



**Auditing and Assurance Standards Committee**  
**Meeting summary – August 2004**

The HKICPA Auditing and Assurance Standards Committee (Committee) met on 24 August 2004.

Members present at the meeting were: Carlson Tong (Chairman), Charles Chow (Deputy Chairman), Richard George (Deputy Chairman), Deborah Annells, Arthur Chan, William Crowe, Charles Grieve, Lucia Li, Man Mo Leung, Thomas Lau, Paul F. Winkelmann, Thomas Wong and Desmond Yuen.

Secretariat staff present at the meeting were: Stephen Chan, Elaine Chan and Steve Ong.

The following agenda items were discussed:

1. Exposure Draft of proposed Practice Note (PN) 830 “Reporting responsibilities of auditors under the Banking Ordinance”
2. “Conformity and Compliance with International Standards on Auditing” paragraph of new pronouncements
3. IAASB Pronouncements Convergence Project
4. Consolidation of PN 710 “The Auditors’ Statement on the Summary Financial Report” with the proposed HKSA 800 “The Auditor’s Report on Special Purpose Audit Engagements”
5. Mainland Audit Issues Q&As
6. Change of Name from HKSA to HKICPA and Audit Report

1. **Exposure Draft of proposed Practice Note (PN) 830 “Reporting responsibilities of auditors under the Banking Ordinance”**

The Committee considered the draft PN and agreed that an invitation for specific comments on the applicable reporting framework for the regulatory reporting engagements covered by the exposure draft should be included in the Explanatory Memorandum to the exposure draft. The Committee endorsed that the draft PN, subject to some texture changes, be submitted to Council for approval for issue as an exposure draft for a two-month consultation.

*[Post meeting note: The [ED](#) was approved by Council on 14 September 2004.]*

2. **“Conformity and Compliance with International Standards on Auditing” paragraph of new pronouncements**

The Committee agreed that modifications to an adopted International Standard because of local legal requirements or additional local guidance (ISA - Plus) should be reclassified and not dealt with as departures.

3. **IAASB Pronouncements Convergence Project**

- a. The Committee considered the draft new Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services and subject to some editorial changes, endorsed that the proposed new Preface be submitted to Council for approval for issue as an exposure draft for consultation.

*[Post meeting note: The ED was approved by Council on 14 September 2004.]*

- b. The Committee considered the proposed replacement Standards and subject to some changes, agreed that an Explanatory Memorandum to the exposure draft should be prepared. The Explanatory Memorandum should set out a summary of the major differences between the proposed replacement Standards and the extant Statements of Auditing Standards.

- c. The Committee agreed that subject to the result of the mapping between ISA 700 and SAS 600 “Auditors’ report on financial statements” to be performed, the extant ISA 700 would be adopted to replace SAS 600, in light of the information obtained on the IAASB timetable for the proposed revised ISA 700.

**4. Consolidation of PN 710 “The Auditors’ Statement on the Summary Financial Report” with the proposed HKSA 800 “The Auditor’s Report on Special Purpose Audit Engagements”**

The Committee agreed that given that the proposed HKSA 800 has a section on “Reports on Summarized Financial Statements”, the local guidance in the extant PN 710 should be consolidated with the proposed HKSA 800 by having it as an appendix, and PN 710 would be withdrawn upon the finalization of HKSA 800.

**5. Mainland Audit Issues Q&As**

The Committee endorsed that the Q&As on revenue recognition for software companies developed by the Mainland Audit Issues Working Group be submitted to the Securities and Futures Commission (SFC) for further input before publication. The Committee requested the Working Group to focus the future Q&As/articles on the application of high level auditing standards such as audit risk and fraud consideration in the audits of Mainland companies.

*[Post meeting note: The [Q&As](#) were published after having received no further input from the SFC.]*

**6. Change of Name from HKSA to HKICPA and Audit Report**

The Committee considered the impact of the proposed change of name on 8 September 2004 from Hong Kong Society of Accountants (HKSA) to Hong Kong Institute of Certified Public Accountants (HKICPA) on the wording of audit report, and agreed that as a matter of best practice the following should be adopted:

- For audit reports dated before 8 September 2004, reference to HKSA should continue to be made in audit reports.
- For audit reports dated on or after 8 September 2004, reference should be made to the new name, HKICPA.

The Committee agreed that a Circular to Practising Members and Member Practices should be issued on the above.

*[Post meeting note: A [Circular](#) to Practising Members and Member Practices dated 24 August 2004 was issued.]*

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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.**