

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self- Assessment Questionnaire for background information on each member and associate their environment and existing processes. These responses may be viewed at: http://www.ifac.org/ComplianceAssessment/published_surveys.php

Use of Information

Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member/Associate:	The Hong Kong Institute of Certified Public Accountants (HKICPA)
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GLOSSARY

AASC	Auditing and Assurance Standards Committee (HKICPA)
CPD	Continuing Professional Development
EC	Ethics Committee
ED	Exposure Draft
FRC	Financial Reporting Council
FRSC	Financial Reporting Standards Committee
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
HKSAs	Hong Kong Standards on Auditing
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IEIPS	Information Papers from the International Accounting Education Standards Board
IEPS	International Education Practice Statements
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
PAO	Professional Accountancy Ordinance
PCC	Professional Conduct Committee
QA	Quality Assurance
QP	Qualification Programme
SME	Small and Medium Enterprises
SMP	Small and Medium Practices

Action Plan Subject: SMO 1 and Quality Assurance (QA)
Action Plan Objective: Continue to Ensure High Standard of Quality Control and Quality Assurance Review System for Members and Member Firms Performing Statutory Audits and other Related Assurance Services

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The quality assurance system is operated by the Hong Kong Institute of Certified Public Accountants (HKICPA) and has two components: The Practice Review Programme and the review of published financial statements of companies listed on the Stock Exchange of Hong Kong Limited.</p> <p>HKICPA's practice review programme is operated under the Professional Accountants Ordinance ("PAO"). The Practice Review Programme monitors compliance by practice units with professional standards including Hong Kong Standard on Quality Control 1. Practice review includes reviews of completed audit and assurance engagements, including audits of financial statements of listed entity clients. The professional standards monitoring programme, monitors the compliance with professional standards of the Institute's members who are engaged in the audit or preparation of the financial statements of companies listed on the Stock Exchange of Hong Kong Limited. Practice Review was started in 1993 and the new Practice Review Programme adopting a risk-based approach commenced in March 2006.</p> <p>More detailed information regarding HKICPA's Quality Assurance Programme is available on its website (www.hkicpa.org.hk) under Quality Assurance.</p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Continue to ensure that the HKICPA Practice Review program is operating effectively and in line with SMO1 requirements. The program is subject to scrutiny and oversight by the Practice Review Committee and the Standards & Quality Accountability Board.	Ongoing	Executive Director, Standards & Quality	HKICPA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	2011	The system of audit regulation in Hong Kong will be undergoing reform to introduce independent responsibility for and oversight of inspection of listed company auditors. The Institute will work closely with other parties to ensure changes that are made do not diminish the effectiveness of the current review program.	2013	Chief Executive and Executive Director	HKICPA staff
3.	Ongoing	Continue to develop the professional standards monitoring program (review of published financial statements of listed companies) to ensure an effective mechanism for monitoring and maintaining the quality of financial reporting in Hong Kong. Co-ordinate the review programme with similar programmes carried out by the Financial Reporting Council and Hong Kong Stock Exchange to avoid duplication of effort and ensure an effective review of listed company financial reporting.	Ongoing	Executive Director, Standards & Quality	HKICPA staff
<i>Review of HKICPA's Compliance Information</i>					
4.	Ongoing	The International Federation of Accountants (IFAC) self-assessment questionnaires will be reviewed regularly and updated as necessary by the staff responsible for the relevant area of activity.	Ongoing	Quality Assurance Department	HKICPA staff

Action Plan Subject: SMO 2 and International Education Standards (IESs)
Action Plan Objective: Continue to Notify HKICPA Members of Documents Issued by the International Accounting Education Standards Board (IAESB) and to Use Best Endeavors to Ensure that all IES Requirements are Incorporated into the HKICPA Professional Accountancy Education System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
HKICPA uses its best endeavors to comply with SMO 2 and the International Education Standards. For more information regarding admission requirements, please visit the organization website (http://www.hkicpa.org.hk/). The below actions focus principally on New Developments in the HKICPA Qualification Programme, Specialist Qualifications and Continuing Professional Development (CPD).					
<i>Maintain Ongoing Processes</i>					
5.	Ongoing	Maintain an ongoing process to ensure that members are notified of all relevant IAESB publications relating to the CPA qualification.	Ongoing	Deputy Executive Director	Institute staff
6.	Ongoing	HKICPA education requirements are in full compliance with all IESs, and beyond in some areas. Continuously review new IESs and EDs in preparation of the action plan for incorporation where necessary.	Ongoing	Deputy Executive Director	Institute staff
7.	Ongoing	Maintain an ongoing process to ensure that members are notified of all relevant IAESB papers relating to CPD.	Ongoing	Director of Professional Development	Institute staff
<i>New Developments-Qualification Programme (QP)</i>					
8.	Ongoing	Perform peer review, including IES compliance, with other Institutes in the Chartered Accountants Group, an informal group of top tier accountancy bodies. Next review has been scheduled for March 2012.	Ongoing	Deputy Executive Director	Chartered Accountants Group and Institute staff

*Action Plan Developed by
The Hong Kong Institute of Certified Public Accountants (HKICPA)*

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9.	Ongoing	Perform periodic review on the QP qualifying programme benchmarked against all IES requirements and international best practice. Competency requirements are validated by the Qualification and Examinations Board to ensure they meet relevant employers' and market needs.	Ongoing	Deputy Executive Director	Stakeholders represented in the Institute's Qualification and Examinations Board
<i>Specialist Qualifications</i>					
10.	2010	Introduced the Institute's first specialist qualification and designation, in insolvency. Keeping under review any IFAC developments in this field.	Ongoing	Director, Professional Development	Institute staff
<i>CPD</i>					
11.	2011	Responded to proposed redraft IES4 and IES7.	Ongoing	Director, Professional Development	Institute staff
12.	January 2010	Launched an online competency development tool for members.	Ongoing	Director, Professional Development	Institute staff
<i>Review of HKICPA's Compliance Information</i>					
13.	Ongoing	Perform periodic review of HKICPA's response to IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMP 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Deputy Executive Director	Institute staff

Action Plan Subject: SMO 3 and International Auditing and Assurance Standards

Action Plan Objective: Convergence with the International Auditing and Assurance Standards Board (IAASB) Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>The HKICPA Council and its Auditing and Assurance Standards Committee (AASC) adopted the policy of converging all Hong Kong Standards on Auditing (HKSAs) with International Standards on Auditing (ISAs) issued by the IAASB in 2001. Fully converged HKSA were issued in 2004 and 2005. Clarified HKSAs were issued in 2010 to align with Clarified ISAs. HKSAs are approved by the HKICPA Council and AASC.</p>					
<i>Maintaining Ongoing Convergence with ISAs/ISQC 1 and Contribution to Standard Setting Activities of IAASB</i>					
13.	Ongoing	Update of the Members' Handbook for adoption of newly issued/revised Standards by the IAASB and continue to ensure that any changes made to adopt ISAs are in line with the IAASB Policy Position on Modifications to IAASB Standards.	Ongoing	HKICPA Council and AASC	Members of AASC and staff of Standard Setting Department
<i>New Developments – Adoption of Clarified Standards, Update of Education and Training Activities, and Technical Support Guidance</i>					
14.	Ongoing	<p>Review of IAASB agenda materials, exposure drafts and making submissions:</p> <ul style="list-style-type: none"> - Invitation to comment < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/exposure-drafts/>. Submission < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditing-assurance-submissions/2010/>. 	Ongoing	Director - Standard Setting	Members of AASC and staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education and Training Activities</i>					
15.	Ongoing	Review training strategies on both new and existing HKSAs.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department
16.	Ongoing	Development of Technical Update Evening Seminars < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/tue/ >, Annual Auditing Conference, Forums.	Ongoing	Director – Standard Setting	Staff of Standard Setting Department
<i>Technical Support</i>					
17.	Ongoing	Development of guidance such as Practice Notes and Circulars.	Ongoing	AASC and Director - Standard Setting	Staff of Standard Setting Department
18.	Ongoing	Provides guidance and assistance on adoption of ISAs through the following channels: - Technical Enquiry System < http://www.hkicpa.org.hk/professionaltechnical/policy/content.php >. - APlus < http://app1.hkicpa.org.hk/oldsite/APLUS.php >. - TechWatch < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/techwatch/ >.	Ongoing	Director – Standard Setting	Staff of Standard Setting Department
19.	Ongoing	Development and updates of the HKICPA Audit Practice Manual < http://www.hkicpa.org.hk/APM.pdf >.	Ongoing	Director - Member and Corporate Services	Members of SMP panel and staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	Ongoing	Continue to provide training on quality control via "A Guide to Quality Control" < http://www.hkicpa.org.hk/membership/smp/activities/2009/OF-QualityControl.pdf >.	Ongoing	Director - Member and Corporate Services	Members of SMP Panel and staff of Standard Setting Department
<i>Review of HKICPA's Compliance Information</i>					
21.	Ongoing	Perform periodic review of HKICPA's response to IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Director- Standards and Regulations	Director & staff of Standard Setting Department

Action Plan Subject: SMO 4 and the International Ethics Standards Board for Accountants (IESBA) Code of Ethics
Action Plan Objective: Convergence with IESBA Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
The HKICPA Council and its Ethics Committee adopted the policy of converging the HKICPA Code of Ethics for Professional Accountants with the Code of Ethics issued by the IESBA. The HKICPA Code was revised and issued subsequent to the issue of the revised IESBA Code. Parts A, B and C of the HKICPA Code are identical to the 2010 IESBA Code (effective January 1 st 2011). Additional Part D is included in the HKICPA Code as additional guidance to members to reflect local circumstances.					
<i>Maintaining Ongoing Convergence with IESBA Code of Ethics and Contribution to Standard Setting Activities of IESBA</i>					
22.	Ongoing	Update of the Members' Handbook for adoption of newly issued/revised Code of Ethics by the IESBA.	Ongoing	HKICPA Council and EC	Members of EC and staff of Standard Setting Department
<i>New Developments – Adoption of Revised Code of Ethics, Update of Education and Training Activities and Technical Support Guidance</i>					
23.	Ongoing	Review of IESBA agenda materials, exposure drafts and making submissions: - Invitation to comment < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/code-of-ethics/exposure-drafts/ > - Submission < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/code-of-ethics/submissions/ >.	Ongoing	Director - Standard Setting	Members of Ethics Committee and staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education and Training Activities</i>					
24.	Ongoing	Review training strategies on both new and existing IESBA pronouncements.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department
25.	Ongoing	Raise members' awareness on emerging issues and develop educational activities to enhance members' knowledge of newly issued IESBA pronouncements through Technical Update Evening < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/tue/ >.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department
<i>Technical Support</i>					
26.	Ongoing	Provides guidance and assistance on adoption of HKICPA Code through the following channels: - Technical Enquiry System < http://www.hkicpa.org.hk/professionaltechnical/policy/content.php >. - APlus < http://app1.hkicpa.org.hk/oldsite/APLUS.php >. - TechWatch < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/techwatch/ >.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department
27.	March 2011	Special Task Force on Adoption of the HKICPA Code by Small and Medium Practitioners (SMP) to look into issues that SMPs are facing on adoption of the HKICPA Code.	Ongoing	Director - Standard Setting	Members of Special Task Force and staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of Compliance Information</i>					
28.	Ongoing	Periodic review of HKICPA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Director- Standards & Regulations	Staff of Standard Setting Department

Action Plan Subject: SMO 5 and International Public Sector Accounting Standards (IPSAS)
Action Plan Objective: To Address the Standard Setting Issues in Public Sector and Not-for-Profit Entities

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
IPSAS have not been formally adopted in Hong Kong. HKICPA supports and facilitates dialogue on the desirability of introducing such a framework. HKICPA also supports the development of financial reporting standards for not-for-profit-entities.					
<i>Promote the Use of IPSASs</i>					
29.	Ongoing	Continue to support the research on IPSASs.	Ongoing	Director - Standard Setting	Members of Financial Reporting Standards Committee (FRSC) and staff of Standard Setting Department
30.	Ongoing	Continue to use best endeavors to monitor the development of financial reporting standards on public sector and not-for-profit entities, such as IPSASs and issue further papers to decide whether to set financial reporting standards on such.	Ongoing	Director - Standard Setting	Members of FRSC and staff of Standard Setting Department
<i>Review of Compliance Information</i>					
31.	Ongoing	Periodic review of HKICPA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Director- Standards & Regulations	Staff of Standard Setting Department

Action Plan Subject: SMO 6 and Investigation and Discipline
Action Plan Objective: Maintain an Effective and Transparent System of Investigation and Discipline that Commands Public Confidence

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Institute deals with complaints concerning the ethical and professional conduct of its members, member practices and registered students. Complaints involving listed entities that appear to be “relevant irregularities” as defined in the Financial Reporting Council Ordinance are outside the jurisdiction of the Institute and are investigated by the Financial Reporting Council.</p> <p>Complaints are dealt with by the Professional Conduct Committee ("PCC") of HKICPA which has powers delegated to it by the Council of HKICPA to adjudicate minor complaints or dismiss complaints where the matter is outside the HKICPA's jurisdiction or where there is inadequate evidence to show a prima facie case of an alleged offence. The PCC may refer serious complaints to the Council of HKICPA for its consideration of referring the matter to the Investigation or Disciplinary Panels.</p> <p>The investigatory and disciplinary powers of the HKICPA are set out in the Professional Accountants Ordinance. Disciplinary Committee Proceedings Rules and Guidelines to Disciplinary Committees are issued to bring a greater degree of consistency and independence to the disciplinary process.</p> <p>More detailed information regarding HKICPA’s Investigation and Discipline policies is available on its website (www.hkicpa.org.hk) under Compliance.</p>					
<p><i>Maintaining Ongoing Processes</i></p>					
32.	2010	In 2010, the HKICPA reviewed its complaints handling process and the results of the review indicated that the process is aligned with other international accounting bodies and that no significant change to the process was required.	2010	Executive Director, Standards & Quality; Director, Compliance	HKICPA staff and Professional Conduct Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
33.	Ongoing	Continuous monitoring and evaluation of the complaints handling, investigation and disciplinary processes are undertaken to ensure that they are operating effectively and in line with SMO 6 requirements. These processes are subject to scrutiny and oversight by the Professional Conduct Committee and the Regulatory Accountability Board.	Ongoing	Executive Director, Standards & Quality; Director, Compliance; General Counsel	HKICPA staff, Professional Conduct Committee and Regulatory Accountability Board
34.	Ongoing	Raise members' awareness on consequences of non-compliance of professional and ethical standards of HKICPA by publication of nature of complaints received and past disciplinary orders.	Ongoing	Executive Director, Standards & Quality; Director, Compliance	HKICPA staff
<i>Review of HKICPA's Compliance Information</i>					
35.	Ongoing	The IFAC self-assessment questionnaires will be reviewed regularly and updated as necessary by the staff responsible for the relevant area of activity.	Ongoing	Executive Director, Standards & Quality; Director, Compliance	HKICPA staff

Action Plan Subject: SMO 7 and International Financial Reporting Standards (IFRSs)
Action Plan Objective: Convergence with International Accounting Standards Board (IASB) Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
HKICPA Council and its Financial Reporting Standards Committee (FRSC) adopted the policy of converging all Hong Kong Financial Reporting Standards (HKFRSs) with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). HKFRS are identical to IFRSs.					
<i>Maintaining Ongoing Convergence with IASB Pronouncements and Contribution to Standard Setting Activities of IASB</i>					
36.	Ongoing	Update of the Members' Handbook for adoption of newly issued/revised Standards and Interpretations by the IASB.	Ongoing	HKICPA Council and FRSC	Members of FRSC and staff of Standard Setting Department
<i>New Developments – Adoption of new and revised Financial Reporting Standards, Update of Education and Training Activities and Technical Support Guidance</i>					
37.	Ongoing	Review of IASB discussion papers, exposure drafts and making submissions: - Invitation to comment < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/ >. - Submission.	Ongoing	Director - Standard Setting	Members of FRSC and staff of Standard Setting Department
<i>Education and Training Activities</i>					
38.	Ongoing	Review training strategies on both new and existing HKFRSs.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
39.	Ongoing	Raise members' awareness on emerging issues and develop educational activities to enhance members' knowledge of newly issued financial reporting standards and gather their views on proposed Standards and Interpretations issued by IASB through the following channels: - Technical Update Evening < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/tue/ >. - Financial Reporting Forum < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/major-events/ >. - Annual Accounting Update.	Ongoing	Director - Standard Setting	Staff of Standard Setting Department
<i>Technical Support</i>					
40.	Ongoing	Provides guidance and assistance on adoption of HKFRSs through the following channels: - Technical Enquiry System < http://www.hkicpa.org.hk/professionaltechnical/policy/content.php >. - TechWatch < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/techwatch/ >. - Financial reporting and auditing alert < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/financial-and-auditing-alert/ >. - Staff Summary of Financial Reporting Standards < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/staff-summary/ >. - Small and Medium Practices (SMP) and Small	Ongoing	Director - Standard Setting	Staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
		and Medium Enterprises (SME) Resource Centre < http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/smp-and-sme-resource-centre/ >. HKFRS for Private Entities Information Centre < http://www.hkicpa.org.hk/en/standards-and-regulations/standards/hkfrs-pe-info-centre/ >.			
<i>Review of Compliance Information</i>					
41.	Ongoing	Periodic review of HKICPA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Director - Standards & Regulation	Staff of Standard Setting Department