



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

Dear Assignment/News/Business Section Editor

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

(HONG KONG, 21 January 2016) - A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered cancellation of the practising certificate of Leung Kam Man Victor (membership number F06233) beginning 9 February 2016 with no issuance of a practising certificate to him for 3 months. The Committee reprimanded WB CPA Limited (corporate practice number S447). The two respondents were ordered to pay costs of the disciplinary proceedings of HK\$69,812.

WB was appointed as auditor of six private companies and completed the financial statement audits of two of the companies. Leung was the engagement director. Multiple deficiencies were identified in the audit work carried out, in addition to the audit engagement acceptance procedures. After considering the information available, the Institute lodged complaints against the respondents under sections 34(1)(a)(ix), (vi) and (viii) of the Professional Accountants Ordinance (Cap 50).

Leung and WB admitted the complaints against them. The Disciplinary Committee found that they were in breach of:

- (1) the requirements of the Corporate Practices (Registration) Rules relating to auditor's reports and audit engagement letters of a corporate practice;
- (2) Hong Kong Standards on Auditing 230 *Audit Documentation* and 500 *Audit Evidence*;
- (3) section 440 of Code of Ethics for Professional Accountants in respect of client acceptance procedures; and
- (4) the fundamental principle of professional competence and due care specified in section 130 of the Code of Ethics for Professional Accountants.

In addition, the Disciplinary Committee found that Leung and WB were guilty of professional misconduct as a result of their multiple failures to comply with professional standards.

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

Under the ordinance, if the respondents are aggrieved by the order, they may give notice of an appeal to the Court of Appeal within 30 days after they are 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 ordinance by a five-member Disciplinary Committee. Three members of each committee, including a chairman, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interest 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.

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 practicing 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 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 39,000 members and 18,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation 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 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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