



Minutes of the 398th Meeting of the Auditing and Assurance Standards Committee

- Date: Monday, 28 February 2022 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) (dial-in)
Mr. Derek Broadley (Deputy Chairman) (dial-in)
Mr. Ivan Au (dial-in)
Mr. Ivan Chan (dial-in)
Mr. Edmond Chan (dial-in)
Prof. Koon-Hung Chan (dial-in)
Mr. Tony Ching (dial-in)
Ms. Angela Choi (dial-in)
Mr. Louis Lau (dial-in)
Ms. Susanna Lau (dial-in)
Ms. Basilia Wong (dial-in)
Mr. Thomas Wong (dial-in)
Mr. William Wong (dial-in)
- In attendance: Ms. Cecilia Kwei, Director, Standard Setting (dial-in)
Ms. Selene Ho, Deputy Director, Standard Setting (dial-in)
Ms. Grace Lau, Associate Director, Standard Setting (dial-in)
Ms. Cherry Yau, Senior Manager, Standard Setting (dial-in)
Ms. Phoebe To, Manager, Standard Setting (dial-in)
- Observer: Mr. Ambrose Wong, Financial Reporting Council (dial-in)

3037. Welcome new member and committee composition for 2022

The Chairman welcomed Mr. Ivan Au as a new member of the Committee.

The Committee recorded a vote of thanks to retiring chair, Ms. Loretta Fong and retiring member, Mr. Gary Stevenson for their contributions to the Committee during the tenure of their services.

3038. Guidance note on general confidentiality rules

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

3039. Terms of reference

The Committee considered the proposed amendments to the terms of reference were changes in terminology to align with the auditing and assurance pronouncements and agreed that it was appropriate.

Action

3040. Performance expectation of chairman and members

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

3041. Meeting schedule for 2022

The Committee noted the meeting dates for 2022.

3042. Standard operating procedures for auditing and ethics standard setting

The Committee noted the standard operating procedures had been updated to enhance SSD's internal procedures for setting standards.

3043. 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.

3044. Terms of reference and member lists of groups

The Committee noted that various groups were set up under the auspices of the Committee on specific auditing and assurance matters. The Committee also noted SSD's proposal to rename the groups according to the Institute's policy and considered the naming convention, composition and terms of references of the sub-groups appropriate.

SSD further proposed and the Committee approved to disband the Extended External Reporting Working Group and Environmental, Social and Governance Reporting Working Group as the assigned tasks had been completed. The Chairman thanked the working groups for their commitment and contributions to the subject matters.

3045. Terms of reference and member lists of Regulatory Advisory Panels ("RAPs")

The Committee noted the change of status of the RAPs and they would provide support in developing and updating practice notes and other guidance on the banking, insurance, investment funds and securities industries related matters. The Committee noted the RAPs' composition and terms of reference.

3046. Minutes of the 397th meeting

The Committee approved the minutes of the 397th meeting.

3047. Strategic direction and proposed work plan for 2022 – 2024

The Committee considered the strategic direction and agreed that it would:

- Maintain a convergence agenda with the International Auditing and Assurance Standards Board ("IAASB") on consultation and adoption of new and revised IAASB's pronouncements; and

- Develop or update local guidance for local regulatory requirements and to align with latest auditing, assurance and related services pronouncements.

SSD provided an overview of the proposed work plan for 2021 – 2024 and the meeting discussed the following:

- Due to new/revised legislation or guidelines issued by the regulatory or governmental organizations, more local projects would be carried out this year.
- Due to resources constraints, SSD would monitor the projects' progress, prioritize those based on urgency and importance, and report to the Committee on a timely basis.
- A member raised a comment on the timing of the proposed release of the revised quality management manual in different batches. The Quality Management Advisory Panel would consider further the proposed release upon receiving the draft updates from the service provider in due course.

3048. Proposed withdrawal of AG 3.283 *Guidance for Internal Auditors and proposed amendments to Amended Preface to the Hong Kong Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements* ("Preface")

The Committee considered and approved the proposal to withdraw AG 3.283 from the Members' Handbook given that the content was outdated, the ethical requirements relating to the provision of internal audit services had been covered in the *Code of Ethics for Professional Accountants* and also not to confuse members of the Institute's position to provide guidance on internal audit matters. The Committee also recommended to inform members when AG 3.283 would be withdrawn ahead of the actual withdrawal.

SSD further reported to the Committee that in recent years, the Institute's auditing and assurance pronouncements were consistently published in various types of pronouncements such as Practice Notes, Auditing and Assurance Technical Bulletins and Circulars which were subject to different levels of authority and due process. In order to streamline the types of pronouncements, SSD proposed and the Committee agreed to remove "Auditing Guidelines" from the Preface.

3049. Relocation of IAASB Deputy Chair to Hong Kong

The Committee noted that the IAASB Deputy Chair would be relocated from Mainland China to Hong Kong which would help foster a closer working relationship between the Institute and the IAASB in developing and implementing new and revised auditing and assurance standards.

3050. Proposed policy on post-implementation review ("PIR")

Members noted that the Committee and SSD had actively participated in the PIRs arranged by the IAASB and other activities to seek views from different stakeholders where issues were considered significant to Hong Kong practitioners and entities. To enhance the PIR process in Hong Kong, SSD proposed and the Committee approved to implement an assessment

framework to help identify any new standards and amendments that might require an IAASB-style PIR and document such PIR policy in the Preface.

The assessment framework consists of conducting an analysis every three years of qualitative and quantitative data collected over the previous three-year period. Sources of data collected include technical enquiries relating to the application of professional standards, regularly soliciting feedback from relevant committees and advisory panels of the Institute or other stakeholders and publications by regulators identifying issues on the application of professional standards. Based on the analysis, AASC will consider whether a PIR is considered necessary for a particular standard. The first analysis is to be conducted in 2022.

3051. Any other business

The next meeting would be held on 22 March and the Committee was requested to suggest any agenda items by 1 March.

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

PAUL HEBDITCH
CHAIRMAN

8 April 2022