
STANDARD SETTING



ETHICS SURVEY 2021



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

Message from the Chairman of the Institute's Ethics Committee

The HKICPA Ethics Survey is designed to understand the ethical attitude of professional accountants in Hong Kong and how the [*Code of Ethics for Professional Accountants \(Revised\)*](#) (the "Code") contributes to their performance of professional activities.

The survey was initially launched in 2019, and recently conducted in 2021 with the following objectives:

- understand the perception of the profession with regards to the relevant regulatory requirements;
- identify areas with higher risk of ethical non-compliance;
- understand professional accountants' familiarity with the Code; and
- identify any other topics that warrant further outreach activities.

The Institute conducted the Ethics Survey 2021 between December 2021 and January 2022. The survey link was distributed to all HKICPA members through email. Responses were anonymous to encourage open and honest input. The survey was not designed for academic purposes, but to gauge members' views on ethics for the Institute to consider to address members' need.

In total, the survey received 315 completed survey responses and more than 300 verbatim comments and/or answers. The respondents' views and opinions have been summarized in this report. We thank those of you who have taken the time to complete the survey.

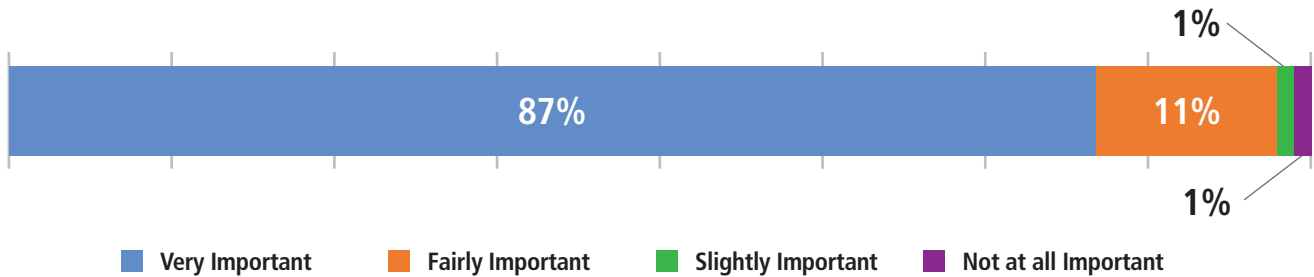
The results of the survey will be used by the Ethics Committee to inform and evolve the Institute's ethics strategy and initiatives.

Helen Tang
Chairman, HKICPA Ethics Committee



View on Ethics

How important do you think ethics are in the accounting profession?



How does a code of ethics impact the accounting profession?

Top three responses:

- It provides guidance to enable professional accountants to meet their responsibility to act in the public interest.
- It provides guidance to assist the decision-making process of professional accountants when carrying out related activities.
- It provides guidance to ensure activities carried out by professional accountants are of high quality.



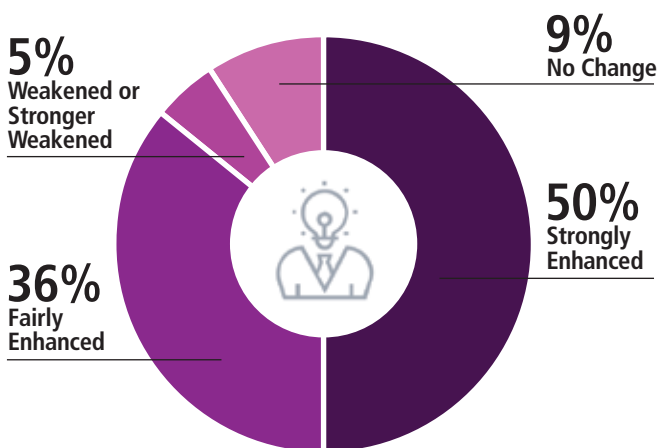
Observation:

The Code places strong emphasis on the profession's public interest responsibility.

The very first sentence of the Code is "A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest."

(Paragraph 100.1, Chapter A of the Code)

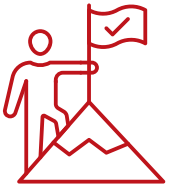
How would you assess your current ethical awareness compared to that in the first year of your accounting career?



Observation:

Responses to this question were positively correlated with age: the older the respondents, the more likely that they would consider their ethical awareness had strongly enhanced from the time they started their accounting career.

Similarly, respondents with senior positions in employing organizations were more likely to consider their ethical awareness had strongly enhanced from the time they started their accounting career.



Experience on Ethics

Ethical behaviour at work

2% of respondents indicated they acted unethically at work in the last twelve months.

11% of respondents indicated they knew someone acting unethically at work in the last twelve months.

87% of respondents indicated none of the above: they did not act unethically or did not know someone acting unethically in the last twelve months.



Observation:

Respondents stating that they acted unethically in the last twelve months were middle management or above at their employing organizations.

This might indicate that the more senior an employee, the more likely they would act unethically or be more aware of the ethics behind an issue, possibly because of the complexity of their roles and circumstances encountered.

Workplace ethical issues encountered in the last twelve months

Top five ethical issues identified by respondents: *

- *Conflict of interest*
- *Undue bias*
- *Manipulation of information, including fraudulent accounting or financial reporting; altering income, expenses etc.*
- *Distorting information by being overly optimistic in making judgements on accounting estimates, discount rates, impairments, going concern etc.*
- *Relying on information that known to be overly optimistic in making judgements on accounting estimates*

Causes of the ethical issue(s) encountered

Top three causes identified by respondents: *

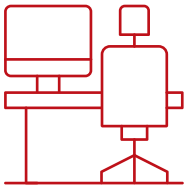
- *Pressure from management*
- *Insufficient ethical awareness at the employing organization*
- *Lack of ethics and compliance policies or monitoring procedures at the employing organization*

How was the ethical issue(s) encountered responded to?

Top five responses identified by respondents: *

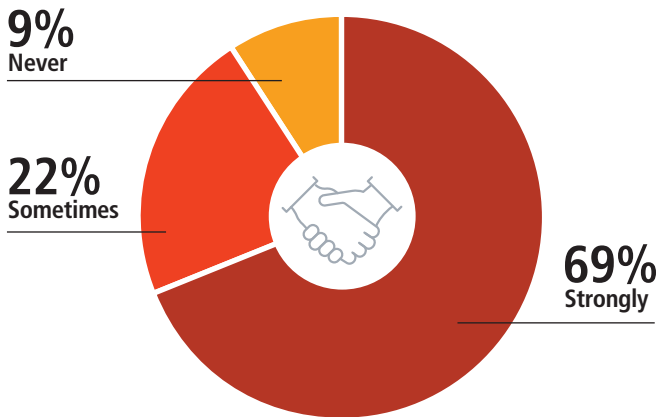
- *Did nothing*
- *Did nothing, because of pressure from management*
- *Reported to the appropriate level of management*
- *Resigned from the employing organization*
- *Reported to appropriate external parties*

* Being responses from respondents who indicated they acted unethically at work or knew someone who acted unethically at work in the last twelve months.



Ethics Culture at Workplace

Does your current employing organization promote and encourage a good ethics culture?



Observation:

Respondents from the public practice were the most likely to consider that their workplace strongly promoted and encouraged a good ethics culture. This may be due to CPA firms' emphasis on compliance with professional standards and regulatory requirements, hence a stronger motive to develop a good ethics culture in the workplace.

Reasons for the good ethics culture at your employing organization[#]

Top five reasons by respondents:

- Management sets clear expectations on ethical behavior through tone at the top, regular communications etc.
- Management adheres to high ethical conduct and acts as role models for others in the organization to follow
- Ongoing ethics trainings are available to promote good ethical behavior at workplace
- Performance appraisal considers staff's ethical behavior at work
- An established and transparent mechanism for employees to report cases of misconduct without fear of retaliation

Respondents' verbatim comments to this question included:

- Daily Bible study and prayers
- Ethics Ambassadors appointed in service line level to promote practical ethics reminders
- SFC license requirement
- Don't want to be involved in money-laundering activities

[#] Being responses from respondents who indicated their current employing organization "strongly" or "sometimes" promote and encourage a good ethics culture.



Code of Ethics for Professional Accountants

Which of the following revisions to the Code and their requirements are you aware of?

67% of respondents reported that they were aware of one or more of the following revisions to the Code:

- Responding to non-compliance with laws and regulations
- Revisions to the Code to promote the role and mindset expected of professional accountants
- Objectivity of engagement quality reviewers and other appropriate reviewers
- Revisions to the non-assurance service provisions of the Code
- Alignment of Part 4B, Chapter A of the Code to HKSAE 3000 (Revised)
- Revisions to the fee-related provisions of the Code

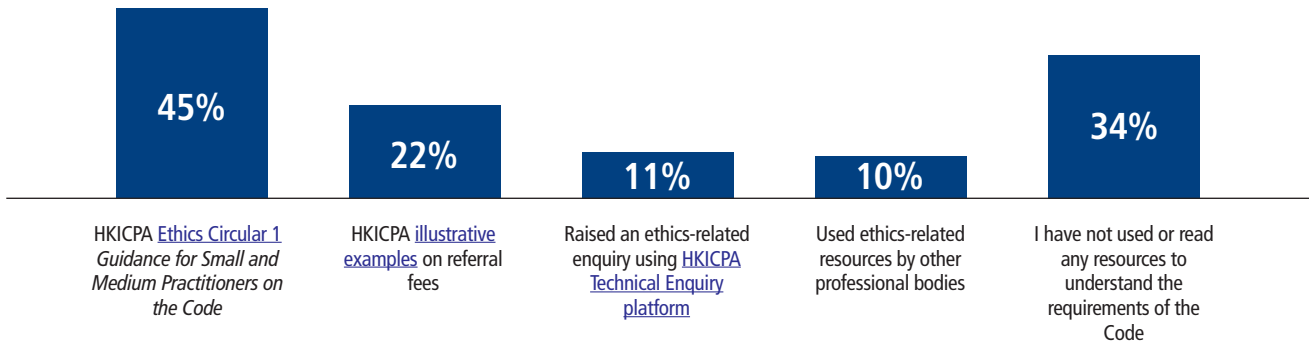
33% of respondents reported that they were **NOT** aware of any of the revisions to the Code and their requirements listed on the left.



Observation:

- Respondents aged below 44 had a relatively higher proportion indicating that they were not aware of any revisions to the Code and their requirements since its restructuring in 2018.
- Similarly, the less senior the job position, the higher proportion of respondents would state they were not aware of any revisions to the Code.

Which of the following resources have you used or read to understand the requirements of the Code?



Observation:

Over 40% of respondents from CPA firms with listed clients had not used or read any resources to understand the Code's requirements. This may be due to relevant trainings available at sizable CPA firms to support their staff's technical knowledge.



Ethics-related Training

When was the last time you undertook an ethics-related training session?

41%

attended an ethics-related training session within the last year



18%

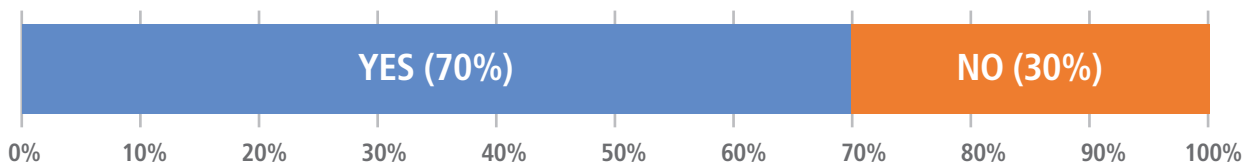
did not attend any ethics-related training in the last five years



Observation:

Respondents from the public practice were more likely to have attended an ethics-related training session within the last year, possibly due to the corresponding requirements adopted by CPA firms in general.

Do you think ethics-related training should be mandatory continuing professional development (CPD) for Institute members?



Respondents were asked to provide comments to support their choice. A selection of such comments are presented below to provide an indication why respondents chose a particular answer:



YES:

- It is very important to accounting professionals
- Cornerstone of professionalism
- To keep abreast of major update on ethics-related topics
- It helps maintain good image of the profession
- To maintain the quality of audit work
- Otherwise members will not take initiative to understand more of this subject
- Environment keeps on changing
- Prevents incorrect judgement to be made as a professional
- In view of the descending trend in ethical mindset among new generations
- So that all members have no reason for violation of the code



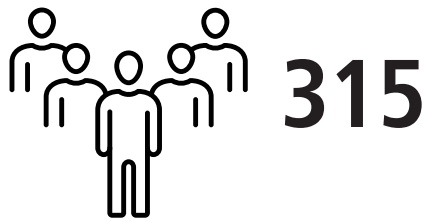
NO:

- Already examined in QP exam
- CPAs should spend their own time to alert the ethical information instead of mandatory courses attendances
- Ethical issues come from the "heart" not by training
- Positive and encouraging incentive shouldn't be mandatory
- Rules on accounting practices are more practical
- This is a soft skill and should not be confused with professional technical skillsets
- Mandatory training cannot guarantee compliance
- Should just take if necessary

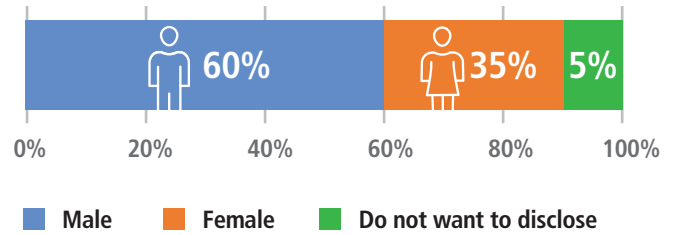


Demographic Information

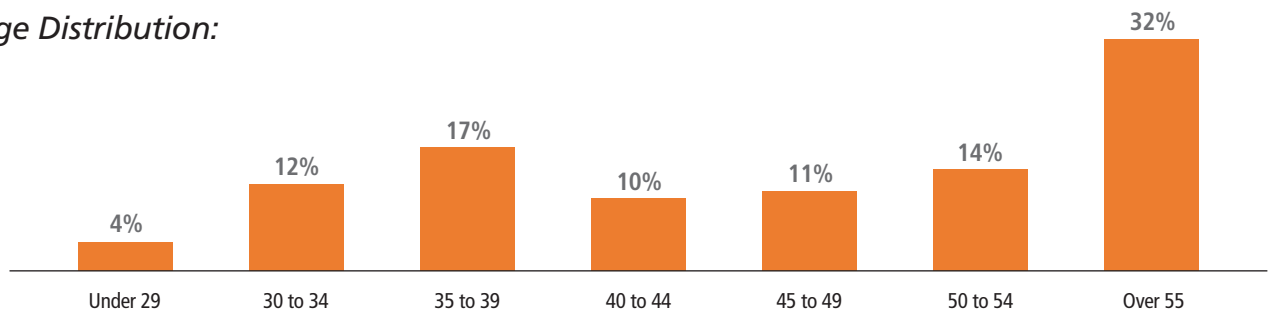
Total completed responses received:



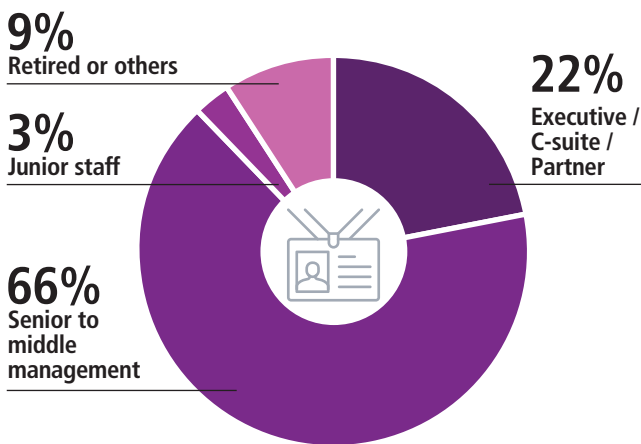
Gender Distribution:



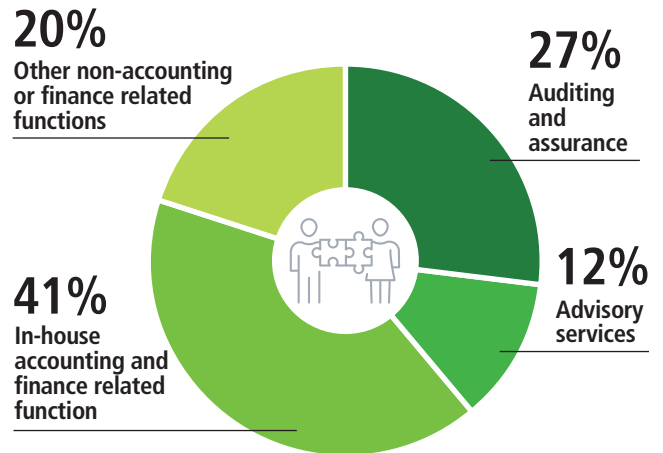
Age Distribution:



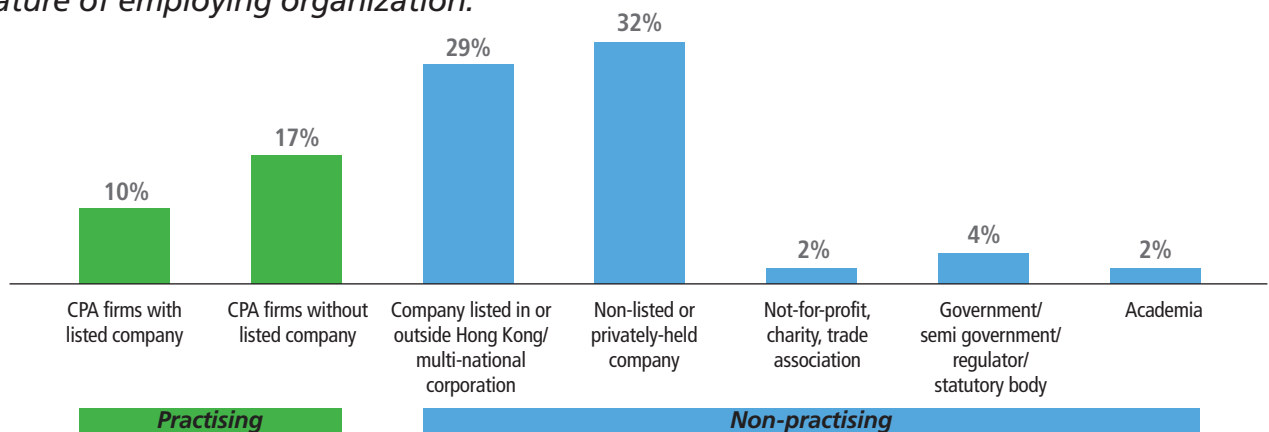
Job Position:



Job Responsibilities:



Nature of employing organization:



Conclusion and Way Forward

The survey results indicate that most respondents had a robust attitude to ethics, i.e. close to 90% of them considered ethics to be very important in the accounting profession; half of them considered their ethical awareness had strongly enhanced compared with their first year of their accounting career; 70% of them believed ethics-related training should be included in mandatory continuing professional development for Institute members.

We noted that respondents from the public practice (i.e. CPA firms) were more likely to display a higher ethical awareness and attitude than other respondents. For example, 80% of them considered that their workplace strongly promoted or encouraged a good ethics culture; over half of them have attended an ethics-training session within the last year. This may be due to CPA firms' emphasis on compliance with professional standards and regulatory requirements, hence having a stronger motive to develop a good ethics culture in the workplace and support employees' ethics-related training.

Survey responses also indicated that management's style play a significant role in promoting ethics in the workplace. Respondents considered that, among others, key reasons to a good ethics culture at their employing organizations were tone **at the top, management's adherence to high ethical conduct and acting as role models for others to follow**. Meanwhile, major causes to ethical issues encountered by respondents or those they knew in the last twelve months were **pressure from management** and **insufficient ethical awareness at the employing organization**.

Despite the positive attitude towards ethics, less than half of all respondents undertook ethics-related training within the last year, while almost 20% of them did not attend any ethics-related training in the last five years. Furthermore, around one-third of respondents reported that they were not aware of any of the revisions to the Code and their requirements in recent years.

The survey results suggest the following actions:

- Firms and employers to:
 - Encourage and promote ethics culture and awareness at workplace; and
 - Strengthen their ethics and compliance policies and monitoring procedures as counter-measures to malpractices at workplace;
- The Institute to:
 - Continue the effort to raise members' awareness of updates to and requirements of the Code of Ethics; and
 - Continue the provision of ethics-related trainings for professional accountants;
- Both firms/employers and the Institute to:
 - Continue the communication and awareness on the "Dos" and "Don'ts" in common ethical scenarios;
 - Consider whether ethics should be a mandatory area for training.

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