



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 19 July 2017) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered cancellation of the practicing certificate of Lai Ka Cheung Andrew (membership number A04497) beginning 19 July 2017 with no issuance of a practicing certificate to him for one year. The Committee reprimanded Andrew K. C. Lai & Company (firm number 0932). In addition, the respondents were ordered to pay costs of the disciplinary proceedings of HK\$77,140.

Lai is the sole proprietor of Andrew K. C. Lai & Company ("Firm") which was the auditor of an approved charitable institution in Hong Kong ("Company"). The Firm expressed an unqualified opinion in each of the auditor's reports issued on the Company's financial statements for six years ended from 31 March 2010 to 2015. Deficiencies were found in the audit work carried out by the respondents in all six years.

After considering the information available, the Institute lodged complaints against the respondents under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance (Cap.50).

The respondents admitted the complaints against them. The Disciplinary Committee found that Lai and the Firm failed to comply with a number of professional standards in the audits and were guilty of professional misconduct as a result of their multiple and repeated failures.

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

The order and findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at [www.hkicpa.org.hk](http://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. 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 remaining two members 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 with (where appropriate) an order that a practice certificate shall not be issued either permanently or temporarily, 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 40,000 members and 20,000 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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