



Minutes of the 241st meeting of the Ethics Committee held on Friday, 26 April 2019 at 9:30 a.m. in 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. Johnson Kong (Chairman)
Ms. Piera Ho (Deputy Chairman)
Ms. Lily Chung
Mr. Andrew Fan (Dial-in)
Mr. Dennis Fullgrabe
Mr. Allan Hepburn
Ms. Lai Wai Shan
Miss Anna Lau
Ms. Susanna Lau
Mr. Horace Ma
Mr. Poon Chi Li

In attendance: Mr. Chris Joy, Executive Director
Ms. Christina Ng, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
Ms. Grace Lau, Manager, Standard Setting

Apologies for absence were received from Mr. Alex Cheng, Dr. Thomas So and Mr. Alec Tong.

Action

1655. Welcome new members and Committee composition for 2018

The Chairman welcomed Mr. Allan Hepburn, Ms. Anna Lau, Mr. Poon Chi Li, Dr. Thomas So and Mr. Alec Tong as new members of the Committee. The Committee recorded a vote of thanks to retiring members, Mr. Denis Brock, Mr. Kelvin Kwong, Mr. Patrick Law and Ms. Virginia You for their contributions to the Committee during the tenure of their services.

1656. Guidance note on the general confidentiality rules

The Committee noted the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

1657. Terms of Reference

The Committee considered and agreed that the existing terms of reference are still appropriate.

1658. Meeting Schedule for 2019

The Committee noted the meeting dates for 2019.

1659. Minutes of the 240th Meeting

The Committee approved and the Chairman signed the minutes of the 240th meeting.

1660. Strategic Planning for 2019

The Committee considered the Institute's proposed strategic direction and work plan for 2019.

One of SSD's goals is to maintain convergence between the Institute's *Code of Ethics for Professional Accountants* (the "Code") and the IESBA's *International Code of Ethics for Professional Accountants (including Independence Standards)* (the "IESBA Code"). The Committee was updated on the latest projects undertaken by the IESBA which might result in proposed changes to the IESBA Code. These projects include (a) alignment of Part 4B of the IESBA Code with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Statements*; (b) role and mindset expected of professional accountants; (c) non-assurance services and (d) fees. SSD would monitor the development of these IESBA projects, consultations and exposure drafts and seek feedback from the Committee and stakeholders and prepare submission to the IESBA as appropriate.

SSD

The Committee noted that SSD would undertake a research project on the offering of commission or referral fees by practicing members as currently set out in the Code. The project would involve researching the relevant requirements in other jurisdictions and seeking stakeholders' view on the issue.

SSD

The Committee discussed and agreed that this year's work plan would include the development of a members' survey on ethics issues in Hong Kong. SSD was requested to consider and develop the content of the survey. The research and survey results would provide the Committee a basis for further action if necessary, such as issuing local application guidance. Based on the data collected in the proposed members' survey, the Committee also discussed the feasibility of developing an ethics index to i) understand the ethical perception amongst local professional accountants against the relevant regulatory requirements; ii) identify areas with higher risk of ethical non-compliance and iii) topics which would warrant further outreach activities. SSD would consider the suggestion in light of the overall work plan and available resources.

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SSD

The Committee agreed that in general the proposed work plan was appropriate.

1661. Update on IESBA meeting – 11-13 March 2019

Staff of SSD, Ms. Selene Ho, had attended the IESBA meeting as technical advisor to Mr. Alden Leung, a member on the IESBA. The Committee was updated on the key topics discussed at the IESBA meeting.

1662. IESBA National Standard Setters meeting - 13 May 2019

The Committee noted that representatives from the Institute would attend the National Standard Setters ("NSS") meeting to be held in May 2019 to exchange views with other national standard setters and discuss the IESBA's project proposals and key issues on fees, non-assurance services and technology. The Committee was requested to provide their feedback on these projects, if any.

There being no further business, the meeting closed at 10:30 a.m.

11 October 2019

JOHNSON KONG
CHAIRMAN