



Minutes of the 403rd Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 20 September 2022 at 8:30 a.m.

Location: Conference 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)

In attendance: Ms. Cecilia Kwei, Director, Standard Setting (dial-in)
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: None

Apologies: Mr. William Wong

3082. Minutes of the 402nd meeting

The Committee approved the minutes of the 402nd meeting.

3083. Work plan status report and update from working groups

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

3084. Proposed submission to the Proposed Narrow Scope Amendments to ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; and ISA 260 (Revised), *Communication with Those Charged with Governance*, as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities (PIEs) (“proposed amendments to ISA 700 (Revised) and ISA 260 (Revised)”)

SSD reported to the Committee that the comment period for the IAASB exposure draft on the proposed amendments to ISA 700 (Revised) and ISA

Action

260 (Revised) had ended on 4 September. Subject to the editorial amendments, the Committee considered the stakeholders' comments and the draft comment letter prepared by SSD, and approved the comment letter for submission to the IAASB.

[Post meeting note: SSD addressed the editorial amendments in the final comment letter and submitted it to the IAASB on 23 September 2022. The comment letter is available at https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/03_Our-views/PCD/2022/cl_700260/pdf_700260.pdf?la=en&hash=43B820BA586BFEBD1AA70D92BACCFD9E]

3085. Approval for issuance of PN 851 (Revised), Reporting on the Annual Financial Reports of Non-Governmental Organisations

SSD reported to the Committee that the comment period for the exposure draft of PN 851 (Revised) had ended on 11 September and no comments were received.

The Committee considered the final draft of PN 851 (Revised) and provided a comment regarding the origin of a paragraph on the example assurance report. SSD would follow up the comment after the meeting. Subject to the comment, the Committee approved to issue PN 851 (Revised).

SSD

[Post meeting note: Subsequent to the meeting, SSD reported to the Committee by email that the paragraph had originated from the illustrative reports of other reporting engagements required by the Social Welfare Department. PN 851 (Revised) was issued on 28 September 2022 in Members' Handbook Update No. 280 and is available at <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/update280.pdf>.]

3086. Approval for issuance of the example agreed-upon procedures report on reference ratio for constituent fund of Mandatory Provident Fund Scheme (the "example report")

SSD reported to the Committee that the example report had been reviewed by the Investment Funds Regulatory Advisory Panel and the Mandatory Provident Fund Schemes Authority (the "MPFA"). The Committee provided editorial comments and also enquired whether the procedures set out in the example report were for illustration purposes only. SSD explained that the procedures were designed with reference to the calculation of the reference ratio set out in the Mandatory Provident Fund Schemes Ordinance and for certain procedures that it may vary between the trustees, they are indicated in brackets. Practitioners would be expected to perform the procedures for reporting purposes. The Committee considered the example report and it was approved for issuance.

[Post meeting note: SSD addressed the editorial amendments on the example report and posted it on the Institute's website on 21 September 2022. The example report is available at https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/08_Resource-centre/aupr.pdf]

3087. Approval for the release of the Audit Practice Manual (2022 edition) and Quality Management Manual

SSD thanked the Audit Practice Manual (“APM”) Advisory Panel and the Quality Management Manual (“QMM”) Advisory Panel for their contributions made to the projects. SSD further briefed the Committee with an overview of the key features of both the revised APM and the new QMM.

The Committee also expressed their appreciation to the Advisory Panels’ and SSD’s efforts put on the projects. Subject to the following comments, the Committee considered the revised APM and QMM were appropriate in terms of the content and suitability to practitioners, and approved to release the APM (2022 edition) and QMM by the end of September:

- APM’s Guidance Notes and QMM’s User Guide: To include the drafting and review process of the APM (2022 edition) and the QMM, respectively.
- APM (2022 edition): To prepare a mapping table on how the APM (2022 edition) addresses the requirements of HKSA 220 (Revised), *Quality Management for an Audit of Financial Statements*.
- QMM: To consider including guidance in respect of partners’ rotation requirements.

[Post meeting note: SSD followed up and reverted to the Committee for the above-mentioned comments after the meeting. Minor editorial comments on the revised APM’s Guidance Notes and QMM’s User Guide were further received from the Committee. The APM Manual and QM Manual were released on 28 December 2022 for members to purchase via the following links:

APM (2022 edition):

<https://mas.hkicpa.org.hk/mycpa/public/event/view/ff808081832626bc01833ff8c6882c5e>

QMM:

<https://mas.hkicpa.org.hk/mycpa/public/event/view/ff808081832626bc01834038e54130d2/>

3088. Any other business

The Committee noted that the next meeting would be held on 18 October and was requested to suggest any agenda items by 26 September.

There being no further business, the meeting closed at 9:30 a.m.

PAUL HEBDITCH
CHAIRMAN

15 November 2022