

Institute issues new Hong Kong Standards on Auditing

Clarified HKSAs to be issued in batches until September

► Hong Kong auditors are to see a number of changes to Hong Kong Standards on Auditing over the next several months as part of the Institute's convergence policy with International Standards on Auditing.

According to an alert issued last month by Chris Joy, executive director of the Institute, the clarified HKSAs will be issued in batches through September and cover four main changes.

"All clarified HKSAs contain certain improvements in language and clarity of purpose," wrote Joy. The new HKSAs, for example, will identify the auditor's overall objectives when conducting an audit in accordance with HKSAs, clarify the obligations imposed on auditors by the requirements of the HKSAs, and eliminate ambiguity about the requirements an auditor needs to fulfil.

The standards will also have a new structure that individually outlines sections on introductory material, objectives, definitions (as applicable), requirements and application and other explanatory material. In addition, all of the clarified HKSAs will include requirements and guidance that will "strengthen practice in areas of audit including planning, risk assessment, gathering and evaluating audit evidence, communicating with those charged with governance and auditor reporting," according to Joy.

HKSA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing* sets out the conventions followed in the standards and the obligations of the auditors who follow them.

"[The standard] clarifies that the auditor is required to have an understanding of the entire text of an ISA to understand its objectives and to apply the requirements properly," wrote Joy. As most companies in Hong Kong have a 31 December year end, the first audit using the clarified standards would be for the period ending 31 December 2010.

The Institute council adopted in 2001 the policy of convergence with ISAs, issued by the International Auditing and Assurance Standards Board. The first batches of converged HKSAs were issued in 2004.

The Institute has arranged a number of forums over the next few months to address practical implementation of the HKSAs, while IFAC has developed an online IAASB clarity centre at web.ifac.org/clarity-center/index.

Disciplinary finding

► **Name:** Winnie Poon Shuk-hing, CPA (practising)

Complaint: Guilty of professional misconduct by overstating the amount of a client's paid-up capital in a confirmation letter which Poon issued in relation to the client's application for membership of an approved body of insurance brokers. Poon admitted the complaint.

Decision: Poon was reprimanded and shall pay HK\$37,591 towards the costs of the disciplinary proceedings.