



**Ethics Committee**  
**Meeting Summary – March 2007**

The Ethics Committee (Committee) met on 23 March 2007.

Members of the Committee present were: Keith Pogson (Chairman), Albert Au (Deputy Chairman), Wilson Chan, Eric Fok, Charles Grieve, Alex Lai, Lucia Li, Ken Morrison, Raymond Ng, Sheila Pattle, William Shafer and Kenny Tam.

Secretariat staff present were: Patricia McBride (Executive Director), Steve Ong (Deputy Director, Standard Setting), Elaine Chan (Assistant Director, Standard Setting) and Winnie Chan (Manager).

The following agenda items were discussed:

1. Meeting schedule for the rest of 2007
2. Terms of Reference and Proposed Work Plan for 2007
3. Draft Policy on providing Interpretations or Rulings on Ethical Issues

**1. Meeting schedule for the rest of 2007**

The Committee agreed to meet on the following dates in 2007:

- 16 April 2007
- 25 July 2007
- 21 November 2007

It was agreed that additional meetings may be added, if considered necessary, and that urgent matters may also be dealt with by circulation via email.

**2. Terms of Reference and Proposed Work Plan for 2007**

The Committee considered the Terms of Reference brought forward from the previous year and agreed that the terms are still applicable.

The Committee considered the proposed Work Plan for 2007 prepared by the secretariat and agreed on the key points of the Work Plan, as follows:

- (i) To maintain a concurrent agenda with that of IESBA
  - To consider the IESBA Exposure Draft of sections 290 and 291 of the Code of Ethics – Independence of Audit and Review Engagements and Other Assurance Engagements and prepare a HKICPA submission by the due date of 30 April; and
  - Arising from the above, to carefully consider how the definition of “Entities of Significant Public interest” should be defined in Hong Kong
- (ii) To consider the appropriateness of issuing a policy on providing interpretations or rulings on ethical issues
- (iii) To consider and revise Part D (local guidance) of the Code of Ethics and ascertain whether and how the guidance could be incorporated within Parts A to C of the Code of Ethics.

### **3. Draft Policy on providing Interpretations or Rulings on Ethical Issues**

The Committee noted that Council had considered a draft Policy on providing Interpretations or Rulings on financial reporting issues and had requested the Committee to consider developing a similar policy, where appropriate, for the endorsement of the Standard-setting Oversight Board.

The Committee considered the matter and was of the view that such a policy might not be applicable for the Committee given that the practice of ethics, like auditing, is slightly different from that of financial reporting.

It was agreed that Ethical Standards, like Auditing Standards, by their nature are more principle-based and involve a considerable amount of professional judgment. Furthermore, the Committee would issue guidance to members in the form of local guidance where appropriate. Accordingly, it was agreed that a published Policy stating that the HKICPA does not provide Interpretations or Rulings on ethical issues may not be necessary and that this message should be conveyed to the Standard-setting Oversight Board for its consideration.

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