



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against a certified public accountant

(HONG KONG, 14 June 2013) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Chan Chun Hung (membership number F03421) on 28 May 2013, and ordered him to pay to the Institute HK\$20,000 for his failure or neglected to observe, maintain, or otherwise apply professional standards issued by the Institute. In addition, Chan was ordered to pay HK\$23,914 towards the costs of the proceedings.

Chan is the sole proprietor of C.H. Chan & Co. The Institute received information from the Law Society of Hong Kong about alleged deficiencies in an accountant's report issued by Chan under the Accountant's Report Rules (Cap.159A). Chan issued an accountant's report stating that the solicitors firm has complied with the provisions of the Solicitors' Accounts Rules (Cap. 159F) except for certain trivial breaches due to clerical errors and mistakes which were rectified on discovery and that he was not aware of any matter which appears to affect adversely any client account or any trust money held by the firm to a material extent. It was found that those errors and mistakes identified were not trivial in nature and not rectified as at the date of the accountant's report.

After considering the information available, the Institute lodged a complaint against Chan under section 34(1A) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in January 2013.

Chan admitted the complaint against him. The Disciplinary Committee found that Chan failed or neglected to observe, maintain or otherwise apply a professional standard, namely paragraph 100.4(c) "Professional Competence and Due Care" and section 130 "Professional Competence and Due Care" of the Code of Ethics for Professional Accountants.

Having taken into account Chan's admission and the circumstances of the case, the Disciplinary Committee made the order as stated above against Chan under section 35(1) of the Professional Accountants Ordinance.

Under the ordinance, if Chan is aggrieved by the order, he may give notice of an appeal to the Court of Appeal within 30 days after he is served the order.

Findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two members are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interests of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

The Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practising certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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About the Hong Kong Institute of CPAs

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 35,000 members and 17,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designatory letters CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate CPA qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of The Global Accounting Alliance - an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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