



香港華人會計師公會

The Society of Chinese Accountants & Auditors

(在香港註冊成立之有限公司)
(Incorporated in Hong Kong as a company limited by guarantee)

Appendix I - SCAA Surveys

21 questions selected from the Consultation Paper

1. Do you agree with the proposed objective of the reform, i.e. to enhance the independence of the regulatory regime for auditors of listed entities from the profession itself with a view to ensuring that the regime is benchmarked against international standards and practices and continues to be appropriate in the local context?

Yes [8] No [2] No Comment [-] No Answer [-]

Remarks:

- i) remain the context as existing
- ii) current local context
- iii) not the right time
- iv) agrees to continue to be appropriate in the local context, i.e. the existing arrangement
- v) currently adopted practice that no registration is necessary
- vi) not necessary this time
- vii) emphasize & add these words " in accordance with 'existing and current' local context"

2. Do you agree that the new regulatory regime should only cover auditors of public interest entities, which will be defined to cover listed entity auditors?

Yes [9] No [-] No Comment [-] No Answer [1]

Remarks:

- i) but enlarge of definition is need consulting before change of law
- ii) only public limited entities

3. Do you agree that the definition of public interest entities should be set out in the main legislation such that any change in future could only be made by way of an amendment bill?

Yes [9] No [-] No Comment [-] No Answer [1]

Remarks:

- i) define as a listed company
- ii) public interest entities should be changed to listed companies



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- iii) it needs consulting first before bill drafting
- iv) only public limited entities

4. Do you agree that FRC should become the independent auditor oversight body with respect to listed entities in Hong Kong by enlarging its regulatory remit?

Yes [8] No [-] No Comment [1] No Answer [1]

5(a). Do you agree that a listed entity auditor must be a practice unit as defined under the existing PAO and a fit and proper person to be registered as a listed entity auditor?

Yes [7] No [2] No Comment [1] No Answer [-]

Remarks:

- i) "fit & proper person" can be considered by the government with political grounds
- ii) why need to be "fit and proper person"?

5(b). If yes, do you agree that for the purpose of the reform, there should be no change to the existing qualification and experience requirements for considering whether a person is fit and proper to be registered as a listed entity auditor, i.e. by reference to the existing fit and proper test for becoming a CPA?

Yes [7] No [-] No Comment [1] No Answer [2]

7. Do you agree that an individual, partnership or body corporate who wishes to enter into an audit engagement with a listed entity in Hong Kong should be required to register as a listed entity auditor, and that it shall be a criminal offence if an unregistered person entered into an audit engagement with a listed entity?

Yes [-] No [10] No Comment [-] No Answer [-]

Remarks:

- i) Reaction of accepting engagement is not a criminal action. Criminal offence should only be imposed to criminal action
- ii) not the right time (auditors with different political views from the government may not register successfully)
- iii) Mis-arrangement is different from the existing system
- iv) Criminal offence is not appropriate



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- v) should follow existing and current local context which does not need to have registration system for being a listed entity auditors
- vi) if free register, then should allow all practising CPA to be free to register

8(a). Do you agree that HKICPA Registrar should be assigned the role of Registrar of Listed Entity Auditors and be vested with the registration functions and powers as outlined in paragraph 3.23, and FRC should exercise oversight through arrangements as proposed in paragraph 3.24?

Yes [6] No [3] No Comment [-] No Answer [1]

Remarks:

- i) only condition that the committee must have half of its members are practising members who understand operation of audit firm
- ii) if free to register --> ok. Will register

8(b). Do you agree that FRC should publish the periodic reports received by the HKICPA Registrar as mentioned in paragraph 3.24(a) on its website, and provide information on the results of its quality review and the written directions given by it in its annual report?

Yes [6] No [1] No Comment [-] No Answer [3]

16(a). Do you agree that HKICPA should continue to perform its statutory functions and exercise its statutory powers with regard to setting CPD requirements for listed entity auditors, subject to independent oversight by FRC in accordance with paragraph 4.6?

Yes [6] No [2] No Comment [-] No Answer [2]

Remarks:

- i) only listed companies audits by FRC

16(b). Do you agree that FRC should publish the periodic reports received by it as mentioned in paragraph 4.6(a) on its website, and provide information on the results of its quality review and the written directions given by it in its annual report?

Yes [6] No [1] No Comment [-] No Answer [3]

17(a). Do you agree that HKICPA should continue to perform its statutory functions and exercise its statutory powers in specifying standards on professional ethics, auditing and assurance to be



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observed, maintained or otherwise applied by CPAs (practising), and FRC should exercise oversight of the performance of such functions and the exercise of such powers by HKICPA which are applicable to listed entity auditors as proposed in the arrangements set out in paragraph 5.8?

Yes [3] No [4] No Comment [-] No Answer [3]

Remarks:

- i) no need to have duplication of work
- ii) FRC should not involve in these questions

17(b). Do you agree that FRC should publish the periodic reports received by it as mentioned in paragraph 5.8(a) on its website, and provide information on the results of its quality review and the written instructions given by it in its annual report?

Yes [5] No [1] No Comment [-] No Answer [4]

18. Do you agree that HKICPA and FRC should establish procedures to ensure that the HKICPA Council would duly take into account FRC's views before it makes any decision on the setting of standards on professional ethics, auditing and assurance in relation to listed entity auditors?

Yes [5] No [5] No Comment [-] No Answer [-]

Remarks:

- i) HKICPA is appropriate to make decision and policies in guarding accountants and making policies in connection with international
- ii) Authority should be international standard instead of FRC's views
- iii) need separate procedure so as no duplication of work

19. Do you agree with the proposal to transfer statutory functions for conducting recurring inspections of listed entity auditors in respect of their listed entity audit engagements from HKICPA to FRC, with FRC being given the necessary powers as set out in paragraph 6.13 (which are similar to the powers which HKICPA is equipped with under its practice review programme)?

Yes [6] No [2] No Comment [-] No Answer [2]



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23. Do you agree that FRC reviewers should be given the proposed statutory powers as set out in paragraph 6.17 in relation to their inspections?

Yes [5] No [1] No Comment [1] No Answer [3]

24(a). Do you agree with the proposal to provide for criminal offences against a person who fails to comply with the requirements in relation to FRC's inspections?

Yes [4] No [5] No Comment [-] No Answer [1]

Remarks:

i) not necessary criminal offences

24(b). If so, do you agree that the provisions on such criminal offences should be modelled on the existing provisions in the FRCO concerning failure to comply with requirements in relation to an investigation into relevant irregularities?

Yes [4] No [2] No Comment [1] No Answer [3]

28. Do you agree that the definition of "irregularity" under the new regulatory regime should be refined to cover irregularities in respect of all audit and assurance engagements undertaken by listed entity auditors with listed entities as required under the Listing Rules?

Yes [1] No [8] No Comment [1] No Answer [-]

Remarks:

- i) more detail and define
- ii) well defined
- iii) define "all audit and assurance engagements"
- iv) scope of services to be clearly defined
- v) well define please
- vi) only statutory audits should be covered

29. What is your view on whether the new regime should specifically provide that the individual/individuals who assume(s) ultimate responsibility for the system of quality control of a practice unit would be held accountable for the absence/systemic failure of such system, and whether it should stipulate expressly that such responsible person(s) shall be the practice unit's chief executive officer (or equivalent) or, if appropriate, members of the practice unit's



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managing board of partners (or equivalent)?

Yes [2] No [5] No Comment [1] No Answer [2]

Remarks:

- i) only the signing partner should be responsible
- ii) only the engagement partner

30. Do you agree that FRC, as the future independent auditor oversight body, should be vested with disciplinary powers, including powers to make decisions on disciplinary cases, concerning listed entity auditors, subject to the requirements for ensuring fairness and a due process as proposed in paragraphs 7.21 to 7.24?

Yes [4] No [5] No Comment [-] No Answer [1]

Remarks:

- i) Even Independent Police Complaints Council does not have the same powers; the Hong Kong Government should not have double standard.
- ii) Independence is doubted
- iii) but need comments by HKICPA

31. Do you agree that FRC should be empowered to exercise the range of disciplinary powers on a person subject to disciplinary action outlined in paragraph 7.27?

Yes [2] No [6] No Comment [-] No Answer [2]

Remarks:

- i) maximum must not be greater than three times of the fees received
- ii) should be judged by independent third party
- iii) should be "up to"
- iv) the limit of HK\$1 million on top of fees received
- v) should be maximum of 2 times of the fee

36. Do you agree that a new independent appeals tribunal should be set up for hearing appeals in respect of registration decisions made by the HKICPA Registrar and disciplinary decisions made by FRC?

Yes [5] No [1] No Comment [-] No Answer [4]



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Remarks:

- i) can SCAA be member of the tribunal
- ii) not only affects, judgment should be by independent tribunal

37(a). Do you agree that a person who disagrees with a registration decision made in respect of him or is aggrieved by a disciplinary decision made in respect of him may apply to the new independent appeals tribunal for a review of the decision within 21 days after a notice of the relevant decision has been served upon him?

Yes [6] No [1] No Comment [-] No Answer [3]

Remarks:

- i) should extend to 60 to 90 days

37(b). If so, do you agree that the independent appeals tribunal may, upon application by the relevant person, grant an extension to application for review of a specified decision, and that such extension should only be granted after the applicant and FRC have been given a reasonable opportunity to be heard on the proposed extension and the independent appeals tribunal is satisfied that there is a good cause for granting the extension?

Yes [5] No [-] No Comment [-] No Answer [5]

45. Do you agree that FRC should be required to review the levels of the three levies once its reserve has reached a level equivalent to 24 months of its operating expense, after deducting depreciation and all provisions?

Yes [4] No [1] No Comment [-] No Answer [5]

46(a). Do you agree with the proposed new composition of FRC membership, i.e. not fewer than seven members appointed by the Chief Executive, together with the FRC Chief Executive Officer as an ex-officio member, and abolishing the existing arrangements for the nomination of FRC members and for the Registrar of Companies to be an ex-officio member as set out in paragraph 10.6?

Yes [2] No [3] No Comment [-] No Answer [5]

Remarks:

- i) must have SMP representatives



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46(b). Do you agree that there should be at least two persons who possess knowledge of and experience in the auditing of Hong Kong listed entities out of the FRC members to be appointed by the Chief Executive?

Yes [5] No [1] No Comment [-] No Answer [4]

Remarks:

- i) must with SMP representatives
- ii) need member of big firm, SME/P, Academic parties in rotation