



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

(HONG KONG, 30 November 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Ms. Hui Mei Sum, Virginia Ann, certified public accountant (practising) (F02923) on 21 October 2021 for her failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute, and for professional misconduct. The Committee further ordered the cancellation of Hui's practising certificate, with no issuance of a practising certificate to her for 6 months, with effect from 2 December 2021. In addition, the Committee ordered Hui to pay costs of the disciplinary proceedings of HK\$141,811.

Hui is the sole director of V A Hui & Co Limited ("Practice"). An initial practice review conducted on the Practice revealed a number of significant deficiencies in its quality control system. In addition, significant deficiencies were found in three of the Practice's audit engagements. Inadequate audit procedures were performed on: sponsorship income of a non-profit entity, construction contracts of an engineering company, and sales and administration expenses in the consolidated financial statements of a group. In the aforementioned group audit, Hui also failed to determine whether the extent of a limitation of audit scope would require her to disclaim the audit opinion or withdraw from the engagement. Furthermore, multiple submissions of inaccurate client lists of the Practice were made during the practice review, demonstrating Hui's negligence in supervising her staff and managing the Practice's engagements.

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

Hui admitted the complaints against her. The Disciplinary Committee found that Hui 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) Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation*;
- (iii) HKSA 500 *Audit Evidence*;
- (iv) HKSA 700 *Forming an Opinion and Reporting on Financial Statements*;
- (v) HKSA 705 *Modifications to the Opinion in the Independent Auditor's Report*; and
- (vi) 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.

The Committee further found the above breaches and facts to be very serious, amounting to professional misconduct.

Having taken into account the circumstances of the case, including remedial and preventive measures taken by Hui subsequently, the Disciplinary Committee made the above order against Hui 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 over 47,000 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.

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