



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

(HONG KONG, 27 October 2020) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Lam Albert Man Sum, certified public accountant (practising) (F03964) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Lam issued an accountant's report for a solicitors' firm under the Accountant's Report Rules (Cap. 159A). In conducting the reporting engagement, Lam failed to comply with the Institute's Practice Note 840 (Revised) *Reporting on Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountant's Report Rules*. The deficiencies related to lack of procedures for accepting and planning the engagement and agreeing the terms of the engagement in the form of an engagement letter, and lack of tests or procedures to evaluate if the solicitors' firm had complied with the requirements under the Solicitors' Accounts Rules (Cap. 159F).

The Institute concluded that Lam failed or neglected to observe, maintain or otherwise apply the fundamental principle of Professional Competence and Due Care in the requirement R113.1 of the Code of Ethics for Professional Accountants in conducting the engagement.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. Lam acknowledge the facts of the case and his non-compliance with professional standards;
2. Lam be reprimanded; and
3. Lam pay an administrative penalty of HK\$40,000 and costs of the Institute of HK\$15,000.

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 ("HKICPA") 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 over 46,000 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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