

Minutes of the 412th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 14 November 2023 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)
 Mr. Thomas Wong (Deputy Chairman) (dial-in)
 Mr. Ivan Au (dial-in)
 Mr. Ivan Chan (dial-in)
 Prof. Koon-Hung Chan (dial-in)
 Mr. Tony Ching (dial-in)
 Ms. Caroline Chiu (dial-in)
 Ms. Angela Choi (dial-in)
 Mr. Louis Lau (dial-in)
 Mr. Charbon Lo (dial-in)
 Ms. Joan Ng (dial-in)
 Ms. Sharon Tse (dial-in)
 Ms. Basilia Wong (dial-in)
 Mr. William Wong (dial-in)
- In attendance: Ms. Cecilia Kwei, Director of Standard Setting
 Ms. Selene Ho, Deputy Director of Standard Setting
 Ms. Grace Lau, Associate Director of Standard Setting
 Ms. Cherry Yau, Associate Director of Standard Setting
 Ms. Phoebe To, Manager of Standard Setting
- Observer: Ms. Tracy Chan, Accounting and Financial Reporting Council
 Ms. Kristin Ko, Accounting and Financial Reporting Council
 Ms. Fiona Yip, Accounting and Financial Reporting Council

3152. Minutes of the 411th meeting

The Committee approved the minutes of the 411th meeting.

3153. Work plan status report and update from working groups

The Committee considered the report and noted the progress of various projects. In addition, SSD informed the Committee that a Global Accountancy Alliance (“GAA”) meeting has been scheduled on 21 November to discuss comments on ED-5000. SSD would report any comments in addition to the draft comment letter (i.e. ITEM 4 – Annex 2). SSD would then seek the Committee’s approval for the final draft comment letter for submission to the IAASB via circulation after the GAA meeting.

Action

SSD

3154. Convergence of the narrow scope amendments to ISA 700 (Revised) and ISA 260 (Revised)

The Committee noted the recent release of the IAASB's narrow-scope amendments to ISA 700 (Revised) and ISA 260 (Revised) (the "IAASB narrow-scope amendments") which were in response to the PIE provisions in the IESBA Code of Ethics for Professional Accountants ("IESBA Code").

SSD reported that the Ethics Committee had approved the local equivalent including local refinement of the PIE provisions of the IESBA Code and the draft PIE provisions would be released for public consultation after review by the Accounting and Financial Reporting Council ("AFRC"). As a result, SSD proposed and the Committee endorsed to defer to release the Hong Kong equivalent narrow-scope amendments until the convergence of the PIE provisions of the IESBA Code with the local refinement is completed.

SSD remarked that despite the deferral of releasing the Hong Kong equivalent narrow-scope amendments, the effective date of the amendments would remain unchanged and be aligned with the IAASB's effective date (i.e. effective for audits of financial statements for periods beginning on or after 15 December 2024).

The Committee noted that the local refinement to the definition of PIEs had been communicated to the audience in the Annual Auditing Update Conference and would inform the Institute's members via the usual means of communication for any update. A member suggested that if there should be a delay in the issuance of final pronouncements, SSD should consider informing the Institute's members at an appropriate time.

3155. Draft comments on the ED-5000 for submission to the IAASB

The Committee noted that the draft comment letter had incorporated the recommendations provided by the Committee at the last meeting. The Committee considered the draft comment letter was appropriate and provided the following comments.

- Question 4: To include the basis of the observation regarding the assurance reports by non-professional accountants.
- Question 7: To remove the comment about the cost as it was not related to the context of the question and the response.
- Question 23: To clarify the concept of values of sustainability assurance and include a suggestion to develop visual aids with straight-forward illustrations aiming to effectively communicate the advantages of sustainability assurance and highlight the varying levels of confidence provided by limited and reasonable assurance engagements.

SSD would revise the draft comment letter and circulate it to the Committee for review and approval by the submission deadline of 1 December.

SSD

[Post meeting note: The revised draft comment letter was approved by the Committee on 30 November 2023 and submitted to the IAASB on 1 December 2023 and is available at: https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/02_Open-for-comment/auditing/2023/cl5/sub_5.pdf]

3156. ISA for Audits of Financial Statements of Less Complex Entities (“ISA for LCE”)

SSD reported to the Committee:

- The latest development of the ISA for LCE;
- Local refinement to the ISA for LCE with regard to the classes of entities prohibited from using the standard and determination of the quantitative threshold(s) for the use of the standard would be needed upon the release of the IAASB’s final pronouncement (the “local refinement project”); and
- The high level timeline of the local refinement project.

SSD also proposed and the Committee approved to set up the HKSA for LCE Advisory Panel under the auspices of the Committee to provide support for the local refinement project, as well as the adoption and application of the standard. The Committee considered the proposed terms of reference of the panel were appropriate.

A member volunteered to join the panel and the Committee was requested to send their nominations to SSD by the end of November.

3157. Any other business

The Committee was informed that the submission of the 2024 Committee’s nominations and the evaluation of the Committee’s performance would end on 24 November and 27 November respectively.

The Committee also noted that the next meeting would be held on 14 December and the Committee was requested to suggest any agenda items by 23 November.

There being no further business, the meeting closed at 9:06 a.m.

PAUL HEBDITCH
CHAIRMAN

5 December 2023