



Minutes of the 414th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 27 February 2024 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. Thomas Wong (Deputy Chairman) (dial-in)
Mr. Ivan Au (dial-in)
Mr. Ivan Chan (dial-in)
Ms. Elaine Chang (dial-in)
Mr. Tony Ching (dial-in)
Ms. Caroline Chiu (dial-in)
Mr. Deric Chiu (dial-in)
Mr. Louis Lau (dial-in)
Mr. Charbon Lo (dial-in)
Ms. Joan Ng (dial-in)
Mr. William Wong (dial-in)
Ms. Winnie Yau (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, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Observer: Mr. Jason Bradley, Accounting and Financial Reporting Council
- Apology: Prof. Koon-Hung Chan

Action

3165. Committee composition for 2024

The Chair welcomed new members, Ms. Elaine Chang, Mr. Deric Chiu and Ms. Winnie Yau to the Committee. The Committee recorded a vote of thanks to the retiring members, Ms. Angela Choi, Ms. Sharon Tse and Ms. Basilia Wong for their contributions to the Committee during the tenure of their services.

3166. Guidance note on general confidentiality rules

The Committee noted the general confidentiality rules in relation to minutes and agenda papers.

3167. Terms of reference

The Committee considered the terms of reference (“ToR”) and subject to the inclusion of the Committee’s authority to form advisory panels and task force to support the work of the Committee, the Committee approved the ToR.

SSD

[Post meeting note: The revised ToR was circulated to the Committee on 11 March].

3168. Performance expectation of chairman and members

The Committee noted the expectation on the performance of the chairman and Committee members.

3169. Meeting schedule for 2024

The Committee noted the meeting dates for 2024.

3170. Committee’s induction pack

The Committee noted the information contained in the induction pack including the operational procedures for the Committee’s meetings, overview of the audit and assurance standard-setting function in Hong Kong, SSD’s activities and communication channels with stakeholders, etc.

3171. Proposed amendments to the standard operating procedure for auditing and ethics standard setting (“SOP”)

The Committee noted the SOP was updated for the review procedures of e-learnings launched by SSD. The Committee considered and approved the proposed amendments to the SOP.

3172. ToRs and member lists of groups

The Committee considered and approved the ToRs and member lists of groups for 2024.

3173. Minutes of the 413th meeting

The Committee approved the minutes of the 413th meeting. Members enquired on the progress of (a) the draft auditor’s report for insurance regulatory reporting engagements and (b) the Accounting and Financial Reporting Council’s (“AFRC”) involvement in the HKSA for LCE local refinement project. SSD responded that:

- (a) The draft auditor’s report for transitional period would be circulated to the Committee or presented at the next Committee meeting in March for approval after the Insurance Regulatory Advisory Panel has considered the Insurance Authority’s (IA) latest comments and agreement with the IA.

SSD

- (b) Invitation for participation on the HKSA for LCE Advisory Panel was sent to the AFRC after the set up of the Advisory Panel and the AFRC replied that they would observe the Advisory Panel's meetings as part of their oversight function.

3174. Strategic direction and proposed work plan for 2024 – 2026

SSD briefed the Committee with an overview of the proposed work plan for 2024 – 2026. The Committee considered the proposed work plan for 2024 – 2026 and agreed that it met the Institute's strategic direction.

3175. IAASB's Exposure Draft on Proposed Narrow Scope Amendments to ISQMs, ISAs and ISRE 2400 (Revised) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code

SSD provided a summary of the exposure draft. The Committee considered the proposed amendments were narrow in scope and agreed with SSD's proposal to solicit comments through the invitations to comments issued on 8 March and Committee members, without extending any further outreach activities. The Committee was requested to provide comments on the exposure draft to SSD for the drafting of the comment letter.

3176. IAASB's Exposure Draft on Proposed ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements and Proposed Conforming and Consequential Amendments to Other ISAs ("ED-240")

The Committee noted the outreach activities undertaken for the ED-240 and agreed with SSD's proposal to solicit comments through roundtable discussion with the Small and Medium Practices Committee as well as through the online survey.

3177. Updates and proposals from the HKSA for LCE Advisory Panel (the "AP")

The Committee deliberated and approved in principle the adoption of the ISA for LCE as the HKSA for LCE ("standard"). Given that audit of financial statements is required for all companies incorporated under the Companies Ordinance (Cap. 622) (except dormant companies), the Committee considered it appropriate to adopt the ISA for LCE in Hong Kong.

The Committee agreed with SSD's proposals to refine the use of the HKSA for LCE within the local context. These proposals included aligning the scope of prohibited entities from using the standard with the extant restrictions in the Companies Ordinance for reporting exemption and the proposed definition of public interest entity in the local context, and establishing quantitative thresholds to determine the eligibility of an audit engagement to use the standard. In addition, the Committee provided comments on the proposals for the AP to consider.

The Committee agreed with the proposed outreach activities for the local

refinement of the HKSA for LCE. The AP was requested to consider the timing of these activities further.

3178. Proposed updates to the HKSIR 200, HKSIR 500, PN 730, PN 740 and AATB 3 (the “pronouncements”)

The Investment Circular Reporting Advisory proposed updates to the pronouncements for alignment with the latest regulatory and professional requirements, and to provide additional guidance where necessary.

A member provided comments to include the FAQ issued by The Stock Exchange of Hong Kong Limited in the footnote as further guidance. The Committee noted the limited scope and non-controversial nature of the proposed amendments. They also recognized that the corresponding regulatory and professional requirements had already become effective. Accordingly, the Committee agreed that the proposed updates to the pronouncements would become effective upon release and no further consultation process was necessary.

The Committee approved the proposed updates to the pronouncements subject to some editorial comments.

SSD

3179. Proposed approach for reporting related to the new Capital Investment Extrant Scheme (“new CIES”)

The Committee considered the background and the tentative schedule for the new CIES, and approved to proceed the project to develop guidance to practitioners for the reporting related to the new CIES.

3180. Technical training offerings on audit and assurance

The Committee noted the technical training needs identified by SSD and was requested to provide nominations for speakers/facilitators to deliver relevant training sessions.

The Committee also noted that the technical training plan was presented to the Institute’s Professional Development Committee who would nominate speakers or facilitators to deliver the training sessions.

3181. Any other business

The next meeting would be held on 26 March and the Committee was requested to suggest any agenda items by 5 March.

There being no further business, the meeting closed at 11:00 a.m.

PAUL HEBDITCH
CHAIRMAN

19 March 2024