

Press Statement

29 October 2024

AFRC Reinforces Commitment to Financial Reporting Integrity in Hong Kong

The Accounting and Financial Reporting Council (**AFRC**) remains dedicated to enhancing the credibility of financial reporting in Hong Kong, and one of the persistent concerns within the profession is the issue of “bogus CPAs”. The AFRC has published a dedicated [webpage](#) to address these issues, enabling members of the public to have a fuller understanding of the legal requirements in relation to the signing of audited accounts.

While the AFRC has not identified any reported cases of such individuals, there is growing evidence of quality issues. Some unscrupulous practicing accountants are taking on large volumes of audit projects through intermediaries, indiscriminately signing audit reports and grossly disregarding audit quality and professional standards.

To address this pressing issue, the AFRC, in collaboration with the Financial Services and Treasury Bureau, the Inland Revenue Department, and the Hong Kong Institute of Certified Public Accountants (HKICPA), is implementing the following measures:

1. Amendment of Hong Kong Standards on Auditing: All persons issuing audit reports will be required to display their practicing certificate number on the reports;
2. Inclusion of Practicing Certificate Numbers in Tax Returns: Companies established in Hong Kong will be mandated to include the practicing certificate number of the auditor who issued their audit report in their profits tax returns.

Ms Janey Lai, CEO of the AFRC, stated, “We are deeply concerned about accounting misconduct that could undermine the overall quality of financial reporting. While 'bogus' accountants may not be apparent, it is alarming that practicing accountants are signing off on audit projects indiscriminately without ensuring due diligence on audit quality. The quality and credibility of financial reporting are paramount, and these must not be compromised by audit firms that recklessly sign off on projects in massive volumes.”

The AFRC encourages the public to stay vigilant and report any concerns regarding accounting practices:

1. To verify the qualifications of individuals or firms, the public can check the registers of certified public accountants and CPA firms on the AFRC website:
 - [Find a CPA \(Practising\)](#)
 - [Find a CPA Firm/Corporate Practice](#)
2. Given that the AFRC has no power to regulate unqualified individuals providing audit services, such instances should be reported directly to the Police for more expeditious follow up.
3. Complaints regarding suspicious activities or misconduct by accountants can be lodged online via the [online complaint form](#) on the AFRC website.

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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.

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

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