



Auditing and Assurance Standards Committee
Meeting Summary – July 2007

The Auditing and Assurance Standards Committee (Committee) met on 24 July 2007.

Members present at the meeting were: Carlson Tong (Chairman), Keith Pogson (Deputy Chairman), Wilfred Wong (Deputy Chairman)(represented by Mabel Cheung), Deborah Annells, Chan Tak Shing, Colin Chau, Patrick Cheng, William Crowe, Barry Ip, Lucia Li and Kelvin 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 250 (Redrafted) *The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements*
2. Circular on Reporting on General Charitable Fund-Raising Activities (Other Than Flag Days)
3. Annual Auditing Update Conference 2007
4. Discussion Paper on Assistance to New Applicants and Sponsors in connection with Internal Controls over Financial Reporting
5. IAASB Strategy Review Forum in Brussels

1. **Draft Submission on IAASB ED of ISA 250 (Redrafted) The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements**

The Committee considered and endorsed the Institute's draft submission to the IAASB prepared by the secretariat including the suggestion to the IAASB to include some generic guidance on anti-money laundering in the proposed redrafted ISA.

The Institute's submissions were forwarded to the IAASB on 1 August and can be viewed at:

http://www.hkicpa.org.hk/professionaltechnical/assurance/exposuredraft/ed_ISA_250_200_500.pdf.

2. **Circular on Reporting on General Charitable Fund-Raising Activities (Other Than Flag Days)**

The Committee considered the proposed Circular and agreed that the proposed Circular could be forwarded to the Social Welfare Department (SWD) and the Treasury for comments.

The proposed Circular was forwarded to the SWD and the Treasury for comments after the committee's endorsement.

3. Annual Auditing Update Conference 2007

The Committee considered the topics proposed by the secretariat and made suggestions for the secretariat's further consideration. A revised programme would be prepared for the Committee's consideration at the next meeting.

4. Discussion Paper on Assistance to New Applicants and Sponsors in connection with Internal Controls over Financial Reporting

The Committee considered the draft discussion paper and proposed certain improvement changes. The secretariat was requested to revise the draft discussion paper taking into account the Committee's suggestions.

5. IAASB Strategy Review Forum in Brussels

The Deputy Chairman who participated in IAASB Forum on 28 June 2007 briefed the Committee on its developments. It was reported that the Forum was a success and the IAASB was receptive to the subjects presented by the HKICPA, as detailed below, the issues of which were in line with those highlighted by developed jurisdictions that had adopted International Auditing Standards:

- 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 – Reiterated that the IAASB 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) – Reiterated 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 - Requested 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.

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