



Auditing and Assurance Standards Committee
Meeting Summary – April 2008

The Auditing and Assurance Standards Committee (Committee) met on 22 April 2008.

Members present at the meeting were: Keith Pogson (Chairman), Wilfred Wong (Deputy Chairman), William Crowe (Deputy Chairman), Derek Broadley, Stephen Chan, Colin Chau, John Chong, Fanny Hsiang, Barry Ip, Lucia Li, Kelvin Wong, Thomas Wong, Raymond Wong and Cecilia Yam.

Secretariat staff present at the meeting were: Patricia McBride, Steve Ong, Selene Ho, Florence Wong, Winnie Chan, Ben Lo and Phoebe To.

The following agenda items were discussed:

1. Draft submissions to the IAASB Exposure Drafts on ISA 265 and ISA 402
2. Progress report on Continuing Connected Transactions
3. Proposed SFC Audit Questionnaire
4. Proposed revision of paragraph 21 of the Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services

1. Draft submissions to the IAASB Exposure Drafts on ISA 265 and ISA 402

The Committee considered and endorsed the draft submissions to the IAASB Exposure Drafts on ISA 265 *Communicating Deficiencies in Internal Control* and ISA 402 (Revised and Redrafted) *Audit Organisations Relating to an Entity Using a Third Party Service Organisation*.

2. Progress report on Continuing Connected Transactions

The Committee noted that a letter had been sent to the SEHK on 7 April 2008 to formally clarify the SEHK's views on certain of the issues identified before developing guidance for our members. It was reported that the SEHK and the SFC had a meeting to discuss and a reply letter would be sent to the Institute in due course.

3. Proposed SFC Audit Questionnaire

The Committee noted that a revised SFC Audit Questionnaire had been issued by the SFC to assist the Intermediaries Supervision Department at the SFC to carry out its function of supervising licensed corporations. The Questionnaire is effective for the financial period ending on or after 31 March 2008. It was reported that the SFC had published the Questionnaire on its website after incorporating the comments of the AASC Working Group on Securities. The Institute would notify its members through the weekly e-Circular and TechWatch.

The Questionnaire can be assessed on the SFC's website at:
<http://www.sfc.hk/sfc/html/EN/forms/supervision/quest/quest.html>

4. Proposed revision of paragraph 21 of the Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services

The Committee noted that Listing Rules 19.48 and 19A.32 may not be aligned with paragraph 21 of the Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services. Listing Rules 19.48 and 19A.32 allow overseas issuers and PRC issuers to file audited accounts conducted in accordance with HKSAs or ISAs. However, paragraph 21 of the Preface seem to suggest that the audit of accounts of overseas issuers for Hong Kong reporting should be conducted in accordance with HKSAs. The Committee requested that the matter be reviewed and any revision required would be considered as part of the proposed issuance of the proposed Preface under the Clarity Project.

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Meeting Summaries are provided for the information and convenience of those who wish to follow the Committee's deliberations. Decisions reported are tentative and may be changed or modified by the Committee at a later date. Decisions become final only after completion of the formal due process required to finalize and release documents. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this Meeting Summary, or for any errors or omissions in it.