



Our Ref.: C/EC

25 April 2017

Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue, 6th Floor  
New York, NY 10017  
The United States of America

Dear Sir,

**IESBA Exposure Draft**  
***Proposed Revisions to Clarify the Applicability of Provisions in Part C of the***  
***Extant Code to Professional Accountants in Public Practice***

The Hong Kong Institute of Certified Public Accountants is the only body authorised by law to set and promulgate financial reporting, auditing and ethical standards for professional accountants in Hong Kong. We are grateful for the opportunity to provide you with our comments on this Exposure Draft.

We support the proposed revisions to clarify the applicability of the provisions in Part C of the extant Code to professional accountants in public practice (PAPPs). We agree with the IESBA that PAPPs should consider and comply with the relevant provisions for professional accountants in business (PAIBs) in the Code when they face similar issues and ethical dilemmas as PAIBs.

In relation to an ethical issue potentially encountered by a PAPP, the ED sets out an example whereby a PAPP may be pressured to under-report chargeable hours on a client. We are concerned that this may not be a significant example of a conflict with the requirements of the Code. The IESBA may want to consider including an example where a PAPP faces a substantive ethical dilemma within the firm. For example, a PAPP could be pressured by a superior to inappropriately reduce the extent of audit work performed and/or the level of audit documentation. Such pressure may cause the PAPP to perform the work without sufficient expertise and due care, and therefore breach the fundamental principles. In these circumstances, the PAPP should consider and comply with the provisions in the Code for PAIBs that address pressure to breach fundamental principles.

If you have any questions regarding the matters raised above, please contact Eky Liu, Associate Director of the Standard Setting Department ([eky@hkicpa.org.hk](mailto:eky@hkicpa.org.hk)).

Yours faithfully,

Chris Joy  
Executive Director  
CJ/EL