

Hong Kong Institute of Certified Public Accountants

Information for Professional Bodies Seeking Recognition

BACKGROUND

The Hong Kong Institute of Certified Public Accountants (HKICPA) was incorporated by the Professional Accountants Ordinance on 1 January 1973. It is the only statutory licensing body of accountants in Hong Kong responsible for the regulation of the accountancy profession.

The Current HKICPA Admission Process

To become a member of the HKICPA applicants must have:

- A ‘relevant degree’ granted by a ‘recognised Hong Kong tertiary institution’
OR
a degree granted by a ‘recognised Hong Kong tertiary institution’ AND have completed a HKICPA accredited Conversion Programme offered by an approved course provider
OR
a ‘relevant degree’ granted by a ‘recognised non-Hong Kong tertiary institution’ AND have acquired sufficient knowledge of Hong Kong law and tax
OR
a degree granted by a ‘recognised non-Hong Kong tertiary institution’ AND have completed a HKICPA accredited Conversion Programme offered by an approved course provider
OR
for sub-degree holders, a Hong Kong Accounting Technician qualification AND have completed the Professional Bridging Examination of the Hong Kong Association of Accounting Technicians or a HKICPA accredited Foundation Programme
- Completed the HKICPA Qualification Programme (QP)
OR
the former Joint Examination Scheme¹
OR
Acquired the full membership status of an overseas accountancy body currently recognised by the Institute’s Council through completion of its professional examinations AND sat and passed the Institute’s Aptitude Test on local law and practice.
- Acquired the specified practical experience (which include supervision under an Authorised Employer/Authorised Supervisor with effect from 1 January 2005).

¹ The JES is opened to matriculation admission prior to 1999.

Recognition of the HKICPA Qualification

The current Admission Process is the result of many years of planning and development and culminated in the achievement of Reciprocal Membership Agreements (RMA's) in 2002 with the:

- Institute of Chartered Accountants in Australia
- Institute of Chartered Accountants in England and Wales (*)
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of New Zealand
- Institute of Chartered Accountants of Scotland
- Institute of Chartered Accountants of Zimbabwe
- The South African Institute of Chartered Accountants.

These RMA's are in addition to the Mutual Recognition Agreements signed in 2000 with:

- Association of Chartered Certified Accountants (*)
- CPA Australia (*)

** Exempted from Aptitude Test, ICAEW from 8 September 2004, ACCA and CPAA till 30 June 2005.*

THE REVIEW PROCESS

The HKICPA is proud of the standard it has achieved and the respect that membership of the HKICPA has in the international business community. For this reason and to protect the interests of the current membership of the HKICPA it is vital that only members of overseas professional accounting bodies that have standards at least comparable to the HKICPA are given the opportunity to apply for full membership of the HKICPA.

It is appreciated that different bodies have different inputs and processes and it is for this reason that whilst the HKICPA will look at the inputs and the processes, the main objective of the review will be to determine whether or not the standard of the outcome of the admission process of the applicant body is at least comparable to that achieved by the HKICPA. HKICPA shall be happy to discuss membership reciprocity based on this evaluation.

The review process will require in depth assessment of:

- Tertiary education
- The professional programme
- Practical experience.

It will also cover although to a lesser extent assessment of:

- The profession and general environment
- Requirements for maintenance of membership e.g. continuing professional development

Consideration will be given to compliance with the International Education Standards (IES) of the International Federation of Accountants (IFAC). Thus the review will be reliant on definitions used by the IES e.g.

“Competence is being able to perform a work role to a defined standard, with reference to real working environments.”

“Capabilities are the professional knowledge; professional skills; and professional values, ethics, and attitudes required to demonstrate competence. Capabilities are the attributes held by individuals that enable them to perform their roles.”

Progressing the Review Process

The first step in the review process is to complete the questionnaire attached as Appendix 1 and return it to the HKICPA together with an initial payment of HK\$ 15,000 as a non-refundable administrative fee.

The HKICPA will then nominate a suitably qualified independent professional to undertake the review. The applicant body will have the right to contest the choice of reviewer but will need to give grounds for the objection. This will need to be negotiated with the HKICPA and if thought necessary a different reviewer will be nominated by the HKICPA.

- Once the reviewer has been agreed the HKICPA will work with the applicant body and the reviewer. The reviewer is contracted by the HKICPA. The applicant body is responsible for the payment of the fees for the reviewer, which will be agreed before work commences and will be paid to the HKICPA. The reviewer has the responsibility to ensure that all information in the report is factually correct and will provide the report directly to the HKICPA. The HKICPA will make the final decision on the level of recognition of the applicant body.

The review process has the potential to have three steps:

- **Step 1**
This step comprises a desk review of the responses provided to the “*Questionnaire*” (attached as Appendix 1). At this stage the HKICPA may recommend that the application does not proceed, as there is clear indication that there is a substantial “gap”. The body can choose to proceed on the basis that the review that follows will be to provide details on the “gap” to assist in remedial work.
- **Step 2**
This step comprises a desk review of the materials provided in response to the “*Request for Materials*” (attached as Appendix 2). The materials requested in Appendix 2 will need to be provided at the commencement of the process if the applicant wishes the reviewer to establish a cost for the two steps prior to the commencement of the review.
- **Step 3**
This step comprises a site visit by the reviewer to the applicant body. It will only be undertaken where the applicant has satisfied the HKICPA through Steps 1 & 2, the desk review processes, that there may be the potential for full recognition status. This step will involve a first hand assessment of such matters as the quality of personnel (including staff, members and others) involved in the process as well as an assessment of the quality of the implementation of the procedures documented. Information on this requirement is included in the “*Outline of Meetings for the Site Visit*” (attached as Appendix 3).

OUTCOME OF THE REVIEW PROCESS

The reviewer will develop a detailed report based on the requirements of the HKICPA. This report will be used by the HKICPA, together with other available information to determine the level of recognition, if any, to be given. The HKICPA will advise the applicant formally of the decision made.

Questionnaire

Please provide information on the following:

1. Cultural, Business, Economic and Educational Environment

- Economic and political environment including:
 - Size of population
 - Government structure
 - Major industries
 - Current economic climate
- Cultural environment
- Details of other officially recognised accounting bodies in country
- Perspective on accounting – the structure and administration of the profession
- Contemporary issues affecting the profession
- Elementary, secondary and tertiary education structure.

2. Professional Accounting Body

- Date of formation
- Instrument of formation
- Details of governance
- Code/rules of conduct/ethical guides – fundamental principles
- Disciplinary powers
- Principal powers of the organisation including:
 - whether or not it is a licensing body for statutory auditing purposes
 - its role in audit and accounting standard setting
- Number of members
- Classes of membership (e.g. associate, fellow) and description of each
- Distinction between qualifying for membership and licensing for statutory audit purposes
- Number of members who can conduct statutory audits
- Breakdown of member numbers by employment sector
- Details of specialist faculties (tax, audit, IT) and if applicable:
 - breakdown of member numbers by specialist faculty
 - services available to the various faculties
- Number of registered students.

3. Requirements for Membership

- Minimum age, if any
- Requirements for membership:
 - Tertiary education
 - Professional programme and assessment of professional competence
 - Practical experience
- Good character requirement
- Referee requirement
- Reciprocal arrangements with other professional bodies
- Restrictions imposed on members who gained entry through reciprocal arrangements
- Requirements for continuing professional development (CPD) and sanctions.

4. Tertiary Education

- Number of accredited domestic tertiary institutions
- System of accreditation of domestic tertiary institutions and the degrees they award, both relevant accountancy and non-accountancy degree
- Core curriculum requirements in:
 - Accounting
 - Business related areas
 - Generic skills areas
- System of assessing qualifications of applicants educated overseas.

5. Professional Programme Entrants

- Minimum age, if any
- Good character requirement
- Exemption policies
- Percentage of students with:
 - relevant degree
 - non relevant degree
 - sub degree award
 - matriculation equivalent.

6. Professional Programme

- Structure
- Aims and objectives
- Requirements for:
 - relevant degree
 - non relevant degree
 - sub degree award
 - matriculation equivalent
- Role of the professional body in the process e.g. syllabus only through to full control
- Learning outcomes for each subject/module/course
- Depth and breadth of development of professional:
 - knowledge
 - skills
 - values, ethics, and attitudes
- Methodology used for delivery, such as the use of interactive workshops
- Methodology used for assessment including:
 - balance of continuous and final assessment
 - style of questions used
 - exam conditions e.g. open or closed book
- Assessment setting procedures and controls for execution of the assessment
- Assessment marking procedures
- Result finalisation procedures including:
 - pass requirements
 - eligibility to sit final exam
 - special consideration for illness and/or misadventure
 - conditional or partial passes
 - exemptions
 - supplementary assessments

- Frequency of the assessment and methods used to achieve a common standard
- Statistics on pass rates
- Minimum completion time
- Number of attempts permitted.

7. Practical Experience

- Length of requirement
- Type of requirement
 - Public practice / outside public practice
 - Hours in specialty areas e.g. audit, accounting, tax
- Supervision requirements
- Competency requirements
- Log book requirements
- Quality assurance processes including
 - Accreditation of training offices
 - Registration of supervisors
 - Training of supervisors
 - Reporting by supervisors
 - Review of logbooks.

8. Continuing Professional Education

- Hours required
- Content specification
- Differential requirements for public practice/other members
- Quality control e.g. sign offs, audit.

Appendix 2

Request for Materials

NB. There could be some variations in the materials required depending on the circumstances of the applicant body and the findings from the questionnaire.

Promotional Materials

Tertiary Education

- Processes used e.g. guidelines on how things are done including any quality assurance aspects
- Committees involved.

Professional Programme

- Processes used e.g. guidelines on how things are done including any quality assurance aspects
- Materials given to candidates/students
- Materials given to presenters/facilitators
- Training courses for presenters/facilitators
- Exam papers, suggested solutions, marking guides, sample of marked papers
- Committees involved.

Practical Experience

- Processes used e.g. guidelines on how things are done including any quality assurance aspects
- Committees involved.

Continuing Professional Education

- Processes used e.g. guidelines on how things are done including any quality assurance aspects
- Examples of courses offered
- Committees involved.

Research and Future Developments

- Research undertaken to provide information on any of the areas above
- Reviews undertaken on any of the areas above
- Methods used to ensure that the admission process continues to meet the needs of stakeholders and keeps pace with changes in the business environment
- Committees involved.

Appendix 3

Outline of Meetings for the Site Visit

NB. (1) There could be some variations in the meetings required depending on the circumstances of the applicant body and the findings from the questionnaire and the desk review of materials.

(2) Organising the meetings is to be done in consultation with the reviewer but is the responsibility of the applicant body.

- Professional body staff at commencement (1 day)
- Representatives from the four employers who provide the largest numbers of students – 4 individual meetings (1 day)
- 4 other key employers – individual meetings (1 day)
- Universities (1 day)
- Committees involved with admissions (1/2 day)
- Senior management (1/4 day)
- Main governing committee e.g. Board (1/4 day)
- Current students (1/4 day)
- New members (1/4 day)
- Professional body staff at conclusion (1/2 day)