



Minutes of the 421st Meeting of the Auditing and Assurance Standards Committee

- Date: Wednesday, 13 November 2024 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. Thomas Wong (Deputy Chairman) (dial-in)
Mr. Ivan Au (dial-in)
Mr. Ivan Chan (dial-in)
Prof. Koon-Hung Chan (dial-in)
Ms. Elaine Chang (dial-in)
Mr. Tony Ching (dial-in)
Ms. Caroline Chiu (dial-in)
Mr. Deric Chiu (dial-in)
Mr. Louis Lau (dial-in)
Mr. Charbon Lo (dial-in)
Ms. Joan Ng (dial-in)
Mr. William Wong (dial-in)
- In attendance: Mr. Chris Joy, Director
Ms. Cecilia Kwei, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Ms. Winnie Yau
- Observer(s): Ms. Kristin Ko, Accounting and Financial Reporting Council (dial-in)

Action

3225. Minutes of the 420th meeting

The Committee approved the minutes of the 420th meeting.

3226. Work plan status report and update from working groups

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

(The chair of the Investment Funds Regulatory Advisory Panel and the PN 860.1 Drafting Team (the "IFRAP chair") joined the meeting at this juncture.)

3227. Exposure draft on proposed PN 860.1 (Revised), The Audit of Retirement Schemes ("ED-860.1")

The chairman thanked the IFRAP chair for joining the meeting to discuss the proposed revisions. The Committee noted that in consultation with the regulator, PN 860.1 (Revised) was revised for the implementation of the eMPF as a result of the amended Mandatory Provident Fund Schemes Ordinance and relevant guidelines. In addition, the agreed-upon procedures report on the reference ratio approved by the Committee in 2022 had also been incorporated into the revised PN 860.1.

The Committee enquired and the IFRAP chair responded that the definition of the ORSO scheme and the language used for the proposed revisions to PN 860.1 were mainly referenced to the relevant laws and regulations.

The Committee considered and approved to issue ED-860.1 for a one-month consultation.

(The IFRAP chair left the meeting at this juncture.)

[Post-meeting note: The exposure draft was issued on 15 November and is available at: https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/02_Open-for-comment/auditing/i2c_8601511.pdf].

3228. Proposed HKSA 505 (Revised), External Confirmations

The Committee noted that comments were received from the Accounting and Financial Reporting Council (the “AFRC”) following the previous meeting. After considering the proposed responses from the Bank Confirmations Task Force on the AFRC’s comments, and the IAASB’s latest position on leveraging technology to enhance the International Standards on Auditing, the Committee endorsed a phased approach for addressing the AFRC’s comments. Proposed local guidance for receiving bank confirmations by e-mail tailored to the Hong Kong context is proposed to be published in an Alert, while HKSA 505 (Revised) is to be revised in line with the IAASB’s timeline for revising ISA 505 (Revised).

3229. 2024 Oversight Report on HKICPA’s Performance of Specified Functions

The Committee was informed of two enhancing recommendations raised by the AFRC in relation to standard setting to support the development of the accounting profession in Hong Kong in its 2024 Oversight Report (“the report”). Accordingly, SSD has already applied these recommendations to high-priority international projects since the publication of the report, as follows:

- To include a high-level description of the potential impact on the local market in the Invitation to Comment on internationally converged standards.
- To provide a more thorough impact analysis as a separate explanatory memorandum accompanying the exposure draft for local refinements of international standards.

- To highlight the key changes that are most likely to impact local stakeholders in documents accompanying the relevant final amendments/standards.

SSD would update its Standard Operating Procedure (SOP) document to reflect the above for the Committee's consideration at the first meeting of 2025.

3230. Exposure draft on Proposed Amendments to HKSA 700 (Revised) ("ED-700")

SSD reported to the Committee that in response to the AFRC's comments, the proposed revisions to HKSA 700 (Revised) were updated to provide explicit guidance for CPA (Practising) who practises accountancy on the accountant's own account. The proposed requirements in ED-700 would include disclosing the auditor's name and practising certificate number in the auditor's report for an audit of an entity's financial statements prepared for reporting under the laws and regulations in Hong Kong conducted by a practice unit in accordance with HKSAs.

The Committee considered the proposed amendments and approved to issue ED-700 for a one-month consultation.

[Post-meeting note: The exposure draft was issued on 15 November and is available at: https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA-Standards-and-regulation/SSD/02_Open-for-comment/auditing/i2c_700ed1511.pdf].

3231. Any other business

The next meeting would be held on 10 December and the Committee was requested to suggest any agenda items by 19 November.

There being no further business, the meeting closed at 9:35 a.m.

PAUL HEBDITCH
CHAIRMAN

2 December 2024