



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

Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising) and a corporate practice

(HONG KONG, 6 November 2018) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Law Ka Lok, certified public accountant (practising) (F06586) and Latitude CPA Limited (M0302) (collectively "Respondents") for their failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

Latitude CPA Limited audited the financial statements of two private companies. Law is the managing director of Latitude and was the engagement director of the relevant audits.

In response to the Institute's enquiries, Latitude claimed that there had been unauthorised deletion and consequent permanent loss of the audit documentation which was kept in electronic form in the practice's computer server. The Institute's review of Latitude's policies and procedures revealed that it had failed to design and implement proper control policies to ensure the integrity and retention of audit documentation. As such, the Respondents were in breach of 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*.

Regulatory action

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

1. The Respondents acknowledge the facts of the case and their non-compliance with the relevant professional standard;
2. they be reprimanded; and
3. they jointly pay an administrative penalty of HK\$40,000 and costs of HK\$10,000.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants (the Institute) ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement (RBA) may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the Respondent and any

aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

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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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