

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The actions of a Member or Associate to fulfill the IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

Regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#).

Use of Information: Please refer to the [Disclaimer](#) published on the IFAC website.

¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

ACTION PLAN

IFAC Member: The Hong Kong Institute of Certified Public Accountants (HKICPA)
Original Publish Date: July 2009
Last Updated: July 2023

IFAC’s Summary Assessment: IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff’s recommendation into consideration as part of future strategic planning conversations at the PAO. For more information on IFAC Member Compliance Program Dashboard Reports and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of Statements of Membership Obligations (SMO) requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	HKICPA’s Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	No Direct	■ Adopted	■ Sustain
IES / SMO 2	Shared	■ Adopted	■ Sustain
ISA / SMO 3	Shared	■ Adopted	■ Sustain
IESBA / SMO 4	Shared	■ Adopted	■ Sustain
IPSAS / SMO 5	No Direct	▲ Partially Adopted	■ Sustain
I&D / SMO 6	No Direct	■ Adopted	■ Sustain
IFRS / SMO 7	Shared	■ Adopted	■ Sustain

Attestation of SMO Compliance

The **Hong Kong Institute of Certified Public Accountants (HKICPA)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the **HKICPA** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute, Plan, Consider*, or *Not Active* **HKICPA** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **HKICPA**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

GLOSSARY

AASC	Auditing and Assurance Standards Committee (HKICPA)
CPD	Continuing Professional Development
EC	Ethics Committee (HKICPA)
ED	Exposure Draft
FRC	Financial Reporting Council
FRSC	Financial Reporting Standards Committee (HKICPA)
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 Accountants Ordinance
PCC	Professional Conduct Committee (HKICPA)
PRC	Practice Review Committee (HKICPA)
QA	Quality Assurance
QOB	Qualifications Oversight Board
QP	Qualification Programme
ROB	Regulatory Oversight Board (HKICPA)
SME	Small and Medium Enterprises
SMP	Small and Medium Practices

Action Plan Subject: SMO 1–Quality Assurance
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

Background:

The quality assurance functions of the HKICPA have two components: statutory the practice review programme (inspection of practice units) and the review of published financial statements of companies listed on the Stock Exchange of Hong Kong Limited.

HKICPA's practice review programme, which was started in 1993 and revised in 2006, is operated under the authority of the PAO. The practice review programme covers all practice units performing audits of financial statements. With effect from 1 October 2019 the Financial Reporting Council (FRC) became the independent regulator of listed entity auditors and took on responsibility for inspection of all listed entity audits and quality control systems of listed entity auditors. Practice review monitors compliance by practice units with professional standards including Hong Kong Standard on Quality Control 1 which is converged with its international equivalent. It also includes reviews of completed audit and assurance engagements, excluding audits of financial statements of listed entity clients. A mixed approach has been adopted for selecting practice units for review in that a three year cycle approach is used for selecting practice units with listed clients (although the Big Four are reviewed annually) (the responsibility for listed entity audits passed to the FRC with effect from 1 October 2019) and a risk based approach is used for selecting practice units without listed clients. Practice reviews are carried out by full time staff members employed by the HKICPA who have more than 5 years' post qualification experience gained mostly in auditing. The PAO requires a written report to be issued upon conclusion of each practice review. A timeline is set if follow up action is required following a practice review. A practice review case with serious findings may referred to a disciplinary committee for consideration and, if appropriate, sanctioning.

More detailed information regarding HKICPA's Quality Assurance Programme is available on its website (www.hkicpa.org.hk) under Quality Assurance.

The Regulatory Oversight Board (ROB), which is a non-statutory board comprising CPAs and lay members, acts on behalf of the Council of HKICPA to ensure that the quality assurance function of the HKICPA is being carried out in accordance with strategies and policies determined by the Council of HKICPA, and in the public interest. The ROB meets regularly to oversee the performance and operations of the Institute's quality assurance department and committee that carry out the quality assurance functions of HKICPA.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<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 PRC and the SQAB.	Ongoing	Executive Director, Standards & Regulation; Director Quality Assurance	HKICPA staff

		The Practice Review procedures manual is revised as necessary to maintain compliance with SMO 1 requirements and to incorporate new and updated review approach and procedures.			
2.	2012	To enhance oversight of the practice review programme, the PRC carries out an annual process review of the practice review work carried out by the quality assurance department to assess whether the department adheres to the Institute's established procedures and the practice review programme continues to meet SMO 1 requirements.	Ongoing	Director Quality Assurance	PRC
3.	2011	With effect from 1 October 2019 the FRC assumed responsibility for inspection of listed company audits. The HKICPA retains statutory responsibility for practice review of all other audits. The HKICPA will endeavor to coordinate its practice review work with the FRC inspection regime to avoid duplication of work and minimize disruption to audit firms.	2018	Chief Executive and Executive Director	HKICPA staff
4.	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 FRC and Hong Kong Stock Exchange to avoid duplication of effort and ensure an effective review of listed company financial reporting.	Ongoing	Director, Quality Assurance	HKICPA staff
5.	2008	Publication of an annual report on the activities of the quality assurance department. The reports are made available to the public at the HKICPA website. http://www.hkicpa.org.hk/en/standards-and-regulations/quality-assurance/practice-review/publications-reference/	Ongoing	Director, Quality Assurance	HKICPA staff
<i>Review of HKICPA's Compliance Information</i>					
6.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Quality Assurance Department	HKICPA staff

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements
Action Plan Objective: Continue to Notify HKICPA Members of Documents Issued by the IAESB and to Use Best Endeavors to Ensure that all IES Requirements are incorporated into the HKICPA Professional Accountancy Education System

Background:

HKICPA education requirements are in full compliance with all IESs, and in some areas more stringent (revisions to IESs are accommodated in local requirements as appropriate).

The Qualification Programme comprises four modules and a final examination. The new version of the QP will be launched stage-by-stage starting from December 2020 and it will consist of 10 Associate Modules, four Professional Modules, and the Capstone. Depending on the academic qualifications of the membership applicant, the period of full-time practical working experience required for membership of HKICPA will be from three to five years. The revised Practical Experience Framework (PEF) which aims to broaden the nature of working experiences and the range of skillsets on QP students' career development will be launched in 2021/2022.

Continuing Professional Development (CPD) requirements are in line with IES7. For more information regarding admission and education requirements, please visit the organization website (<http://www.hkicpa.org.hk/>).

With effect from 1 October 2019 the FRC has a responsibility to oversee the CPD requirement setting function of the HKICPA insofar as it relates to audits of listed entities. To facilitate this arrangement the FRC and the HKICPA signed a [Statement of Protocol on Oversight Arrangements](#) in September 2019.

IES 8 was adopted with effect from 1 July 2016.

The below actions focus principally on New Developments in the HKICPA Qualification Programme, Specialist Qualifications and CPD.

The Qualifications Oversight Board (QOB), which is a non-statutory board comprising CPAs and lay members, acts on behalf of the Council of HKICPA to ensure that the professional qualifications and education functions of the Institute are being carried out in accordance with strategies and policies determined by the Council of HKICPA, and in the public interest. The QOB meets regularly to oversee the performance and operations of the Institute's education and professional development departments and boards and committees that carry out the educational functions of HKICPA.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintain Ongoing Processes</i>					
7.	Ongoing	Maintain an ongoing process to ensure that members are notified of all relevant IAESB publications relating to the CPA qualification.	Ongoing	Executive Director	Institute staff
8.	Ongoing	Continuously review new IESs and EDs in preparation of the action plan for incorporation where necessary.	Ongoing	Executive Director	Institute staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
9.	Ongoing	Maintain an ongoing process to ensure that members are notified of all relevant IAESB papers relating to CPD.	Ongoing	Director of Member Support	Institute staff
<i>Qualification Programme (QP)</i>					
10.	Ongoing	Perform peer review, including IES compliance, with other Institutes in the Global Accounting Alliance, a group of top tier accountancy bodies. . The last round of peer review was completed in 2017 with no issues noted.	Ongoing	Executive Director	Global Accounting Alliance and Institute staff
11.	Ongoing	Perform periodic review of the QP to ensure ongoing benchmarking 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	Executive Director	Stakeholders represented in the Institute's Qualification and Examinations Board
12.	2017	Issued Position Paper on the new QP in 2017. The new QP Associate Level attained the Qualification Framework Level 5 that was accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications in 2018.	December 2021	Executive Director	Institute staff
13.	2018	Issued Position Paper on the revised PEF in 2018. Implementation of the revised framework is underway, including operational details of the policy and guidelines, and a bespoke online system in 2021/2022.	2021/2022	Executive Director	Institute staff
<i>Specialist Qualifications</i>					
14.	2010	Continued to offer the HKICPA's specialist qualifications in Insolvency, Hong Kong Taxation and China Taxation.	Ongoing	Director of Education & Training	Institute staff
<i>CPD</i>					
15.	2020	Implemented IES7 (Revised) (clarified the principles and requirements outlined in the standard on CPD)	Ongoing	Director, Member Support	Institute staff
16.	Ongoing	Offer the Financial Controllorship Programme for qualified accountants to further develop the necessary competencies and skills in performing the role as a Financial Controller.	Ongoing	Director of Education & Training	Institute staff

17.	2021	Offer the Business Valuation Training Programme for qualified accountants to enhance the skills in analyzing valuation reports and gain understanding of how business valuations are conducted.	March 2021	Director of Member Support	Institute staff
18.	2021	Offer the Enhancement Programme on Forensic Accounting for qualified accountants to develop the competencies in forensic engagement reporting and investigation skills.	March 2021	Director of Member Support	Institute staff
<i>Review of HKICPA's Compliance Information</i>					
19.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director	Institute staff

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Convergence with the International Auditing and Assurance Standards Board (IAASB) Pronouncements

Background:					
<p>In 2001 the Council of HKICPA adopted the policy of converging all HKSAs with International Standards on Auditing (ISAs) issued by the IAASB. Fully converged HKSA were issued in 2004 and 2005. Clarified HKSAs were issued in 2010 to align with Clarified ISAs. Later versions of HKSAs were converged with ISAs and issued since 2010. HKSAs are approved and issued by the Auditing and Assurance Standards Committee (AASC) of the HKICPA. The local standard setting process follows that of the IAASB so that converged HKSAs are issued shortly after IAASB issues new or amended ISAs.</p> <p>With effect from 1 October 2019 the FRC has a responsibility to oversee the audit standard setting function of the HKICPA insofar as it relates to audits of listed entities. To facilitate this arrangement the FRC and the HKICPA signed a Statement of Protocol on Oversight Arrangements in September 2019.</p> <p>The Executive Committee of the HKICPA oversees the standard setting function of the Institute.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Convergence with ISAs/ISQC 1 and Contribution to Standard Setting Activities of IAASB</i>					
20.	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	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>					
21.	Ongoing	Review of IAASB agenda materials, exposure drafts and making submissions: 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/	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>					
22.	Ongoing	Review education training strategies on new and existing HKSAs.	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
23.	Ongoing	Development of technical events such as seminars, workshops, webinars and Annual Auditing Update Conference. https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Meetings-and-events	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
<i>Technical Support</i>					
24.	Ongoing	Development of guidance such as Practice Notes and Circulars.	Ongoing	AASC and Director, Standard Setting	Staff of Standard Setting Department
25.	Ongoing	Provide guidance and assistance on adoption of ISAs through the following channels: Technical Enquiry System https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Resource-centre/Technical-Enquiry-Form APlus http://app1.hkicpa.org.hk/oldsite/APLUS.php Technical News http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/techwatch/ https://www.hkicpa.org.hk/en/News/Communications/E-newsletter/Technical-News	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
26.	Ongoing	Continue to provide audit training: https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Meetings-and-events	Ongoing	Director, Standard Setting	Staff of Standard Setting Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	Ongoing	Continue to provide training on quality control via "A Guide to Quality Control": https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Meetings-and-events	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
<i>Review of HKICPA's Compliance Information</i>					
28.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director- Standards and Regulation	Staff of Standard Setting Department

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Convergence with IESBA Pronouncements

Background:

Convergence of the HKICPA Code of Ethics for Professional Accountants with the Code of Ethics (HKICPA Code) issued by the IESBA was announced in 2005 and has been maintained since then. The HKICPA Code is approved and issued by the Ethics Committee (EC) of the HKICPA.

The HKICPA Code was revised and issued subsequent to the issue of the revised IESBA Code in 2018. Chapter A of the HKICPA Code is identical to the 2018 IESBA Code. Chapter C of the HKICPA Code provides additional guidance to members to reflect local circumstances; Chapter E of the HKICPA Code provides guidance on insolvency and liquidation; and Chapter F of the HKICPA Code provides guidance on anti-money laundering and counter-terrorist financing.

With effect from 1 October 2019 the FRC has a responsibility to oversee the ethics standard setting function of the HKICPA insofar as it relates to audits of listed entities. To facilitate this arrangement the FRC and the HKICPA signed a [Statement of Protocol on Oversight Arrangements](#) in September 2019.

The local standard setting process follows that of the IESBA so that converged statements are issued shortly after the IESBA issues new or amended content of the Code of Ethics. The HKICPA has issued a Code of Ethics that is converged with the 2022 International Code of Ethics issued by IESBA.

The Executive Committee of the HKICPA oversees the standard setting function of the Institute.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Convergence with IESBA Code of Ethics and Contribution to Standard Setting Activities of IESBA</i>					
29.	Ongoing	Update of the Members' Handbook for adoption of newly issued/revised Code of Ethics by the IESBA.	Ongoing	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>					
30.	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 EC and staff of Standard Setting Department

<i>Education and Training Activities</i>					
31.	Ongoing	Review communication, education and training strategies on both new and existing IESBA pronouncements.	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
32.	Ongoing	Raise members' awareness of emerging issues and develop educational activities to enhance members' knowledge of newly issued IESBA pronouncements through technical events: https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Meetings-and-events	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
<i>Technical Support</i>					
33.	Ongoing	Provide guidance and assistance on adoption of HKICPA Code through the following channels: Technical Enquiry System https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Resource-centre/Technical-Enquiry-FormAPIus http://app1.hkicpa.org.hk/oldsite/APLUS.php Technical News http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/techwatch/ https://www.hkicpa.org.hk/en/News/Communications/E-newsletter/Technical-News	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
<i>Review of Compliance Information</i>					
34.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director- Standards & Regulation	Staff of Standard Setting Department

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: To Address the Standard Setting Issues in Public Sector and Not-for-Profit Entities

Background:

HKICPA is not responsible for setting public sector accounting standards, the standards (guidelines) that apply to the preparation of financial statements in the public sector, and the laws which outline responsibilities and requirements for public sector accounting standards.

IPSAS have not been adopted in Hong Kong and the Hong Kong SAR Government does not currently have plans to adopt the standards. Central Government accounts are prepared on a cash basis. The Government also prepares annual consolidated "whole of government" accounts that include all government controlled entities, on an accrual basis. There is a wide range of public sector entities, including bodies with substantial government holdings that are publicly listed and prepare financial statements in accordance with HKFRS.

In line with its commitment to converging local private sector accounting standards to IFRS, HKICPA believes that IPSAS do provide a suitable framework for public sector accounting. HKICPA supports and facilitates dialogue on the desirability of introducing such a framework and promotes the need for robust and transparent public sector accounting. HKICPA will monitor the position and intentions of the Hong Kong Government regarding public sector accounting standards and if it becomes appropriate will encourage consideration of the use of IPSAS. IPSAS consultations and pronouncements are communicated to members and we understand that the Hong Kong SAR Government directly monitors IPSASB communications. HKICPA will continue to take steps to ensure relevant Government officers are aware of significant activities of IPSASB.

HKICPA also supports the development of financial reporting standards for not-for-profit-entities. HKICPA plans to undertake research on the needs of our not-for-profit entities to better understand which accounting framework (IFRS or IPSAS) would better suit this sector. HKICPA has been running a programme "CPAs for NGOs" since 2013. <http://www.hkicpa.org.hk/en/communications/community-projects/cpa-ngo-program/>

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the Use of IPSASs</i>					
35.	Ongoing	Continue to support the research on IPSASs.	Ongoing	Director, Standard Setting	Members of FRSC and staff of Standard Setting Department
36.	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
37.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director- Standards & Regulation	Staff of Standard Setting Department

Action Plan Subject: SMO 6—Investigation and Discipline

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

Background:

The HKICPA deals with complaints concerning the ethical and professional conduct of its members, member practices and registered students. Under arrangements in place up to 30 September 2019 complaints involving listed entities that appeared to be “relevant irregularities” as defined in the Financial Reporting Council Ordinance were outside the jurisdiction of the Institute and were investigated by the FRC. The FRC had no enforcement powers and the results of FRC investigations concerning HKICPA members were referred back to the HKICPA for consideration of disciplinary action.

With effect from 1 October 2019 the FRC became the independent regulator of auditors and audits of listed entities. The Financial Reporting Council Ordinance (FRCO) was amended to give the FRC full inspection, investigation and disciplinary powers and capabilities to exercise regulatory responsibilities. The HKICPA has no authority to investigate or take disciplinary action in regard listed entity (defined under the FRCO as PIE) audits (carried out from 1 October 2019).

Complaints against HKICPA members and member firms (not involving audits of listed entities) are dealt with by the PCC of HKICPA which has powers delegated to it by the Council of HKICPA to adjudicate minor complaints or dismiss complaints when there is inadequate evidence to show a prima facie case of an alleged offence. The PCC may refer more serious complaints to the Council of HKICPA for consideration of resolving them by Resolution by Agreement (RBA) or referring them to the Disciplinary Panels..

The investigatory and disciplinary powers of the HKICPA are set out in the PAO. Disciplinary Committee Proceedings Rules and Guidelines to Disciplinary Committees are issued to bring a greater degree of consistency and independence to the disciplinary process.

More detailed information about HKICPA’s complaints and disciplinary matters is available on its website (www.hkicpa.org.hk) under Compliance.

The ROB, which is a non-statutory board comprising CPAs and lay members, acts on behalf of HKICPA Council to ensure that the regulatory function of the Institute is being carried out in accordance with strategies and policies determined by the Council of HKICPA, and in the public interest. The ROB meets regularly to oversee the performance and operations of the Institute's compliance department which supports the investigation and disciplinary function of HKICPA.

#	Start Date	Actions	Completion Date	Responsibility	Resource
---	------------	---------	-----------------	----------------	----------

Maintaining Ongoing Processes

38.	2012	As part of its oversight functions, the ROB conducts annual process reviews of the operations of the compliance department to assess whether the department adheres to the Institute's established procedures when handling complaints, investigations and disciplinary cases. The results of the reviews are available on the HKICPA website. http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/publications-reference/	Annually	Executive Director, Standards & Regulation; Director, Compliance	ROB
39.	2009	Compliance Operations Reports summarizing the nature and outcome of cases handled by the compliance department are published annually. The reports also explain the activities which the department undertakes to support the regulatory function of the HKICPA. They are available on its website. http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/publications-reference/	Annually	Director, Compliance	Staff of Compliance Department
40.	Ongoing	Continuous monitoring and evaluation of the complaint 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 PCC and the ROB.	Ongoing	Director, Compliance; General Counsel	Staff of Compliance Department and Legal Department, PCC and RAB
41.	Ongoing	Raise members' awareness on consequences of non-compliance with professional and ethical standards by publicizing the nature of complaints received and past RBAs/disciplinary orders. Annual compliance forums are held to educate members about common findings of the compliance department.	Ongoing	Director, Compliance	Staff of Compliance Department
<i>Review of HKICPA's Compliance Information</i>					
42.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director, Standards & Regulation; Director, Compliance	Staff of Compliance Department

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Convergence with International Accounting Standards Board (IASB) Pronouncements

Background:					
<p>In 2001 the Council of the HKICPA adopted the policy of converging all HKFRSs with IFRSs issued by the IASB. HKFRS are identical to IFRSs. The local standard setting process follows that of the IASB so that converged HKFRSs are issued shortly after IASB issues new or amended IFRSs. HKFRSs are approved and issued by the Financial Reporting Standards Committee (FRSC) of the HKICPA.</p> <p>The Executive Committee of the HKICPA oversees the standard setting function of the Institute.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Convergence with IASB Pronouncements and Contribution to Standard Setting Activities of IASB</i>					
43.	Ongoing	Update of the Members' Handbook for adoption of newly issued/revised Standards and Interpretations by the IASB.	Ongoing	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>					
44.	Ongoing	<p>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/ Submissions: http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/financial-reporting-submissions/</p> <p>In addition to receiving written submissions, meet with key accounting and finance personnel in business, in practice, academics, investor analysts and regulators to discuss the proposed amendments or standards and the views on the proposals.</p>	Ongoing	Director, Standard Setting	Members of FRSC and staff of Standard Setting Department

45.	Ongoing	Host roundtable discussions or forums.	Ongoing	Director, Standard Setting	Members of FRSC and staff of Standard Setting Department
<i>Education and Training Activities</i>					
46.	Ongoing	Review training strategies on both new and existing HKFRSs.	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
47.	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 seminars and workshops. Annual Accounting Update. E-learning.	Ongoing	Director, Standard Setting	Staff of Standard Setting Department
48.	April 2016	Undertake research to support the development of standards.	Ongoing	Director, Standard Setting	Staff of Standard Setting Department and Members of FRSC
<i>Technical Support</i>					
49.	Ongoing	Provides guidance and assistance on adoption of HKFRSs through the following channels: Technical Enquiry System Technical Enquiry System https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/08_Resource-centre/TQ/techqs.pdf Technical news (replaced TechWatch in May 2020) https://www.hkicpa.org.hk/en/News/Communications/E-newsletter/Technical-News Financial reporting, auditing and ethics alert	Ongoing	Director, Standard Setting	Staff of Standard Setting Department

		<p>https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Our-views/Technical-bulletins-and-circulars/Alert_Financial-Reporting-Auditing-and-Ethics</p> <p>Small and Medium Practices (SMP) and Small and Medium Enterprises (SME) Resource Centre</p> <p>http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/smp-and-sme-resource-centre/</p> <p>HKFRS for Private Entities Information Centre</p> <p>https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Resource-centre/HKFRS-for-Private-Entities-Information-Centre</p> <p>Educational guidance and FAQs on new and major standards</p> <p>https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/New-and-major-standards/New-and-Major-Standards</p> <p>A Plus articles</p> <p>https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Our-views/A-Plus-Technical-Articles</p>			
<i>Review of Compliance Information</i>					
50.	Ongoing	Review HKICPA's SMO Action Plan and update as necessary.	Ongoing	Executive Director - Standards & Regulation	Staff of Standard Setting Department