



## Minutes of the 384<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee

- Date: Wednesday, 15 July 2020 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 Lau (Chairman)  
Ms. Loretta Fong (Deputy Chairman)(dial-in)  
Mr. Derek Broadley (dial-in)  
Mr. Ivan Chan (dial-in)  
Prof. Koon-Hung Chan (dial-in)  
Mr. Edmond Chan (dial-in)  
Ms. Hildy Chan (dial-in)  
Mr. Paul Hebditch  
Ms. Fanny Hsiang (dial-in)  
Ms. Susanna Lau (dial-in)  
Mr. Gary Stevenson (dial-in)  
Miss. Basilia Wong (dial-in)  
Mr. Thomas Wong (dial-in)  
Mr. Steve Ong (dial-in)
- In attendance: Mr. Chris Joy, Executive Director  
Ms. Selene Ho, Deputy Director, Standard Setting  
Ms. Grace Lau, Manager, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting
- Observer: Ms. Cynthia Leung, Financial Reporting Council (dial-in)

### Action

#### **2934. Minutes of the 383<sup>rd</sup> Meeting**

The Committee approved the minutes of the 383<sup>rd</sup> meeting.

#### **2935. Work Plan Status Report and Update from Working Groups**

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

#### **2936. Discuss the IAASB's Projects**

- a. Exposure Draft ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* (“ED 600 (Revised)”)

The Chairman welcomed Mr. Len Jui, IAASB Board Member and Chair of the ED 600 (Revised) Task Force to the meeting to provide a briefing of the ED 600 (Revised).

The IAASB issued ED 600 (Revised) in April 2020 for public consultation. Mr. Jui briefed the Committee on the proposed changes in ED 600 (Revised), such as applying a risk-based approach in planning and performing a group audit; guidance on restrictions on

access to people and information. The Committee was informed that the IAASB would host a webinar on 13 August (8:00 am – 9:30am EDT) to address questions and concerns on ED 600 (Revised).

The Committee discussed ED 600 (Revised) and provided comments:

- In case of a restriction on access to people or information, whether the group auditor would need to document the restrictions encountered in the engagement file;
- In case of a non-controlled component equity accounted for by the group management, the manner that an engagement partner would supervise and monitor the corresponding component auditor;
- Whether the two-way communication between a group auditor and a component auditor would be different if they were not in the same regulatory regime, jurisdiction and/or network firm; and
- The extent of documentation required on component auditor's work in the engagement file.

Mr. Jui noted the Committee's questions and concerns and would endeavour to address at the IAASB's August webinar.

*b. The IAASB's information gathering survey on auditor signing arrangement*

In May 2020, the IAASB launched a survey on circumstances where an individual, other than an engagement partner, would be required to sign an audit report. Mr. Jui explained that through the survey, the IAASB would like to understand the respective roles of an engagement partner and a signing partner in an audit engagement whose responsibilities might vary in different jurisdictions and circumstances. The IAASB would analyse the survey responses to consider how to address the issue, such as issuing a guidance or developing a separate project to explore the matter.

In addition to China and Hong Kong, Mr. Jui explained that the auditor signing arrangement was not uncommon among European countries due to the corresponding laws and regulations.

SSD had developed a draft response to the survey in the capacity of a standard setter. The Committee provided some editorial comments to the draft response for SSD's consideration.

*[Post meeting note: A revised draft response was approved by circulation on 21 July. SSD had submitted the survey response on 30 July.]*

**2937. Conforming amendments to standards as a result of the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards)(the "IESBA Code")**

In April 2020, the IAASB issued conforming amendments to the IAASB international standards to align with the revised IESBA Code ("conforming amendments").

In November 2018, the Institute issued the converged IESBA Code as Chapter A of the HKICPA *Code of Ethics for Professional Accountants*.

To converge with the IAASB's international standards, SSD proposed to update the relevant HKICPA auditing and assurance standards following the IAASB's conforming amendments. SSD had also updated the HKICPA's *Glossary of Terms Relating to Hong Kong Standards on Quality Control, Auditing, Review, Other Assurance and Related Services* for housekeeping purposes.

The Committee noted and endorsed the proposed amendments.

*[Post meeting note: The amendments were issued on 23 July in Member's Handbook Update No. 241 and is available at:*

*<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Members-Handbook-and-Due-Process/HandBook/Updates/Update-No-241>*]

**2938. Proposed agenda for the Annual Auditing Update Conference**

The Committee discussed the Annual Auditing Update Conference tentatively scheduled on 24 October 2020. In view of the COVID-19 situation, the Committee agreed to host the conference by way of webinar. The presentation and panel discussion would take place at the Institute's premises while all participants would attend the conference online. The conference would be recorded and released as an e-learning at a later date for members' subscription.

The Committee considered the proposed programme and format of the conference and provided comments for SSD's consideration. The Chairman welcomed the Committee to nominate speakers for the conference.

**2939. Any Other Business**

The Monitoring Group of international financing regulators had issued a paper outlining a set of recommendations for strengthening the international audit and ethics standard setting system. The Executive Director would provide an overview of the paper to the Committee in due course.

There being no further business, the meeting closed at 10:30 a.m.

PAUL LAU  
CHAIRMAN

8 September 2020