



Minutes of the 237th meeting of the Ethics Committee held on Wednesday, 7 June 2017 at 9:00 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: Ms. Virginia You (Chairman)
Mr. Patrick Law (Deputy Chairman)
Mr. Alex Cheng
Ms. Lily Chung
Mr. Andrew Fan
Ms. Piera Ho
Mr. Johnson Kong
Mr. Kelvin Kwong
Ms. Lai Wai Shan
Ms. Susanna Lau

In attendance: Mr. Chris Joy, Executive Director
Ms. Christina Ng, Director, Standard Setting
Ms. Eky Liu, Associate Director, Standard Setting
Ms. Daisy Xia, Manager, Standard Setting

Apologies for absence were received from Dr. Wong Ka Lok and Mr. Amirali Nasir.

Action

1632. Minutes of the 236th Meeting

The Committee approved and the Chairman signed the minutes of the 236th meeting.

1633. IESBA National Standard Setters Meeting – Request for Input

The Committee considered and provided comments on the Institute's proposed responses on the Request for Input for the IESBA National Standard Setters meeting.

ED Chris Joy will represent the Institute at the meeting on 14 June.

1634. IESBA Strategy Survey Questionnaire

The Committee considered and provided comments on the Institute's proposed responses to the IESBA Strategy Survey Questionnaire.

Pending further responses from stakeholders, SSD will circulate a revised response to the Committee for approval out-of-session.

SSD

1635. IESBA Exposure Draft on Proposed Application Material Relating to: (a) Professional Skepticism – Linkage with the Fundamental Principles; and (b) Professional Judgment – Emphasis on Understanding Facts and Circumstances

The Committee received an update on the IESBA Exposure Draft. The ED is open for public comment until 25 July 2017.

The Committee considered and agreed with SSD's preliminary views on the proposal. Pending any further comments from stakeholders, SSD will circulate the Institute's comment letter for the Committee's approval out-of-session.

SSD

1636. Other business

One Committee member highlighted a practical challenge with implementing the revised provisions on 'long association of personnel with an audit client' by the time the standard is expected to be effective. In particular, the new partner rotation requirements might impact an audit firm's availability of resources for specialised industries. The Committee member enquired whether the revised provisions could have a later effective date.

The Committee was reminded of the Institute's full convergence policy, which includes process convergence as well as standard convergence with IESBA.

- The proposed long association provisions have been discussed over the last five years and our stakeholders were provided two rounds of opportunity to comment. The proposed effective date of the revised requirements, if the proposals were to proceed, was also included in the consultation and the Institute did not receive any comments on this matter.
- At its March meeting, the Committee discussed the final provisions and considered the revised requirements to be appropriate for adoption in Hong Kong. Pending any change in the final standard, the Committee aimed to issue the Hong Kong equivalent standard when IESBA formally issues the standard in 2018.
- Since the conclusion of final provisions, the Institute has raised the awareness of the impending revised requirements through members' circular, an article in its Aplus magazine which is available to the public and its members, and seminars organised through the Institute and other local associations. The Institute has also circulated to members additional references such as Q&As on the application of the revised requirements.

Accordingly, the Committee decided that the revised requirements will be effective on the same date as the IESBA standard.

There being no further business, the meeting closed at 10:05 a.m.

VIRGINIA YOU
CHAIRMAN

07 July 2017