

Guidance Notes for dealing with a complaint

The objective of this section is to provide guidance to CPAs who have become subjects of complaints.

CPA's obligation to deal with complaints against them

Hong Kong Standard on Quality Control 1 requires that a CPA firm should establish policies and procedures to provide it with reasonable assurance that complaints and allegations have been appropriately addressed.

Individual CPAs are therefore expected to handle complaints made against them by their clients and other parties, in a timely professional manner.

From a risk management perspective, CPAs should promptly deal with the complaints before the matter is brought to the attention of the Institute.

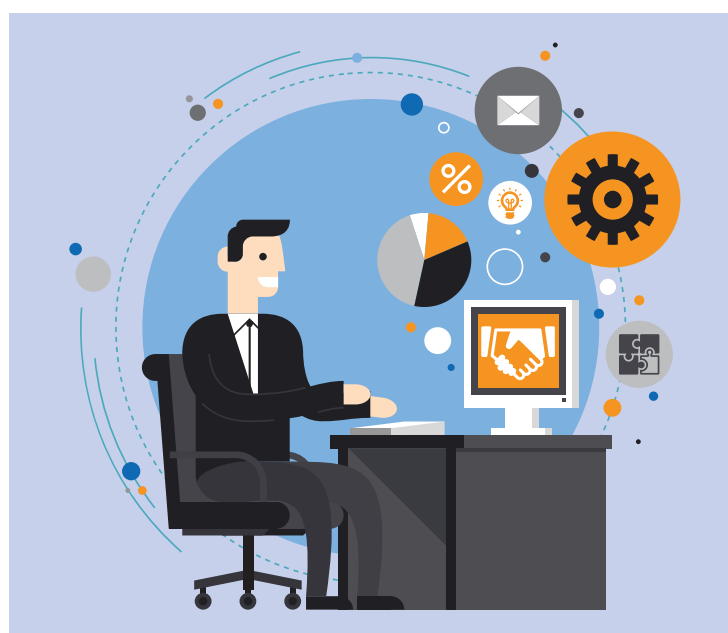
Complaint handling process

The Institute receives approximately 100 complaints each year.

Members who have had complaints lodged against them should always refer to the Institute's [complaint handling process](#). Failure to do so may lead to unintended consequences.

Complaints are objectively analyzed by the Compliance Department to determine if there is reasonable suspicion that a prima facie case exists. Before conducting enquiries of our members, we will ensure that the subject matter is:

- within the [jurisdiction](#) of the Institute; and
- supported by sufficient evidence.



If representations on the matter are needed, the CPA will receive enquiry letters from the Compliance Department.

Receipt of enquiries from the Institute

The main objective of an enquiry letter is to obtain information to enable the Institute to better assess the subject matter of the complaint.

In addition to the information provided by the complainant, the submissions provided by the CPA form an important basis of decision for the Professional Conduct Committee (**PCC**). The CPA is advised to cooperate with the Institute and provide appropriate, relevant information to address the questions in the enquiry letters in a timely manner.¹

¹ When the Institute determines a CPA should provide an explanation of his conduct but he fails to do so, a section 18B direction may be issued. Members should note that non-compliance with a section 18B direction is a disciplinable offence under section 34(1)(a)(ix) of the PAO – “refused or neglected to comply with the provisions of any bylaw or rule made or any direction lawfully given by the Council”.

We are committed to process each complaint as quickly as possible. To expedite the process, the Compliance Department welcomes discussion with the CPA concerned to clarify any issues in question during the enquiry process.

As part of the enquiry process, the Compliance Department may express its views on the matter. However, the next course of action rests with the PCC which assesses each case independently.

Matters arising from the Compliance Department's observations

As the sole statutory licensing body of CPAs in Hong Kong, the Institute may instigate its own complaint against a CPA based on:

- public information (i.e. court judgments and orders, press releases) relating to misconduct; and
- information obtained during the enquiry process, which suggests the CPA has not complied with section 34 of the PAO.

The potential outcomes of a complaint – decision of the Professional Conduct Committee

The PCC evaluates each complaint independently, based on the information supplied by the complainant and the CPA. They may:

- Dismiss a complaint
When there is insufficient evidence to show the CPA failed to comply with a professional standard or committed any improper conduct, or when the subject matter is outside the jurisdiction of the Institute, the PCC will dismiss the case.
- Issue a disapproval letter
When one or more of the provisions of section 34 of the PAO apply to the CPA and the PCC considers the non-compliance is of minor severity, they may resolve to issue a disapproval letter to the CPA.

A disapproval letter does not amount to a formal disciplinary action, however, it will be part of a member's records for future consideration. If there is a repeated non-compliance by the CPA, the disapproval letter will be taken into account by the Institute when considering the appropriate course of action against that CPA.



- Recommend referral to the Disciplinary Panels
When one or more of the provisions of section 34 of the PAO applies to the CPA, and the PCC considers the non-compliance is beyond minor severity, they will recommend Council refer the matter to the disciplinary panels.

In lieu of disciplinary proceedings, if the matter is deemed to be moderate, PCC may recommend the complaint be resolved by Resolution by Agreement (**RBA**). If RBA is not accepted by all stakeholders, the complaint will automatically be referred to the disciplinary panels (see a separate note concerning the criteria and effect of an [RBA](#)). The terms within the RBA are **non-negotiable**.

Other helpful information

Members should always refer to the following resources available on the Institute's website to better serve client needs and minimize the risks of being the subject of a complaint:

- A PLUS articles alerting members to matters which may increase the risks of a complaint;
- Orders and reasons for decision issued by the Disciplinary Committee ([recent](#) and [past](#)); and
- [Reports](#) of the Compliance Department
 - Operations
 - Process Review



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