



Minutes of the 211th meeting of the Ethics Committee held on Wednesday, 18 March 2009 at 2:30 p.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Philip Tsai (Chairman)
Mr. Keith Pogson (Deputy Chairman)
Mr. Stephen Chan
Mr. Wilson Chan
Mr. Eric Fok
Mr. Charles Grieve
Ms. Piera Ho
Mr. Raymond Kong
Mr. Alex Lai
Mr. Raymond Ng (represented by Ms. Yvonne Mui)
Mr. Kenny Tam
Mr. Charlix Wong
Ms. Virginia You
Mr. Steve Ong, Director, Standard Setting
Ms. Selene Ho, Assistant Director, Standard Setting
Ms. Irene Leung, Assistant Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Council
Action

1473. Welcome to new members and Committee composition for 2009

The Chairman welcomed Mr. Stephen Chan, Mr. Charlix Wong and Ms. Virginia You as new members to the Committee and recorded a vote of thanks to past members, Mrs. Lucia Li, Mr. Graham Chan, Ms. Barbara Chan, Mr. Paul Cheng, Mr. Quinn Law, Mr. Jonathan Leong, Mr. Selwyn Mar, Mr. Kenneth Morrison, Mr. William Shafer and Ms. Cecilia Yam for their contributions.

1474. Guidance note on general confidentiality rules

The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

1475. Minutes of the 210th Meeting

The Chairman signed the Minutes of the 210th Meeting after their approval by the Committee subject to a minor editorial amendment.

1476. Meeting Summary of the 210th Meeting

The Committee approved the Meeting Summary of the 210th Meeting for publication subject to a minor editorial amendment.

1477. Proposed meeting schedule for 2009

The Committee noted that a meeting would be arranged for a date in the second half of 2009 to consider the adoption of IFAC Code of Ethics which is expected to be issued in final in June 2009.

1478. Terms of Reference and Proposed Work Plan for 2009

The Committee considered and endorsed the Terms of Reference brought forward from the previous year.

The Committee also considered and endorsed the proposed Work Plan for 2009. The key projects under the Work Plan were:

- (i) To maintain a concurrent agenda with that of IESBA
 - To consider the revised IESBA *Code of Ethics for Professional Accountants* expected to be issued in final in second half of 2009.
- (ii) To consider local guidance
 - The need for Part D (local guidance) of the Code of Ethics in line with the revised IFAC Code of Ethics.
 - The need to issue Consultation Paper on the proposed identification of Entities of Significant Public Interest for incorporation into the HKICPA Code of Ethics.

1479. Draft position paper on the proposed “Consultation Paper on the proposed identification of Entities of Significant Public Interest (ESPIs) for Hong Kong” (Draft Position Paper)

The Committee considered and endorsed the draft Position Paper which was prepared by the Standard Setting Department (SSD) as requested at the last meeting. The draft Position Paper documented the discussion process and the conclusion reached for putting the proposed consultation paper on ESPIs on hold.

The Committee also noted that the put on hold decision was due to the change of the requirement in the IESBA’s Code of Ethics. SSD would monitor the overseas development in this regard.

1480. Draft submission to CICPA on ED of Code of Ethics for Professional Accountants

The Committee raised concern about the constitution process on the convergence of standards between HKICPA and CICPA. It was explained that the Committee was only being requested to provide comments on the draft submission, if any. Committee members provided some editorial comments for consideration.

1481. **Letter from Hong Kong Accreditation Service on procurement of Consultancy and Certification Services**

The Committee noted that the HKICPA had received a letter dated 19 February 2009 from HKAS. The purpose of the letter is to alert users of certification service to the potential risk of using contract to procure both consultancy and certification services. The Committee noted that there may be some SMPs providing consultancy services to assist the companies in attaining the ISO certification and also providing the certification service as well.

In respect of this, the SSD was requested to draft an article to remind the members to alert of the independence and ethical issues. The Committee suggested that this article should be put in the HKICPA's website and magazine.

[Post meeting note: The SSD had checked the list of accredited certification bodies published on the website of the HKAS and it did not appear that CPA registered firms are accredited certification bodies. The SSD had also confirmed with an official of HKAS, that there were no CPA firms providing certification services. In view of this, no further action would be required.]

There being no further business, the meeting closed at 3:05 p.m.

PHILIP TSAI
CHAIRMAN

19 March 2009