



Dear Assignment / News / Business Section Editor

Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant (practising)

(HONG KONG, 26 October 2012) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 8 October 2012 that the practising certificate issued to Lau Po Ming, Peter (membership no. A07187) be cancelled on 17 November 2012 and that a practising certificate shall not be issued to Lau for the calendar years of 2013 and 2014. In addition, Lau shall pay the costs of the disciplinary proceedings amounting to HK\$68,145.

Lau was the former managing director of a corporate practice which audited the financial statements of two listed companies in Hong Kong for the year ended 31 December 2008 and 31 March 2009 respectively. Lau signed on behalf of the corporate practice the relevant auditors' reports. The corporate practice was subject to the Institute's practice review which covered the review of the audits of the two listed companies. The review of the said audits revealed that there was non-compliance with a number of professional standards by the corporate practice.

After considering the supplemental report of the practice reviewer and the submissions and representations on that report made by Lau and the corporate practice, in April 2011, the Practice Review Committee of the Institute lodged a complaint against Lau under section 34(1) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in August 2011.

The Institute also referred the above-mentioned irregularities in the audits of the two listed companies to the Financial Reporting Council (FRC) for its attention pursuant to section 42CA of the ordinance. FRC provided the Institute with the investigation reports in relation to the two listed companies' audits in January and March 2012 respectively.

Lau admitted the charges against him. The Disciplinary Committee found, on evidence submitted and the admission by Lau, that Lau failed or neglected to observe, maintain or otherwise apply Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates", Hong Kong Standard on Auditing 500 "Audit Evidence" and the Code of Ethics for Professional Accountants. Having taken into account the admission by Lau and circumstances of the case, the Disciplinary Committee made the above order against Lau under section 35(1) of the ordinance.

Under the ordinance, if Lau is aggrieved by the order (repeating the previous paragraph), he may give notice of an appeal to the Court of Appeal within 30 days after he is served the order.

The order and 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 Certified Public Accountants

The Hong Kong Institute of Certified Public Accountants 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 34,000 members and more than 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 Certified Public Accountants 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 Certified Public Accountants 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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