



Our Ref.: C/EC

**Sent electronically through the IESBA website**

18 October 2012

International Ethics Standards Board for Accountants,  
International Federation of Accountants,  
545 Fifth Avenue, 14<sup>th</sup> Floor,  
New York 10017,  
USA.

For the attention of: Jan Munro, IESBA Technical Director

Dear Madam,

**IESBA Exposure Draft on Proposed Change to the Definition of "Those Charged with Governance"**

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the only body authorised by law to promulgate financial reporting, auditing and ethical standards for professional accountants in Hong Kong. We welcome the opportunity to provide you with our comments on the above-mentioned exposure draft. Our responses to the questions raised in your exposure draft are set out below for your consideration.

The HKICPA is supportive of the changes proposed by the International Ethics Standards Board for Accountants (IESBA) to more closely align the definition of "those charged with governance" in the IESBA *Code of Ethics for Professional Accountants* (the Code) with that in International Standard on Auditing (ISA) 260, *Communication with Those Charged with Governance*. We agree with the IESBA's analysis that the communications required under the Code should be to the same group of people as the communications to "those charged with governance" under ISA 260. We consider the proposed changes will enhance understanding of the defined term in the Code and its consistency with the definition in ISA 260.

We also agree with the IESBA's proposed changes to incorporate within the Code the requirements as set out in paragraphs 11 and 12 of ISA 260 on the determination by an auditor with whom within the entity's governance structure the auditor should communicate. We consider that these proposed changes are appropriate considering a subgroup, such as an audit committee, may assist the governing body in meeting its responsibilities.

It is our understanding that communication with those charged with governance is not solely provided for in section 290 of the Code only but also under various other sections of the Code. Accordingly, we recommend the IESBA to consider changing paragraph 290.28 to " ... In complying with requirements in this ~~section~~ Code to communicate ..." to enhance clarity of the requirement.

We also understand that paragraphs A1-8 of ISA 260 includes application and explanatory material for those charged with governance and communication with a subgroup of those charged with governance. Although those are not authoritative requirements, they provide useful guidance to practitioners to determine appropriate courses of action. We accordingly recommend the IESBA to consider providing practitioners with similar non-authoritative guidance to assist in their implementation of the proposed changes to the Code.

We trust that our comments are of assistance to you. If you require any clarification on our comments, please contact our Ambrose Wong at [ambrose@hkiipa.org.hk](mailto:ambrose@hkiipa.org.hk).

Yours faithfully,

Simon Riley  
Director, Standard Setting

