



Dear Assignment / News / Business Section Editor

## **Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising) and a firm**

(Hong Kong, 9 December 2016) - The Hong Kong Institute of Certified Public Accountants has undertaken regulatory action against Lam Yiu Hoi, Peter, a certified public accountant (practising) (membership number A00518) and Peter Y.H. Lam & Co. (firm number 0450) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Lam is the sole-proprietor of Peter Y.H. Lam & Co. The firm issued an audit report on the original version and a subsequently amended version of the financial statements of a private company for the year ended 30 June 2014. The firm conducted the audit in accordance with Hong Kong Standards on Auditing and expressed a disclaimer of opinion on both sets of financial statements as a result of a limitation of audit scope. After enquiring into a complaint about deficiencies in the audit, the Institute found that Lam and the firm failed to perform sufficient appropriate audit procedures on prior period accounting errors as well as certain balances with related companies and a shareholder that were included in the financial statements. These items were material and not affected by the limitation of audit scope. Accordingly, the auditor is required to conduct audit procedures on them in accordance with auditing standards.

The Institute concluded that Lam and the firm were in breach of the Institute's professional standards, being Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*, HKSA 230 *Audit Documentation* and the Fundamental Principle of *Professional Competence and Due Care* in the Code of Ethics for Professional Accountants.

### **Regulatory action**

Based on the foregoing and in lieu of further proceedings, the Council concluded that the following should resolve the complaint:

1. Lam and the firm acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. They be reprimanded; and
3. They jointly pay an administrative penalty of HK\$35,000 and costs of HK\$10,000.

In accordance with Council powers outlined in the Professional Accountants Ordinance and as a part of the regulatory process to handle complaints, a Resolution by

Agreement (RBA) may be offered to respondents in cases considered to be moderate after taking into account factors including, but not limited to, the nature and seriousness of a complaint, past disciplinary records of the respondents and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty.

Information on the Institute's complaint handling process and guidelines for Resolution is available at the Institute website under the "Compliance" section at [www.hkicpa.org.hk](http://www.hkicpa.org.hk).

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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 40,000 members and more than 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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