



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

HKICPA takes disciplinary action against a former certified public accountant (practising) and a certified public accountant (practising)

(HONG KONG, 27 August 2018) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Seto Man Fai, a former certified public accountant (practising) (A08347), and Mr. Lo Hung Yan, a certified public accountant (practising) (A04520) (collectively "Respondents") on 10 July 2018 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

The Committee ordered cancellation of the practising certificate ("PC") of Lo from 21 August 2018 with no issuance of a PC to him for 9 months.

The Committee also ordered that a PC shall not be issued to Seto for 18 months. This is the 3rd Order against Seto. He was previously removed from the register of CPAs for 5 years from 22 March 2018, pursuant to an order issued by another Disciplinary Committee in January 2018 ("1st Order"). Subsequent to the 1st Order, Seto was also subject to another Disciplinary Committee order issued in June 2018 ("2nd Order") which ordered that a PC shall not be issued to him for 12 months with effect from 21 March 2023.

The Committee ordered that 9 months of the 18-month PC non-issuance period of his 3rd Order will run concurrently with the 1st Order and the remaining 9 months is to be consecutive to the 1st Order. Seto is therefore not eligible for issuance of a PC until 20 March 2024.

In addition to the above, Seto and Lo were ordered to pay costs of the disciplinary proceedings of HK\$91,127 and HK\$54,721 respectively.

The Respondents were the directors of Parker Randall CF (H.K.) CPA Limited ("Practice"), which is now de-registered. While carrying out a practice review, the reviewer found that the Practice failed to establish and maintain an effective system of quality control. Additionally, the reviewer found significant deficiencies in the Practice's audit and assurance engagements, including the audit of a Hong Kong listed company, Superb Summit International Group Limited ("Superb Summit"), for the financial year ended 31 December 2013 by Seto and the compliance audit of a regulated company by Lo.

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

The Disciplinary Committee found that:

- (i) The Respondents were in breach of the Corporate Practices (Registration) Rules for failing to ensure the Practice had complied with Hong Kong Standard on Quality Control 1;
- (ii) Seto was in breach of paragraphs 290.220 and 290.222 of the Code of Ethics for Professional Accountants ("Code") for failing to carry out the fee independence assessment of his audit clients;
- (iii) Seto was also in breach of Hong Kong Standard on Auditing ("HKSA") 500 and the fundamental principle of Professional Competence and Due Care under paragraphs 100.5(c) and 130.1 of the Code when carrying out the audit of Superb Summit;
- (iv) Lo was in breach of HKSA 230, HKSA 500 and Hong Kong Standard on Assurance Engagements 3000 and the fundamental principle of Professional Competence and Due Care under paragraphs 100.5(c) and 130.1 of the Code when carrying out the audit and compliance reporting of a regulated company.

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.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants (HKICPA) enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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About HKICPA

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the statutory body established by the Professional Accountants Ordinance responsible for the professional training, development and regulation of certified public accountants in Hong Kong. The Institute has more than 42,000 members and 18,000 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

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