



Minutes of the 312th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 26 October 2010 at 8:30 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

- Present: Mr. Jack Chow (Chairman)
 Mr. Keith Pogson (Deputy Chairman)
 Mr. Derek Broadley
 Mr. Colin Chau
 Ms. Mabel Cheung
 Mr. Alun Grassick
 Ms. Grace Ma
 Mr. Paul Phenix
 Mr. Charlix Wong
- In attendance: Mr. Chris Joy, Executive Director
 Mr. Steve Ong, Director, Standard Setting
 Ms. Selene Ho, Assistant Director, Standard Setting
 Ms. Phoebe To, Manager, Standard Setting

Apology for absence was received from Mr. Stephen Chan.

	<u>Action</u>
<p>2404. <u>Minutes of the 311th Meeting</u></p> <p>The minutes of the 311th meeting were approved by the Committee and signed by the Chairman.</p>	
<p>2405. <u>AASC Work Plan 2010 – Status Report</u></p> <p>The Committee considered the status report of the Work Plan for 2010 and noted the progress made on the various projects.</p> <p>A committee member requested the SSD to consider if any guidance should be provided to entities in Hong Kong who are also US SEC registrants in respect of XBRL filing requirements.</p>	SSD
<p>2406. <u>IAASB Exposure Draft on proposed ISA 315 (Revised), <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i> and ISA 610 (Revised), <i>Using the Work of Internal Auditors</i></u></p> <p>The Committee noted that the comment period for the above Exposure Draft expired on 15 October 2010 and no comment letter was received. The Committee was reminded to submit comments, if any, to the SSD for preparing a submission to the IAASB before the deadline on 15 November 2010.</p> <p>A Committee Member reported that there were several issues related to the use of the work of internal auditors raised at the recent discussion of the International Organization of Securities Commissions.</p>	SSD

	<u>Action</u>
<p>2407. <u>IAASB Exposure Drafts on IAASB Exposure Draft on IAPS 1000 Special Considerations in Auditing Complex Financial Instruments and other IAPS related proposals</u></p> <p>The Committee noted that the above Exposure Draft was issued in October 2010 for comments until 11 January 2011. The Committee requested the SSD to invite comments from the Expert Panels.</p>	SSD
<p>2408. <u>Exposure Draft on revised Practice Note (PN) 820 The Audit of Licensed Corporations and Associated Entities of Intermediaries</u></p> <p>The Committee considered and endorsed the revised PN 820 for issuance as Exposure Draft.</p> <p>A Joint Seminar with the Securities and Futures Commission has been arranged to be held at the Institute's Training Centre on 23 November 2010.</p> <p>[Post meeting note: ED of the revised PN 820 was issued on 1 November 2010 for comments until 30 November 2010 and is available at: http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2010/ed-pn820.pdf]</p>	
<p>2409. <u>Revised Practice Note (PN) 600.1 Reports by Auditor under the Hong Kong Companies Ordinance</u></p> <p>The Committee considered the revised PN 600.1 and provided further comments. The SSD is requested to consider the comments and amend PN 600.1 accordingly. The Committee endorsed the revised PN 600.1 for issuance as Exposure Draft, subject to the amendments by the SSD.</p>	SSD
<p>2410. <u>Decision Tree Chart on Types of Reporting (Decision Tree)</u></p> <p>The Committee considered the Decision Tree and provided comments on the SSD's proposals on updating the following practice notes and guidance:</p> <p>(a) <i>Report on declared election expenses – Legislative Council Election Financial Assistance Scheme / District Council Election Financial Assistance Scheme</i> – agreed with the SSD's suggestion to consider HKSA 805 for reporting; in addition, the Committee also suggested to include additional compliance reporting similar to reporting of other regulated entities. In relation to the possible changes to relevant regulations required as a result of SSD's proposals, the SSD is requested to liaise with the relevant governmental body.</p> <p>(b) <i>Report on Innovation and Technology Fund – Accounts of ITF project</i> – agreed with the SSD's suggestion to consider HKSA 800 for this reporting;</p> <p>(c) <i>PN 870 "The Assessments of Certification Authorities under the Electronic Transactions Ordinance"</i> – agreed with the SSD's suggestion to consider HKSAE 3000 for this reporting; and</p>	SSD

Action

(d) *PN 871 "Engagement to Report on Compliance with the Billing and Metering Integrity Scheme of OFTA"* – agreed with the SSD's suggestion to consider HKSAE 3000 for this reporting.

The Committee endorsed the Decision Tree and the SSD is requested to proceed with updating the related practice notes and guidance accordingly.

There being no further business, the meeting closed at 9:15 a.m.

JACK CHOW
CHAIRMAN

5 November 2010