



**Auditing and Assurance Standards Committee**  
**Meeting Summary – May 2007**

The Auditing and Assurance Standards Committee (Committee) met on 22 May 2007.

Members present at the meeting were: Carlson Tong (Chairman), Keith Pogson (Deputy Chairman), Wilfred Wong (Deputy Chairman), Deborah Annells, Chan Tak Shing, Colin Chau, William Crowe, Barry Ip, Lucia Li, Kelvin Wong and Thomas Wong.

Secretariat staff present at the meeting were: Patricia McBride, Steve Ong, Elaine Chan, Selene Ho and Winnie Chan.

The following agenda items were discussed:

1. Draft Submission on IAASB ED of ISA 570 (Redrafted) *Going Concern*
2. Social Welfare Project – Progress Report
3. Law Society Project – Progress Report
4. IAASB Strategy Review Forum in Brussels
5. Accountant's Report Project – Progress Report
6. Working Group on Securities

**1. Draft Submission on IAASB ED of ISA 570 (Redrafted) *Going Concern***

The Committee considered and endorsed the Institute's draft submission to the IAASB prepared by the secretariat.

The Institute's submissions were forwarded to the IAASB on 1 June and can be viewed at: [http://www.hkicpa.org.hk/professionalttechnical/assurance/submission/docs/Submissions\\_ED\\_ISA570.pdf](http://www.hkicpa.org.hk/professionalttechnical/assurance/submission/docs/Submissions_ED_ISA570.pdf)

**2. Social Welfare Project Report**

The Committee noted that the Working Group met with the Social Welfare Department (SWD) on 14 May 2007 and it was agreed with the SWD that the proposed revised reporting on the general charitable fund-raising activities (other than flag selling) would be a limited assurance engagement based on HKSAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

The Working Group would develop a Circular together with an example report for the Committee's consideration.

**3. Law Society Project – Progress Report**

The Committee noted that the Working Group had commenced work on the updating of Practice Note 840 *Audit of Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountants Report Rules* and the redrafting of the accountant's report on the requirements of the Solicitors (Professional Indemnity) Rules.

The Working Group would revise the accountant's report on the requirements of the Solicitors (Professional Indemnity) Rules for the Committee's consideration.

#### **4. IAASB Strategy Review Forum in Brussels**

The Committee endorsed the following list of items to be presented by Deputy Chairman at the IAASB Strategy Review Forum in Brussels to be held on 28 June 2007:

- Matters identified in the Institute's responses to the IAASB Strategic Review Questionnaire in February 2007:
  - International Standards on investment circular reporting
  - More guidance for small and medium sized practitioners
  - Reporting on internal control
  - ISAE 3400 "*The Examination of Prospective Financial Information*"
  - Guidance on Special Purpose Reporting
- IAASB Clarity Project – To reiterate to the IAASB that it 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.
- ISA 800 (Revised) (Approved Closed Off Version) – To raise to the IAASB our disagreement/concern with the suggested opinion in Illustrative 3 of the approved closed off version where a true and fair opinion report is given on an audit of a statement of cash receipts and disbursements (i.e. a single financial statement).
- Long form report - To request the IAASB to consider including the application of long form reports in its framework and to issue appropriate guidance given that long form reports are widely used by practitioners.

#### **5. Accountants' Report Project – Progress Report**

The Committee considered a draft of the Discussion Paper on Assistance to New Applicants and Sponsors in connection with Internal Controls over Financial Reporting developed by the Accountants' Report Sub-Committee. The draft discussion paper sets out for discussion the different types of assistance provided to new applicants and sponsors in connection with internal controls over financial reporting:

- Due diligence (Long form report)
- Agreed upon procedures
- Assurance

Such an approach was adopted as there are different types of reports issued on such engagements in the market at present and that the Discussion Paper should not mandate a specific type of report. Committee members provided their comments to the secretariat for further consideration with the Accountants' Report Sub-Committee.

#### **6. Working Group on Securities**

The Committee noted that a Working Group on Securities in relation to the updating of Practice Note 820 *The Audit of Licensed Corporations and Associated Entities* had been formed and a meeting was held on 18 May 2007.

The Working Group met with the SFC on 18 May to agree on a tentative timetable on the revision of Practice Note 820. The SFC would be providing its comments on improvement changes to Practice Note 820 by 15 June 2007. Committee members representing the Small and Medium Practitioners were requested to forward their suggested improvement changes on the Practice Note 820 to the secretariat by 15 June 2007. The Working Group had scheduled to complete the project by October.

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**Meeting Summaries are provided for the information and convenience of those who wish to follow the Committee's deliberations. Decisions reported are tentative and may be changed or modified by the Committee at a later date. Decisions become final only after completion of the formal due process required to finalize and release documents. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this Meeting Summary, or for any errors or omissions in it.**