



Minutes of the 322<sup>nd</sup> meeting of the Auditing and Assurance Standards Committee held on Tuesday, 20 December 2011 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. Derek Broadley (Deputy Chairman)  
Mr. Stephen Chan  
Mr. Colin Chau  
Mr. Raymond Cheng  
Ms. Mabel Cheung  
Mr. John Chong  
Mr. Alun Grassick  
Ms. Grace Ma  
Mr. Keith Pogson  
Mr. Charlix Wong  
Ms. Joyce Woo

In attendance: Mr. Steve Ong, Director, Standard Setting  
Ms. Selene Ho, Associate Director, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting  
Mr. Ambrose Wong, Manager, Standard Setting

Apologies for absence were received from Mr. Paul Phenix.

	<u>Action</u>
<p><b>2475. <u>Minutes of the 321<sup>st</sup> Meeting</u></b></p> <p>The minutes of the 321<sup>st</sup> meeting were approved by the Committee and signed by the Chairman.</p>	
<p><b>2476. <u>AASC Work Plan 2011 – Status Report</u></b></p> <p>The Committee considered the status report of the Work Plan for 2011 and noted the progress made on the various projects.</p> <p>The Standard Setting Department (SSD) reported that the Law Society of Hong Kong (LS) had confirmed that they would not reject any adverse or modified reports of PN 840 and the LS had a mechanism to deal with these cases.</p>	
<p><b>2477. <u>Revised Practice Note 600.1 Reports by the Auditor Under the Hong Kong Companies Ordinance</u></b></p> <p>The Committee considered the draft legal opinion obtained on "True and Fair View" and requested the SSD to seek further legal clarification. The Committee concluded that the latest revised PN 600.1 is factually correct and any further clarification on "True and Fair View" may be issued at a later stage as additional guidance. The Committee endorsed the revised PN 600.1 for final issuance.</p>	SSD

	[Post meeting note: The revised PN600.1 was issued in Update 110 of the Members' Handbook on 23 December 2011 and is available at: <a href="http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update110.pdf">http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update110.pdf</a> ]	
2478.	<b><u>Revised bank confirmation under HKSA 505 (Clarified) External Confirmations</u></b>	
	The Committee considered the draft legal opinion obtained on "Personal Data (Privacy) Ordinance". The Committee suggested the SSD to send a letter to the Office of the Privacy Commissioner for Personal Data (the Office) directly to clarify the issues.	SSD
2479.	<b><u>Draft guidance on HKEx's requirements for auditors to answer questions at AGM</u></b>	
	The Committee noted the publication of the HKEx's requirements for auditors to answer questions at AGM and that the requirements would be effective for all AGMs held on or after 1 April 2012.	
	The Committee considered the draft guidance prepared by the SSD based the Australian Guidance Statement GS 010 and provided comments. The SSD was requested to revise the draft guidance for the Committee's review by circulation.	SSD
	The Committee also suggested the SSD to develop a set of FAQs for further references.	SSD
2480.	<b><u>Progress report on HKSIR Project</u></b>	
	The SSD reported the progress on HKSIR project and the Committee noted that a meeting had been held with the SFC's Public Shareholders Group. The SSD would also arrange more meetings with other stakeholders.	SSD
	The Committee suggested the SSD to keep track of the responses from the different stakeholders.	SSD
2481.	<b><u>Update on Section 399 of the Companies Bill – Offences relating to contents of auditor's report</u></b>	
	The SSD reported that a draft position paper on this issue had been prepared and endorsed at the Council meeting held on 14 December 2011. The SSD would attempt to arrange a hearing with the Bills Committee, through the assistance by the Government's Companies Bills Team and Hon Paul Chan, to explain the concerns.	SSD
	The Committee reiterated that Section 399 – "Offence relating to contents of auditor's report" was not necessary as other Ordinances already impose criminal sanction on auditors. The SSD would update the Committee on any progress.	SSD

2482. **IFAC draft Policy Position Paper 2 "IFAC's Support for a Single Set of Auditing Standards: Implications for Audits of Small and Medium sized Entities"**

The Committee noted the discussion in this draft policy position paper and agreed with the principles in the draft policy position paper and had no further comments.

2483. **IAPN 1000 "Special Considerations in Auditing Financial Instruments" and amended "Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements" (the International Preface)**

The Committee considered and endorsed the adoption of IAPN 1000 as HKAPN 1000 and the revision of Hong Kong Preface to align with the amended International Preface.

SSD

The Committee noted that the amended International Preface had brought in some changes in the authority of different publications. The Committee suggested reconsidering the overall authority of all PNs, bulletins, circulars, etc issued by the HKICPA and include this in the 2012 work plan.

2484. **Revised PN 830 Reports by the Auditor under the Banking Ordinance**

The Committee noted that the comment period on the exposure draft of revised PN 830 ended on 19 December 2011 and there was no comment received. The Committee endorsed the revised PN 830 for final issuance.

[Post meeting note: The revised PN830 was issued in Update 110 of the Members' Handbook on 23 December 2011 and is available at: [http://app1.hkicpa.org.hk/hksaebk/HKSA\\_Members\\_Handbook\\_Master/updates/update110.pdf](http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update110.pdf)]

2485. **Vote of thanks**

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation during 2011.

There being no further business, the meeting closed at 10:28 a.m.

p.p. JACK CHOW  
CHAIRMAN

28 February 2012