



Work Progress and Achievements in 2018

May 2019

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An Overview on Achievements of the FRC

Presented by
Dr Kelvin Wong
Chairman

Achievements since establishment



Work progress and achievements in 2018

- A challenging year
- Increased number of investigations and enquiries completed
- Support for auditor regulatory reform
- Strengthened the collaboration with the Mainland and international regulators
- Regular communications with audit firms, professional bodies and media

Auditor Regulatory Reform

- Support 7 Bill's Committee meetings – research and analysis papers
- Stakeholder engagement
 - 9 presentations to 46 audit firms that audit listed companies
 - 9 media interviews (84 clippings) and 2 meetings with academic columnists
 - Provided updates to 5 professional bodies

Strengthening Regulatory Collaboration

- Quarterly meetings with SFC, HKEX and HKICPA
- Courtesy visit to MoF - Signing Ceremony of MOU in May 2019
- Participation in regional regulators meetings
- Meeting with IFIAR
- Meeting with the IAASB

SFC = Securities and Futures Commission

HKEX = Hong Kong Exchanges and Clearing Limited

HKICPA = Hong Kong Institute of Certified Public Accountants

MoF = Ministry of Finance

MOU = Memorandum of Understanding

IFIAR = International Forum of Independent Audit Regulators

IAASB = International Auditing and Assurance Standards Board

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Operations Statistics 2018

Presented by

Ms Wincey Lam

Acting Chief Executive Officer

Key operations statistics

	2015	2016	2017	2018	1/1/18- 25/4/19
Pursuable complaints received	46 ¹	118 ¹	126 ¹	85 ¹	Tbc
Financial statements selected for review	75	38	48	50	0 ²
Investigations completed	9	11	11	16	tbc
Enquiries completed	0	1	0	1	tbc
Staff complement	18	22	26	27	27
% accounting professional staff	50%	55%	58%	59%	59%

Notes:

1. Included 50, 101, 97 and 22 complaints received in 2018, 2017, 2016 and 2015 respectively, which appear to have come from the same complainant and were directed at the same audit firm.

2. The selection will be made in 2nd half of 2019.

Review of pursuable complaints

	1/1/2019 – 25/4/2019	2018	2017
Brought forward	11	14	14
Received	16	85	126
Completed with no follow-up action	(7)	(43)	(10)
Referred to specified enforcement agencies	(0)	(36)	(104)
Initiated investigation and/or enquiry	(5)	(9)	(12)
In progress at end of year	15	11	14

Investigations

	1/1/2019 – 25/4/2019	2018	2017
Brought forward	43	40	37
Initiated in the year	7	19	14
Completed	(5)	(16)	(11)
In progress at end of year	45	43	40

Enquiries

	1/1/2019 – 25/4/2019	2018	2017
In progress at beginning of year	3	2	2
Initiated in the year	1	2	0
Completed	(2)	(1)	0
In progress at end of year	2	3	2

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Concluding Remarks and Vote of Thanks

Presented by
Dr Kelvin Wong
Chairman

The FRC is well-prepared for the New Era

- Conduct consultation on sanctions guidelines
 - Arranged 15 meetings and briefings with different stakeholders including audit firms and professional bodies
 - Comments received being evaluated
- Map out a new organisation structure to ensure effective performance of expanded roles
- Retain, recruit and develop talents
- Develop appropriate policies, procedures and guidelines
- Apply for membership of IFIAR
- Continue collaboration with the Mainland and international regulators

Vote of Thanks

- LegCo members for the smooth passage of the FRC (Amendment) Bill
- FSTB for staunch support over the years
- Funding parties – Companies Registry, HKEX, HKICPA, SFC
- Process Review Panel for concluding that the FRC handled cases according to our internal procedures and followed up PRP's suggestions
- Audit Profession

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