



**1 March 2022**

**To: Members of the Hong Kong Institute of CPAs  
All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL ETHICS  
STANDARDS BOARD FOR ACCOUNTANTS ("IESBA")  
EXPOSURE DRAFT PROPOSED REVISIONS TO THE CODE  
RELATING TO THE DEFINITION OF ENGAGEMENT TEAM AND  
GROUP AUDITS**

***Comments to be received by 30 April 2022***

The Ethics Committee of the Hong Kong Institute of Certified Public Accountants is seeking comments on the IESBA Exposure Draft which has been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Code-of-Ethics>

The proposed revisions establish provisions that comprehensively address independence considerations for firms and individuals involved in an engagement to perform an audit of group financial statements. The proposals also address the independence implications of the change in the definition of an engagement team—a concept central to an audit of financial statements—in the International Auditing and Assurance Standards Board's (IAASB) International Standard on Auditing (ISA) 220, *Quality Management for an Audit of Financial Statements*.

Among other matters, the proposals:

- Establish new defined terms and revise a number of existing terms, including for application with respect to independence in a group audit context.
- Clarify and enhance the independence principles that apply to:
  - Individuals involved in a group audit.
  - Firms engaged in the group audit, including firms within and outside the group auditor firm's network.
- More explicitly set out the process to address a breach of an independence provision at a component auditor firm, including reinforcing the need for appropriate communication between the relevant parties and with those charged with governance of the group.
- Align a number of provisions in the Code to conform to changes in the IAASB's Quality Management standards.



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

The Ethics Committee welcomes comments on all matters addressed in the Exposure Draft, but especially those identified in the Request for Specific Comments as set out in Section VI Guide for Respondents of the Explanatory Memorandum to the Exposure Draft.

The Ethics Committee invites your comments on the Exposure Draft by **30 April 2022** to allow your comments to be considered in developing its response to the IESBA. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.