

HKICPA Staff Policy on Handling Members' Technical Queries

Introduction

1. The Hong Kong Institute of Certified Public Accountants (“HKICPA”) Council is empowered, in relation to the practice of accountancy, to issue or specify any:
 - (a) statement of professional ethics; and/or
 - (b) standards of accounting, auditing and assurance practices;required to be observed, maintained or otherwise applied by any certified public accountant¹.
2. Statements of professional ethics, and standards of accounting, auditing and assurance practices (collectively “Professional Pronouncements”), together with relevant interpretative and other guidance approved by the HKICPA Council, are published in the HKICPA Members’ Handbook.
3. From time to time, the HKICPA receives queries in relation to the application and interpretation of its Professional Pronouncements and also receives queries in relation to such other matters as the application of the law (for example, in relation to company or taxation law) or the accounting or other professional requirements applying in jurisdictions other than Hong Kong.
4. Outlined below is the HKICPA’s policy in relation to dealing with members’ technical queries such that they may be dealt with in an orderly manner. The policy may be modified from time to time as a result of our experience.

Addressing Technical Queries with the HKICPA

5. The HKICPA may receive queries on the application of the HKICPA Professional Pronouncements.

¹ Professional Accountants Ordinance, section 18A(1).

6. The HKICPA staff will respond to such queries subject to the conditions outlined below:
- ✓ The query should come from a member of the HKICPA (with limited exceptions for regulatory bodies and the media) – guidance for others as to alternative sources of information for queries is provided in para. 15 below;
 - ✓ The query should be in writing and addressed to the HKICPA Director, Standard Setting, Steve Ong, at hkicpa@hkicpa.org.hk or fax at 28656603 or through the Technical Enquiries page on the HKICPA website (<http://www.hkicpa.org.hk/index.php?mainLocation=/professionaltechnical/policy/content.php>);
 - ✓ The query should include the member's name, address, contact telephone number during normal office hours and membership number;
 - ✓ The query should include a written statement of all relevant facts and assumptions, and refer to available authoritative support and supporting rationale². Sufficient information on the situation and circumstances to which the query pertains must be provided but the query should be generic in nature and not relate to a specific entity or transaction (either actual or contemplated). The query should preferably provide a suggested conclusion consistent with the authoritative support and other references cited; and
 - ✓ Members should include details as to whether or not others have been consulted in respect of the query and, if so, the facts provided to that person, and the details of their response. The query to the HKICPA should, however, be kept generic and not refer to a specific entity and/or fact situation.
7. If in the HKICPA's view, the above conditions have not been met, the member may be asked to resubmit the query, as appropriately raised, or the query may not be responded to, at the HKICPA's discretion. In the latter case the member will be informed of the decision.
8. The HKICPA staff will not respond to queries on the application and interpretation of material not published by the HKICPA, including matters of law and regulation (for example, company law, taxation law, Stock Exchange Listing Rules), as well as accounting, auditing and other professional requirements applying in jurisdictions other than Hong Kong.

² For example, the requirements of the relevant HKFRS.

9. As a matter of policy, the HKICPA staff do not respond to the following requests:
- ✗ Providing advice on entity-specific and/or detailed fact-specific questions;
 - ✗ Suggesting the appropriate audit opinion to be given;
 - ✗ Acting as an arbitrator regarding any issue or dispute; and
 - ✗ Assisting in research for student assignments.
10. The HKICPA staff will provide only written responses to queries on the following basis:
- ✓ The response is essentially the personal view of the staff member providing the response and intended for general guidance only. It does not constitute an authoritative response on behalf of the HKICPA;
 - ✓ The staff member's response is based on the facts and assumptions provided and may not apply if there is a change or discrepancy in those facts or assumptions;
 - ✓ Reliance on the staff member's response is entirely at the enquirer's own risk;
 - ✓ Neither the HKICPA nor its staff can accept any responsibility for the accounting treatment or for the application of auditing and assurance or other professional standards in the particular circumstances (as applicable) applied consequent to the staff member's response; and
 - ✓ Reference to the query and response, if any, may not be made – and shall not be permissible as evidence – in the case of any complaint furnished to the HKICPA.
11. Because of the HKICPA's limited resources to deal with members' queries, it is generally not possible for HKICPA staff to attend to all queries necessarily in a timely manner. Staff will strive to answer 95% of queries, which contain all of the information specified in this policy, within 10 working days of receipt.

Limitations

HKICPA Professional Pronouncements

12. Note should be taken that the staff member's response is provided on a generic basis and should not be considered necessarily relevant to a specific entity or transaction. A query provides typically only a selected summary of the scenario about which advice is being sought and it is inevitable that the staff member will be less well informed, and consequently less able to provide appropriate advice, than an advisor who has become familiar with all the relevant facts regarding the matter in question.
13. The HKICPA staff are able to assist members by providing information that guides them to the most appropriate source of information (such as the relevant Professional Pronouncements). To enable meaningful discussions, members are expected to consult and understand the relevant Professional Pronouncements themselves first before further questions are raised.
14. The HKICPA appreciates that judgement may be involved in applying Professional Pronouncements and suggests members seeking specific answers to detailed fact-specific questions investigate other avenues for opinion, such as seeking an opinion from a fellow member, before making up their own judgement.
15. As a last port of call for members' queries on Professional Pronouncements, the HKICPA encourages both members and non-members to use other sources of information available, which may include:
 - ✓ For members of the public → a professional accountant², the HKICPA's Free Public Advisory Service³;
 - ✓ For financial statement preparers → your external auditor;
 - ✓ For professional accountants → colleagues, fellow members, the HKICPA's website including the discussion forum;
 - ✓ For students → library, lecturers, textbooks, and the HKICPA's website where you will find electronic copies of the HKICPA

² Note that the HKICPA does not respond to queries on the application and interpretation of the HKICPA Professional Pronouncements from members of the public because it is inappropriate for the HKICPA to be in competition with its members.

³ Refer to the HKICPA's website: <http://www.hkicpa.org.hk/>.

- Professional Pronouncements and details of other professional literature published by the HKICPA;
- ✓ For entity-specific queries → the entity concerned⁴.

Legal interpretations and Professional Pronouncements applying in other jurisdictions

16. The HKICPA staff are not in a position to respond to queries on the application and interpretation of the law or of professional pronouncements not issued or specified by the HKICPA. In the case of queries relating to the law, members are advised to seek independent legal advice.

Entity-specific queries

17. It is HKICPA's policy not to comment on the specific facts pertaining to a company or other entity or its financial statements. Entity-specific queries should be raised with the entity concerned.
18. On occasion, queries in respect of a specific entity may be, or become, part of a matter of complaint to the HKICPA about the conduct of a member. Queries connected with an actual or proposed complaint should be directed to the HKICPA Head of Compliance at hkicpa@hkicpa.org.hk.

Disclaimer

19. As a matter of policy, the HKICPA disclaims responsibility for any private comment or statement by any of its staff. The views expressed by an individual staff member do not necessarily reflect the views of the HKICPA, the HKICPA Council, or other members of the HKICPA staff. The HKICPA staff response to a query on the HKICPA Professional Pronouncements reflects only that staff member's personal views in the light of the particular circumstances described by and the limited information provided by the enquirer and is purely for reference and discussion purpose only, and should not be regarded as the official interpretation of the HKICPA Professional Pronouncements. Official interpretations of the HKICPA Professional Pronouncements can only be established after extensive deliberation and due process, and with the approval of the HKICPA Council.

⁴ Auditors, who are under a duty of confidentiality, are generally not permitted to respond to queries from third parties in relation to a client.

HKICPA's Official Response

20. Where members consider that there are deficiencies in certain Professional Pronouncements that give rise to the ambiguities or difficulties in the application of Professional Pronouncements, suggestions are most welcome.
21. Any such suggestions should be directed to the Director, Standard Setting of the HKICPA, Steve Ong at hkicpa@hkicpa.org.hk. These suggestions will be referred to the relevant standard-setting Committees for consideration, and the relevant Professional Pronouncements will be amended, where appropriate.
22. Owing to limited resources, the HKICPA does not give individual responses to these suggestions.

Publication of Queries and Responses

23. To widen the help to members, the HKICPA may, where appropriate, publish, or post on the HKICPA's website, frequently asked technical questions and answers.
24. These will be published in generic terms without disclosing the identity of the enquirer.