

# Application of HKSA's

17 October 2006



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## Scope of Today's Workshop

Per your flyer

– To illustrate the application of HKSQC 1 and **HKSA 300, 315 and 330** through a set of sample documents

- **Sample Planning and Control Document**
- **Sample Audit Programme (SME-FRS) on PPE**



Today, we add

- Relevant sections of **HKSA 200, 210, 220, 230, 240, 250, 260 and 402** in that set of sample documents
- 2 templates in that set of sample documents
  - **Template on Understanding An Entity**
  - **Template on Consideration of Laws & Regulations**

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## New Terms, New Approach .....

- Engagement Quality Control Review (EQC Review)  
(HKSQC 1 and HKSA 220)

*Depend on case*

- Require an EQC Reviewer
- Similar to a 2nd partner to have 2nd review
- For all audits of financial statements of **listed entities** (set criteria for other audits)
- **Not to issue** auditor's report until the completion of EQC Review

- Monitoring  
(HKSQC 1)

- A ongoing to review the firm's system of quality control
- Including Quality Assurance Review (QAR)
- Performed by a qualified person or team not involved in those audits

- Quality Assurance Review  
(Practice review self-assessment questionnaire)

*Firm-wide*

- Part of the monitoring process
- A periodic inspection of a selection of completed engagements
- Small firm may wish to use a qualified external person or another firm to carry out that QAR

## New Terms, New Approach .....

- Preliminary engagement activities (HKSA 300)
- Overall audit strategy (HKSA 300)
- Audit plan (HKSA 300)
- Risk assessment procedures (HKSA 315)
- Understanding the entity and its environment, including internal control (HKSA 315)
- Risk of material misstatement at financial statement level (HKSA 315)
- Risk of material misstatement at assertion level (HKSA 315)
- Significant risks (HKSA 315)
- Overall response (HKSA 330)
- Further audit procedures (HKSA 330)
- Consultation on difficult or contentious matters (HKSA 315 & 330)
- 60-day rule (HKSQC 1 & HKSA 230)



## New Terms, New Approach .....

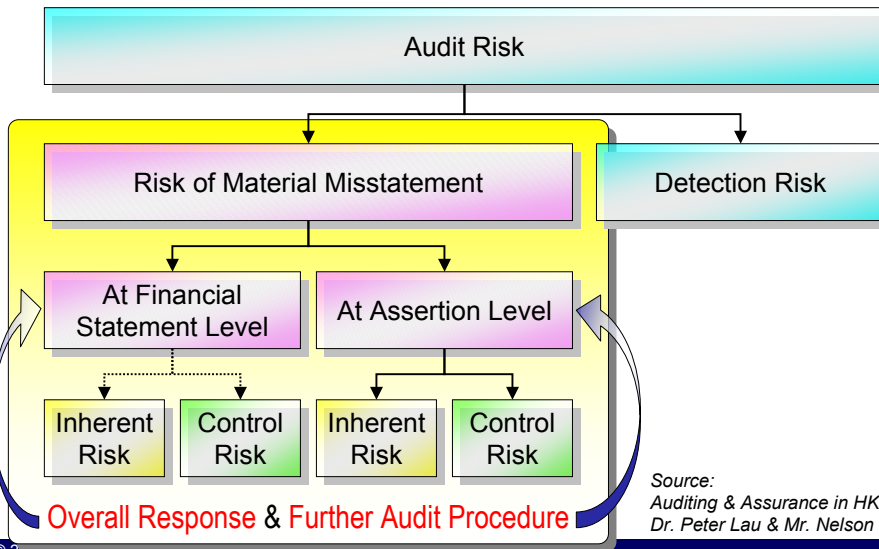
- Audit plan (HKSA 300) • is a continual and iterative process
- Understanding the entity and its environment, including internal control (HKSA 315) • continuous, dynamic process ..... throughout the audit



## A Continual and Iterative Process



# General Overview



# Application of HKSAs

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Full set of slides can be found in  
[www.NelsonCPA.com.hk/samples.htm](http://www.NelsonCPA.com.hk/samples.htm)

Password required on  
the Word file

**Contact SCAA**



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