

Press Release

16 September 2024

AFRC 2024 Oversight Report identifies improvement areas for the HKICPA to support the development of the accounting profession

The Accounting and Financial Reporting Council (**AFRC**) has published its [2024 Oversight Report on Hong Kong Institute of Certified Public Accountants' \(HKICPA\) performance of specified functions](#) (the **Report**) covering the assessment period from 1 April 2023 to 31 March 2024. The Report presents five findings and two enhancing recommendations to drive improvement within the HKICPA.

AFRC's Oversight Mandate and Focus

Since 2019, the AFRC has assessed the HKICPA's performance annually to ensure its accountability, integrity, and effectiveness in fulfilling its specified functions. This year, the AFRC's theme was on how the HKICPA supports the healthy development of the accounting profession in Hong Kong through its specified functions, as reflected in our principle-based findings and recommendations. This, in turn, contributes to the overarching goal of enhancing financial reporting and auditing quality and sustaining Hong Kong's global financial competitiveness.

Overview of Findings and Recommendations

The five oversight findings in 2024 are as follows:

- (a) High non-compliance rate in continuing professional development (**CPD**) compliance audits;
- (b) A lack of robust handling and review mechanism of feedback received on CPD training;
- (c) Compliance with the regulatory order is not considered in the fit and proper assessment of certified public accountant (**CPA**) registration;
- (d) Gaps in authorised employer and authorised supervisor assessment; and
- (e) A lack of process for ensuring the quality of CPD courses prior to the event and that the courses meet the identified learning objectives.

Findings (a) and (b) are associated with findings originally identified in the 2023 oversight assessment. While the HKICPA has taken steps to address them, our concerns remained.

In addition, the AFRC has made two enhancing recommendations in relation to the setting of professional standards that could bolster the overall development of accounting profession. These recommendations aim to enrich the documents issued for the consultation of professional standards with more details, thereby enhancing

accessibility and transparency, which is particularly beneficial to the small and medium-sized practices.

Looking ahead

As sustainability becomes increasingly important for businesses and society, capacity building in the accounting profession is critical. The AFRC is committed to fostering dialogue with the HKICPA and industry stakeholders to establish local sustainability-related standards and upskill the profession, ensuring that Hong Kong is at the forefront of sustainable reporting and assurance.

Ms Janey Lai, CEO of the AFRC, concluded, “The 2024 Oversight Report provides useful reference to CPAs, audit firms, and other industry stakeholders to understand the industry developments and upskill their expertise, and raise the trust and credibility of the profession. By observing, monitoring, assessing and providing recommendations to the HKICPA, the AFRC aims to continue nurturing the growth, development and sustainability of the accounting profession, to uphold Hong Kong’s position as a competitive international financial centre.”

End

About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council (**AFRC**) is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, AFRC spearheads and leads the accounting profession to constantly raise the level of quality of professional accountants, and thus protects the public interest, and promotes the healthy development of the accounting profession.

For more information about the statutory functions of the AFRC, please visit www.afrc.org.hk.

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