



Minutes of the 404th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 22 November 2022 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 Hebditch (Chairman)
Mr. Derek Broadley (Deputy Chairman) (dial-in)
Mr. Ivan Au (dial-in)
Mr. Ivan Chan (dial-in)
Mr. Edmond Chan (dial-in)
Prof. Koon-Hung Chan (dial-in)
Mr. Tony Ching (dial-in)
Ms. Angela Choi (dial-in)
Mr. Louis Lau (dial-in)
Ms. Basilia Wong (dial-in)
Mr. Thomas Wong (dial-in)
Mr. William Wong (dial-in)
- In attendance: Ms. Cecilia Kwei, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Senior Manager, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Observer: Mr. Ambrose Wong, Accounting and Financial Reporting Council

3089. Minutes of the 403rd meeting

The Committee approved the minutes of the 403rd meeting.

3090. Work plan status report and update from working groups

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

3091. Change in committee composition

SSD updated the Committee for Ms. Susanna Lau's resignation from the Auditing and Assurance Standards Committee. Chairman thanked Ms. Lau for her contributions to the Committee during her term of service. SSD further updated the Committee that nomination of new members would be considered for the next term of service following the Institute's nomination process.

Action

3092. IAASB Exposure Draft Proposed International Standard on Auditing (ISA) 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs

SSD reported to the Committee that the Institute had issued an invitation to comments (“ITC”) in relation to the IAASB exposure draft on the proposed amendments to ISA 500 (Revised) in October to solicit comments from local stakeholders by 24 March 2023. SSD highlighted to the Committee that the proposed ISA 500 (Revised) would provide a “reference framework” for auditors when making judgments about audit evidence throughout the audit.

Apart from issuing the ITC to the Institute’s members and other interested stakeholders including academia, governmental bodies, etc., SSD proposed and the Committee agreed to make use of an online survey to facilitate interested stakeholders to express their views to the exposure draft anonymously without preparing a full comment letter on a named basis.

SSD further encouraged the Committee members to provide comments on the exposure draft and together with all other comments received, SSD would prepare the draft comment letter for the Committee’s consideration in due course.

3093. Proposed approach for auditor’s reporting requirements under the proposed Product Eco-responsibility (Regulated Articles) Regulation

SSD informed the Committee that the Product Eco-responsibility (Regulated Articles) Regulation (“RA Regulation”) was approved by the Legislative Council on 3 November which would take effect on 1 May 2023. Registered suppliers would be required to engage auditors for reporting in accordance with the RA Regulation. The first submission due date of the auditor’s reports was expected by August 2023.

The regulator had approached SSD to develop a circular to provide guidance on the auditor’s reporting under the RA Regulation with reference to the Circular on Reporting under Section 20 of the Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Cap. 603B) (“REE Circular”). SSD reported that the Task Force responsible for the development of the REE Circular would re-convene to develop the proposed circular. A member cautioned whether a similar approach under the REE Circular could be adopted for the proposed circular given the different nature of the subject matter. SSD and the Task Force would consider the appropriate reporting framework after obtaining a detailed understanding of the requirements. The Committee considered the SSD’s proposed approach and timeline were appropriate.

3094. Draft 3-years period analysis for implementation issues of the Hong Kong Engagement Standards (the “data analysis”)

SSD walked through the Committee the methodology and findings of the Analysis and proposed plan for the Committee’s consideration.

After consideration by the Committee, comments were summarized below:

- SSD to consider outreach with firms and practitioners on key implementation issues. SSD

- Not to finalize the revised wording regarding the post-implementation review (“PIR”) in the Preface nor the methodology undertaken to conduct the data analysis in the standard operating procedures (SOP) until (i) we receive clarification from the Accounting and Financial Reporting Council (“AFRC”) on whether our work is line with their expectation, and (ii) we have gone through the full cycle of the PIR and the Committee is satisfied that the proposed local PIR framework is fit-for-purpose. SSD

- SSD to propose an action plan to achieve the intended objectives of the local PIR after obtaining clarification from the AFRC for the Committee’s consideration in due course. SSD

- SSD to consider posting the sets of questions and answers gathered from the SSD’s training sessions and sharing them with the Institute’s members as implementation support for the application of the respective standards. SSD

3095. Any other business

The Committee was informed that the submission of the 2023 Committee’s nominations and the evaluation of the Committee’s performance ended on 18 November and 21 November respectively.

The Committee also noted that the next meeting would be held on 13 December and was requested to suggest any agenda items by 22 November.

There being no further business, the meeting closed at 9:38 a.m.

PAUL HEBDITCH
CHAIRMAN

6 December 2022