



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

HKICPA takes disciplinary action against a certified public accountant (practising)

(HONG KONG, 3 May 2018) — On 25 August 2017, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered cancellation of the practising certificate of Lam Kin Choi (membership number F05649) with no issuance of a practising certificate to him for twelve months. The Committee further ordered Lam to pay a penalty of HK\$20,000 and costs of disciplinary proceedings of HK\$46,827.

Lam appealed the Disciplinary Committee's decision. On 6 April 2018, the Court of Appeal confirmed that Lam's appeal against the Disciplinary Committee's decision had been struck out on 13 February 2018.

Lam is the sole proprietor of William Lam & Co. ("Practice") and is responsible for the Practice's system of quality control and audit engagements. While carrying out a practice review, the reviewer found that the Practice failed to implement an adequate system of quality control. In addition, a number of significant deficiencies were found in the Practice's audits and assurance engagements.

After considering the information available, the Institute lodged a complaint against Lam under section 34(1)(a)(vi) of the Professional Accountants Ordinance.

The Disciplinary Committee found that Lam failed or neglected to observe, maintain or otherwise apply (i) Hong Kong Standard on Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*"; (ii) Hong Kong Standard on Auditing 500 "*Audit Evidence*"; and (iii) Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*".

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Lam under section 35(1) of the ordinance.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accounts (HKICPA) enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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About HKICPA

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the statutory body established by the Professional Accountants Ordinance responsible for the professional training, development and regulation of certified public accountants in Hong Kong. The Institute has more than 42,000 members and 18,000 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

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香港會計師公會對一名執業會計師作出紀律處分

(香港，二零一八年五月三日) 香港會計師公會轄下一紀律委員會，於二零一七年八月二十五日命令吊銷林建才先生(會員編號：F05649)的執業證書，並在 12 個月內不向其另發執業證書。此外，林先生須繳付罰款 20,000 港元及紀律程序費用 46,827 港元。

林先生就紀律委員會的裁決提出上訴。上訴法庭於二零一八年四月六日，確認林先生對紀律委員會裁決的上訴已於二零一八年二月十三日被剔除。

林先生是林建才會計師事務所的獨資經營者，負責該事務所的品質監控系統及審計項目。在公會進行執業審核期間，審核人員發現該會計師事務所未有實行充份的品質監控程序，並發現其處理的核數及核證項目有多項重大不足之處。

公會經考慮所得資料後，根據《專業會計師條例》第 34(1)(a)(vi)條對林先生作出投訴。

紀律委員會裁定林先生沒有或忽略遵守、維持或以其他方式應用(i) Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" ; (ii) Hong Kong Standard on Auditing 500 "Audit Evidence" ; 及(iii) Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" 。

經考慮有關情況後，紀律委員會根據《專業會計師條例》第 35(1)條向林先生作出上述命令。

香港會計師公會的紀律處分程序

香港會計師公會致力維持會計界的最高專業和道德標準。公會根據香港法例第 50 章《專業會計師條例》及紀律委員會訴訟程序規則，成立獨立的紀律委員會，處理理事會轉介的投訴個案。委員會一旦證明對公會會員、執業會計師事務所會員或註冊學生的檢控屬實，將會作出適當懲處。若答辯人未有提出上訴，紀律委員會的裁判將會向外公佈。

詳情請參閱：

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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關於香港會計師公會

香港會計師公會是根據《專業會計師條例》成立的法定機構，負責培訓、發展和監管本港的會計專業。公會會員超過 42,000 名，學生人數逾 18,000。

公會開辦專業資格課程，確保會計師的人職質素，同時頒佈財務報告、審計及專業操守的準則，以鞏固香港作為國際金融中心的領導地位。

CPA 會計師是一個獲國際認可的頂尖專業資格。公會是全球會計聯盟及國際會計師聯合會的成員之一，積極推動國際專業發展。

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IN THE MATTER OF

Complaints made under Section 34(1)(a) of the Professional Accountants Ordinance (Cap.50) ("the PAO") and referred to the Disciplinary Committee under Section 33(3) of the PAO

BETWEEN

The Practice Review Committee of the Hong Kong
Institute of Certified Public Accountants **COMPLAINANT**

AND

Lam Kin Choi (F05649) **RESPONDENT**

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ("the Institute")

Members: Mr. CHEUNG Kwok Kwan (Chairman)
Mr. LIU Che Ning
Mr. LAM Sze Cay, Kevin
Ms. HO Yuk Wai, Joan
Mr. FUNG Ying Wai, Wilson

ORDER AND REASONS FOR DECISION

1. This is a complaint made by the Practice Review Committee of the Institute as Complainant against the Respondent, a certified public accountant (practising). Section 34(1)(a)(vi) of the PAO applied to the Respondent.
2. The particulars of the four complaints are set out in a letter dated 30th April 2015 ("the Complaints") from the Practice Review Committee of the Institute to the Council of the Institute:-

First Complaint

Section 34(1)(a)(vi) of the Professional Accountants Ordinance ("**PAO**") applies to the Respondent in that he had failed or neglected to observe, maintain or

otherwise apply a professional standard namely, HKSQC 1 as his Practice had not implemented adequate quality control policies and procedures.

Second Complaint

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard, namely paragraph 6 of HKSA 500, in that he had failed to design and/or perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence in relation to the audit of the financial statements of Client M for the year ended 31 December 2012.

Third Complaint

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, paragraph 6 of HKSA 500 in that he had failed to design and/or perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence in relation to the audit of the financial statements of Client W for the year ended 31 December 2012.

Fourth Complaint

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard, namely paragraphs 33 and/or 42 of HKSAE 3000, in that there had been a failure to obtain sufficient appropriate evidence and/or adequately document matters that were significant in providing evidence to support the auditor's report on Client M's compliance with the Minimum Requirements under section 70(2) of the Insurance Companies Ordinance for the year ended 31 December 2012.

3. A date of 20th April 2016 was fixed for the disciplinary hearing ("the Hearing") to be held. The Complainant was legally represented at the Hearing and the Respondent appeared in person.
4. The Respondent has not filed his Case to the Complaints in these Proceedings. He denies the Complaints in the Hearing.

Preliminary issue

5. The Respondent made an application for producing additional documents in the Hearing, which he had never disclosed to the Complainant before the

Hearing. The Respondent only produced a summary of ledgers which he intended to adduce in the Hearing but could not identify and produce other additional documents that he intended to adduce in the Hearing for the Committee's consideration.

6. Notwithstanding the Respondent's application for producing additional documents in the Hearing, he could not submit to the Committee about the relevance of the additional documents to the Complaints and the reasons for his late application.
7. In the absence of the additional documents and explanations from the Respondent to the Committee about the relevance of such documents and reason for his late application, the Committee refused the Respondent's application for producing additional documents in the Hearing including the summary of ledgers.

Findings of the Committee

8. The Respondent has failed to observe, maintain or otherwise apply professional standards, namely HKSQC 1, HKSA 500 and HKSAE 3000. In particular, there has been no evidence of any audit procedures designed and performed by the Respondent and there has been no evidence that the Respondent has documented the outcome of the audit work.
9. During the Hearing, the Respondent has put forward defence that his failure to meet the quality control standards was due to restraints on human resources and time at the material times. The Committee considers that such restraints are not good defence for the Complaints.
10. On a balance of probabilities, the Complaints are found to have been proved against the Respondent.

Sanctions

11. The Respondent has no previous record of misconduct. Taking into consideration the nature of the misconduct and the lack of response to the Complaints on the part of the Respondent until the Hearing, the Committee considers that this case is a case of extremely serious misconduct.
12. The Respondent has put forward his mitigation in the Hearing and the Committee has duly considered his mitigation factors.
13. In the premises, the Committee makes the following orders:-

- (1) The Respondent's practising certificate be cancelled under section 35(1)(da) of the PAO and no practising certificate be issued to him for a period of 12 months under section 35(1)(db) of the PAO; both effective from the 42nd day after the date hereof;
- (2) Penalty of HK\$20,000 to be paid by the Respondent to the Institute for the Complaints under section 35(1)(c) of the PAO; and
- (3) The Respondent shall pay costs and expenses of and incidental to the proceedings of the Complainant and that of the Clerk in the sum of HK\$46,827 under section 35(1)(iii) of the PAO.

Dated the 25th day of August 2017.