



創於1913年
Founded in 1913

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)

6 May 2022

Financial Reporting Council
24th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Dear Sirs

Engagement and Consultation Paper on Further Reform of the Accounting Profession

On behalf of the members of the Society of Chinese Accountants and Auditors ("SCAA"), we would like to thank Chairman Dr. Kelvin Wong, SBS, JP and his team to join our forum to explain to our members about the Consultation Paper on 30 March 2022.

Regarding your invitation for comments on the questions listed on pages 31 to 33 on the Consultation Paper, we have the following replies and comments for your consideration.

Question 1

Yes, we think the proposed disciplinary process is transparent, fair and provides reasonable opportunity to be heard to regulatees.

Question 2

Our members highly welcome that FRC will take an education approach for a period of time when its regulatory powers expanded to non-PIE auditors. Although there is no indication of how long the education approach will last for but we think a period of not less than three years will be appropriate so that FRC would have done enough cases to uphold the standard of the non-PIE auditors. This education approach can facilitate FRC to focus its efforts to deal with more serious disciplinary cases which can be done more efficiently and effectively.

It is also recommended that FRC may consider to shorten the turnaround time for conducting investigations for non-PIE auditors or for those relatively small-sized audit engagements.

Questions 3, 5, 7 and 9

We agree with those proposals.



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Questions 4, 6, 8, 10 and 11

We have no further comments.

Bogus CPA firms

Although this is not the statutory obligation of FRC to tackle the issue of bogus CPA firms in Hong Kong, the unregulated and sub-standard services provided by bogus CPA firms not only affected the business of practising accountants but also against FRC's principle of striving for effective regulatory outcomes through efficient process, with a view to reinforcing Hong Kong's status as an international financial centre and facilitating the long-term development of the accounting profession. We keep raising this issue to both the Hong Kong Government and the HKICPA for many years but so far, the progress of cracking down on it is not to our satisfaction. Therefore, we would like to appeal for the help of FRC to tackle this issue.

We will be happy to answer any further questions that you may have. Should you require more information, please do not hesitate to contact the undersigned or Mr. Donald Chau, Chairman of our Practice Management Committee.

Yours sincerely

WU Chun Sing, Parco
President

The Society of Chinese Accountants and Auditors ("SCAA") is an incorporated body of professional accountants in Hong Kong established since 1913. Nowadays, SCAA's ordinary members are practising accountants and representing a significant number of practising firms of accountants, which are small, medium and large sized, in Hong Kong.