD also sought clarifications from the Accountants' Report Sub-Committee (ARSC) as to whether the work described in AATB 1 *Assistance Options to New Applicants and Sponsors in connection with Internal Controls over Financial Reporting* was in relation to the provision of internal audit and IT services. The Committee reviewed the

Action

comments from the EC and the ARSC. It was noted that in the IESBA Code of Ethics (which the EC has adopted as HKICPA Code of Ethics), a PIE is established on the actual date of listing. However, the EC considers that when a company has made a decision to go public, the firm that will act as its reporting accountants should take immediate steps to identify those interests and relationships that would need to be terminated or modified, to ensure that it will be compliant with the Code provisions. The EC is also of the view that the existing code of practice is adequate in dealing with a private company that intends to list.

Furthermore, it was noted that ARSC considered that AATB 1 is not linked to PN 21 issued by the SEHK. Services in connection with the design and implementation of IT systems relating to internal controls over financial reporting would not be provided as part of the reporting accountants' engagement to assist in connection with internal controls over financial reporting.

**2447. Update on discussions with HKAB on bank confirmation request forms**

The SSD reported that after discussion with the Hong Kong Association of Banks (HKAB), it was proposed that a survey be sent to the banks via HKAB requesting banks to reply to the HKICPA directly on the status of their systems implementation and time-frame of implementation of the revised bank confirmation which was issued in June 2010 under HKSA 505 "External Confirmations".

The Committee agreed that the survey be conducted in the coming months and the SSD would circulate the draft survey to the Committee before sending it to HKAB. The Committee also suggested the SSD to include in the survey a question of whether the banks would accept Chinese bank confirmation request and would prepare their reply in Chinese.

*[Post meeting note: The survey to banks was approved by the Committee by circulation on 26 May 2011 and sent to HKAB on 2 June 2011. A deadline of 30 June 2011 was set for the response to the survey.]*

There being no further business, the meeting closed at 9:22 a.m.

JACK CHOW  
CHAIRMAN

20 June 2011