



Minutes of the 396th Meeting of the Auditing and Assurance Standards Committee

- Date: Thursday, 18 November 2021 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: Ms. Loretta Fong (Chairman)
Mr. Paul Hebditch (Deputy Chairman)(dial-in)
Ms. Susanna Lau (Deputy Chairman)(dial-in)
Mr. Derek Broadley (dial-in)
Mr. Edmond Chan (dial-in)
Mr. Ivan Chan (dial-in)
Ms. Angela Choi (dial-in)
Mr. Louis Lau (dial-in)
Mr. Gary Stevenson (dial-in)
Miss. Basilia Wong (dial-in)
Mr. William Wong (dial-in)
Mr. Thomas 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, Financial Reporting Council (dial-in)
- Apologies: Prof. Koon-Hung Chan
Mr. Tony Ching

3024. Minutes of the 395th meeting

The Committee approved the minutes of the 395th meeting.

3025. Work plan status report and update from working groups

The Committee considered the report and noted the progress of various projects. A member suggested SSD to invite suitable members from mid-sized firms to join the newly set up advisory panels.

3026. Update on Joint IAASB-IESBA NSS Meeting

The Committee noted that the Chair of AASC and staff of SSD attended the joint IAASB-IESBA NSS virtual meeting on 28 October 2021 to discuss (a) the local development of the non-financial information, and (b) the proposed revision to the definition of the listed entity and public interest entity. The Committee also noted that the IESBA Task Force was urged to provide clarification and guidance on the revised proposed definition of “publicly

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traded entity". The IESBA Task Force would further consider comments from stakeholders and revise the proposals for IESBA's consideration and approval at the December 2021 meeting. SSD would keep the Committee posted of the developments on the project.

3027. Endorsement on the issuance of the updates to Members' Handbook (Volume III) to align with the 2020 IAASB Handbook

The Committee noted that SSD had conducted a comprehensive check of the Hong Kong Quality Control, Auditing, Review, Other Assurance, and other Related Pronouncements ("HK Pronouncements") against the 2020 IAASB Handbook and updated the corresponding changes in the HK Pronouncements.

The Committee considered that those proposed updates were mainly related to (a) changes to cross-referencing resulting from the revised standards, and (b) editorial/housekeeping in nature, and endorsed to issue the proposed updates to the HK Pronouncements.

3028. Proposed Circular on Reporting for Certification of Funds under Schedule 16D to Inland Revenue Ordinance (Cap. 112) ("Proposed Circular")

SSD provided the Committee with the following updates:

- The Proposed Circular had been reviewed by the Institute's Investment Funds Regulatory Advisory Panel and was under review by the Hong Kong Monetary Authority (the "MA") (i.e. the regulator). Comments were expected to be received from the MA by early December 2021.
- The Proposed Circular was suggested to be exposed for public consultation to seek stakeholders' comments on the practicality of the illustrative agreed-upon procedures ("AUP").

The Committee noted the overall progress of the Proposed Circular and concurred to issue the exposure draft for one-month comment period when it is finalized with the MA's comments.

3029. Endorsement on the final issuance of PN 850 (Revised), Reporting on Flag Days, General Charitable Fund-raising Activities and Solicitation of Signed Authorisation Forms Covered by Public Subscription Permits issued by the Social Welfare Department

SSD reported to the Committee that the comment period for the exposure draft of PN 850 (Revised) had ended on 23 October 2021 and no comments were received. The Committee considered the final version of PN 850 (Revised) and endorsed to issue it in final.

[Post meeting note: The updated PN 850 (Revised) was issued on 30 November 2021 in Members' Handbook Update No.266 and is available at <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/update266.pdf>]

3030. Endorsement on the final issuance of the conforming amendments to other standards and pronouncements (collectively the “local pronouncements”) as a result of HKSRS 4400 (Revised), Agreed-Upon Procedures Engagements (“HKSRS 4400 (Revised)”)

SSD reported to the Committee that the comment period for the exposure draft of the local pronouncements resulting from HKSRS 4400 (Revised) had ended on 27 October 2021 and comments were received and considered by SSD. The Committee noted and agreed with SSD’s feedback on those comments. The Committee also reviewed the final version of the local pronouncements and provided the following comments:

- *Circular on Reporting related to the Gross Fee Income Report of Rule 8 of the Solicitors (Professional Indemnity) Rules (the “GFI Circular”) – To consider not removing “accountant’s certificate” in paragraph B2 as it would be clearer to users that the GFI report should be signed by a practising certified public accountant. SSD responded to the Committee that the signing requirements had been included in the GFI Circular.* SSD
- All the local pronouncements (where applicable) – To replace “from” by “due to” in the explanation statement for the revision to the local pronouncements (i.e. editorial comment). SSD

Subject to the above editorial comment, the Committee endorsed to issue the local pronouncements in final.

[Post meeting note 1: In respect of the GFI Circular, SSD re-checked to the relevant ordinance and the final version of the GFI Circular, and confirmed that such report signing requirement had been clearly stated in paragraphs B4 and C11. Given that the wording used in paragraph B2 of the final version of the GFI Circular aligned with that of the relevant ordinance, no further clarification was necessary.]

3031. Any other business

The Committee was reminded that:

- The submission deadline of the 2022 Committee’s nominations would be on 26 November 2021, SSD strongly encouraged the Committee to submit their interests/ nomination forms to the Institute by the due date.
- The next meeting would be held on 14 December 2021 and was requested to suggest agenda items by 23 November.

There being no further business, the meeting closed at 9:20 a.m.

LORETTA FONG
CHAIRMAN

29 November 2021