



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

(HONG KONG, 27 April 2022) On 6 May 2020, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered the cancellation of the practising certificate of Ms. Li Sau Ying, certified public accountant (practising) (A05618) with no issuance of a practising certificate to her for 36 months. In addition, Li was ordered to pay the costs of disciplinary proceedings of HK\$150,000.

Li appealed the Disciplinary Committee's decision. Following the Court of Appeal's dismissal of the appeal in March 2022, the practising certificate of Li was cancelled with effect from 8 April 2022.

Li operates a part-time practice in her own name. The practice was subject to its first practice review in February 2018, which identified multiple deficiencies in the practice's quality control system. In addition, Li was found to have adopted a flawed audit methodology, which demonstrated her failure to carry out audits with professional competence and due care.

The practice review found that Li had inappropriately issued unmodified auditor's reports on the financial statements of two clients, when modified opinions should have been issued for material omissions and misstatements. She also issued modified auditor's reports, including a disclaimer of opinion, on the financial statements of certain other clients in a deliberate attempt to avoid performing the necessary audit work.

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

The Disciplinary Committee found that Li was in breach of i) Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; ii) the fundamental principle of professional competence and due care in sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants; and iii) guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Li 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/>

- End -

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 over 46,000 members and 17,000 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.

Hong Kong Institute of CPAs' contact information:

Jun Sat

Associate Public Relations Manager

Phone: 2287-7002

Email: media@hkicpa.org.hk