



Our Ref.: C/EC

16 July 2018

Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
The United States of America

Dear Sir,

IESBA Exposure Draft
Proposed Strategy and Work Plan 2019-2023

The Hong Kong Institute of Certified Public Accountants is the only body authorised by law to set and promulgate financial reporting, auditing and ethical standards for professional accountants in Hong Kong. We are grateful for the opportunity to provide you with our comments on this Consultation Paper (CP).

We support generally the proposed Strategy and Work Plan 2019-2023, including the strategic themes and the majority of the work streams for the period.

Given that there is a global trend of using new technology and innovation in the accounting functions and in providing professional services, we welcome IESBA's decision to put in its work plan the work streams for technology and service delivery models as high priority. These two work streams are closely linked as new technology may change the way professional accountants work and bring in new ways of service delivery.

The Code currently does not address the above two topics, we strongly urge the IESBA to re-consider the delivery timeline, in particular for the technology work stream. In considering that the project on technology is still at its early days of information gathering, the IESBA may wish to consider publishing a non-authoritative document in the interim to alert members of its potential implications on ethics.

In addition, the impact of technology is wide spread and may also impact areas such as tax planning - how the use of technology has affected the decisions for tax planning; the use of technology when providing tax planning and related services. Hence, it would be useful to monitor the trend and consider the impact of technology in other work streams.



We also note that the IESBA has categorised the materiality work stream as medium priority. There have been questions as to whether the concept of materiality in the Code, and its application is different or the same as the accounting and auditing standards. Hence, it would be useful for professional accountants to understand how the materiality concept is applied in the context of ethics. We would recommend that the IESBA prioritise- this work stream as the next key work stream within the Advancing the Code's Relevance and Impact strategic theme after professional scepticism, NAS and fee-related matters.

Though the IESBA has taken a "business as usual" approach when drafting this CP, with the ongoing discussion and development of the Monitoring Group's review and the possible changes to the standard setting model, the IESBA (and IAASB) will have to be nimble and reactive to keep all options open.

If you have any questions regarding the matters raised above, please contact Selene Ho, Deputy Director of the Standard Setting Department (selene@hki CPA.org.hk).

Yours faithfully,

Chris Joy
Executive Director

CJ/SH