



Minutes of the 371th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 16 October 2018 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.
- Present: Mr. Paul Lau (Chairman)
Ms. Loretta Fong (Deputy Chairman)
Mr. Derek Broadley
Mr. Edmond Chan
Mr. Paul Hebditch
Mr. Frank Lam
Ms. Susanna Lau
Mr. Steve Ong (Dial-in)
Mr. Chi Kit Shaw
Mr. Anthony Wong
Miss. Basilia Wong (Dial-in)
Miss. Joyce Woo
Mr. Thomas Wong
- In attendance: Mr. Chris Joy, Executive Director
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
Ms. Grace Lau, Manager, Standard Setting

Action

2839. Minutes of the 370th Meeting

The Committee approved and the Chairman signed the minutes of the 370th meeting.

2840. Work Plan Status Report and Update from Working Groups

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

2841. Proposed Circular on Reporting related to the Private Columbaria Ordinance

At the March meeting, SSD reported that it was approached by the Private Columbaria Affairs Office under the Food and Environmental Hygiene Department ("FEHD") in relation to the proposed auditor's reporting for the Private Columbaria Ordinance. SSD met FEHD in June to understand and discuss the reporting requirements set out in the revised Condition No. 23 of *Application Guide for Private Columbarium License and Other Specified Instruments* ("Guide") which was promulgated by the Private Columbaria Licensing Board who regulates the operation and management of columbaria.

In consultation with FEHD, SSD has developed a circular to provide guidance on the reporting requirement under the revised Condition No. 23 with an example report of factual findings that is based on HKSRS 4400 *Engagements to Perform Agreed-Upon Procedures Regarding*

Financial Information. FEHD would issue their revised Condition No. 23 by October 2018.

The Committee provided some comments on the proposed circular. SSD would amend the circular to the AASC for approval after the meeting. The final circular would be issued after FEHD has released the revised Condition No. 23. SSD

2842. Revised AATB 3 Implementation Guidance on Revised Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 400 Comfort Letters and Due Diligence Meetings

SSD has updated AATB 3 for conforming changes to HKSIR 400 (Revised). HKSIR 400 was revised in December 2016 to include guidance regarding oral due diligence. Updates made to AATB 3 were conforming changes to HKSIR 400 (Revised) without changing the principles or basis of AATB 3.

The Committee noted the revision and endorsed the revised AATB 3.

[Post meeting note: The revised AATB 3 was issued on 18 October 2018 and is available at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/techbull-circular/aatb3_18.pdf

2843. Update on post implementation research project on revised auditor's reports

SSD reported that Phase 1 (desktop review of key audit matters (KAMs) of listed companies in Hong Kong) and Phase 2 (qualitative review of selected KAMs by a panel of HKICPA technical staff and investor group representatives) of the project had been completed. Findings from Phases 1 and 2 were presented in the draft report. The Committee discussed the draft report with various comments for SSD to consider. SSD

Comments from Phase 3 of the project are outstanding and members were requested to provide their comments by 19 October 2018 for incorporation into the report.

The Committee noted that findings from the project would be presented in the Annual Auditing Update Conference (AAU) on 27 October 2018. The final report would be issued after the AAU.

[Post meeting note: The report was issued on 22 November 2018 and is available at:

<https://www.hkicpa.org.hk/-/media/Document/SSD/audit/2ndar2018.pdf>

2844. HKEX Consultation Paper on Proposal Relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements

The Committee noted that HKEX published a consultation paper seeking feedback on a proposed suspension requirement for listed issuers with disclaimer or adverse audit opinion on their financial statements.

Members discussed the proposal and were requested to provide their comments by 26 October 2018. SSD would provide the collated comments from AASC to the Advocacy and Practice Development Department for final consolidation and feedback to the HKEX.

2845. Any other business

At the September meeting, SSD reported that the Executive Director of HKICPA would attend a roundtable discussion held by IAASB in November on emerging forms of external reporting. Members were requested to provide their experiences, challenges and comments on EER assurance work in Hong Kong and/or Mainland for the purposes of the roundtable discussion.

There being no further business, the meeting closed at 9:45 a.m.

PAUL LAU
CHAIRMAN

26 November 2018