



Dear Assignment/News/Business Section Editor

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

(HONG KONG, 12 January 2016) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 29 December 2015 that the practising certificate issued to Ho Lap Wing, Anthony (membership number A18070) in 2015 is to be cancelled and the same shall not be issued to him for the year 2016 due to his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. In addition, Ho was ordered to pay costs of the disciplinary proceedings of HK\$22,226.

Ho is the sole proprietor of Anthony Ho & Company ("Practise") which was selected for practice review in 2012. In 2014, a follow-up visit was scheduled to confirm whether the Practice had taken appropriate actions in response to findings identified during the 2012 practice review. The findings of the follow up visit indicated that the Practice had still failed to implement adequate quality control procedures. Also, a number of significant deficiencies found in two audit engagements were similar to those identified in the first practice review which further demonstrated that the Practise had failed to address the deficiencies identified in the first practice review. After considering the information available, the Institute lodged a complaint against Ho under section 34(1)(a)(vi) of the Professional Accountants Ordinance.

Ho admitted the complaint against him. The Disciplinary Committee found that Ho failed or neglected to observe, maintain or otherwise apply 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*", Hong Kong Standard on Auditing 500 "*Audit Evidence*" and paragraphs 100.5(c) and 130 of the Code of Ethics for Professional Accountants ("COE") dealing with professional competence and due care.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the respondent under section 35(1) of the ordinance.

Under the ordinance, if the respondent is aggrieved by the order, he may give notice of an appeal to the Court of Appeal within 30 days after he is served the order.

The order and findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the ordinance by a five-member Disciplinary Committee. Three members of each committee, including a chairman, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interest of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practicing certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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About the Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 39,000 members and 18,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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致：編採主任／新聞／財經版編輯

香港會計師公會對一名執業會計師作出紀律處分

(香港，二零一六年一月十二日) — 香港會計師公會轄下一紀律委員會於二零一五年十二月二十九日就何立榮先生(會員編號：A18070)沒有或忽略遵守、維持或以其他方式應用公會頒布的專業準則，命令吊銷何先生的二零一五年度執業證書及不會給他發出二零一六年度的執業證書。此外，何先生須支付紀律程序的費用二萬二千二百二十六港元。

何先生為何立榮會計師行的獨資經營者。該會計師行於 2012 年被公會的執業審核委員會挑選進行執業審核，並安排於 2014 年進行一次跟進審核，以確定該會計師行有否就 2012 年首次執業審核時審核人員所指出的問題及執業審核委員會所發出的指引作出相關的適當行動。審核人員在跟進審核中卻發現該會計師行仍未有實施足夠的品質監控程序；並發現該會計師行為兩位客戶提供核數時有多項不足之處，而這些不足之處跟首次審核時相似，說明了該會計師行沒有解決首次審核所發現的不足之處。公會經考慮所得資料，根據《專業會計師條例》第 34(1)(a)(vi)條對何先生作出投訴。

何先生承認投訴中的指控屬實。紀律委員會裁定何先生沒有或忽略遵守、維持或以其他方式應用公會頒布的專業準則 —— 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*"、Hong Kong Standard on Auditing ("HKSA")500 "*Audit Evidence*" 及 Code of Ethics for Professional Accountants 中第 100.5(c)及 130 段中涉及專業能力和應有謹慎的條文。

經考慮有關情況後，紀律委員會根據《專業會計師條例》第35(1)條向答辯人作出上述的命令。

根據《專業會計師條例》，如答辯人不服紀律委員會對他們作出的命令，可於命令文本送達後30天內向上訴法庭提出上訴。

紀律委員會的書面判決可於公會網頁內**Compliance** 部分查閱，網頁為 <http://www.hkicpa.org.hk>.

公會的紀律程序是根據《專業會計師條例》第V部份，由五位成員組成的紀律委員會執行。每個紀律委員會的大多數成員，即包括主席在內的三名成員，是從業外人士組成的紀律小組中選派，該紀律小組的成員是由香港特別行政區行政長官委任的；另外兩名成員由專業會計師出任。

除非負責的紀律委員會因公平理由認為不恰當，否則紀律聆訊一般以公開形式進行。紀律聆訊的時間表可於公會網頁查閱。如當事人不服紀律委員會的裁判，可向上訴法庭提出上訴，上訴法庭可確定、修改或推翻紀律委員會的裁判。

紀律委員會有權向公會會員、執業會計師事務所會員及註冊學生作出處分。紀律處分範圍包括永久或有限期地將違規者從會計師註冊紀錄冊中除名或吊銷其執業證書、對其作出譴責、下令罰款不多於五十萬港元，以及支付紀律程序的費用。

關於香港會計師公會

香港會計師公會是香港唯一獲法例授權負責專業會計師註冊兼頒授執業證書的組織，會員人超過近三萬九千，註冊學生人數逾一萬八千。公會會員可採用「會計師」稱銜（英文為 **certified public accountant**，簡稱 **CPA**）。

公會(**Hong Kong Institute of Certified Public Accountants**)於一九七三年一月一日成立，當時的英文名稱為 **Hong Kong Society of Accountants**。

公會根據《專業會計師條例》履行職責，以公眾利益為依歸。其職能廣泛，包括開辦專業資格課程(**Qualification Programme**)以確保會計師的入職質素，以及頒布香港的財務報告、審計及專業操守準則。此外，公會亦負責在香港監管和推動優良而有效的會計實務，以鞏固香港作為國際金融中心的領導地位。

香港會計師公會是全球會計聯盟 (**Global Accounting Alliance**，**GAA**) 的成員之一。全球會計聯盟於二零零五年成立，聯合了全球頂尖的專業會計團體，推動優質服務，並積極與各地監管機構、政府及關連人士就國際重要議題共同合作。

香港會計師公會聯絡資料

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IN THE MATTER OF

A Complaint made under Section 34(1) of the Professional Accountants Ordinance (Cap. 50) (“PAO”) and referred to the Disciplinary Committee under section 33(3) of the PAO

BETWEEN

The Practice Review Committee of the Hong Kong Institute of Certified Public Accountants

COMPLAINANT

AND

Mr. Ho Lap Wing, Anthony (A18070)

RESPONDENT

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“the Institute”)

Members: Mr. Kumar Ramanathan SC (Chairman)
 Mr. Fulton, James Taylor
 Mr. Liu Swee Long, Michael
 Mr. Tsang, Cheong Wai Simon
 Mr. Tsui, Wai Hang

ORDER & REASONS FOR DECISION

1. This is a complaint by the Practice Review Committee of the Hong Kong Institute of Certified Public Accountants (“the Institute”) as the Complainant against the Respondent, Mr. Ho Lap Wing, Anthony, a certified public accountant (practising).

Section 34(1)(a)(vi) of the PAO applied to the Respondent.

2. The particulars of complaint were set out in a letter dated 1st June 2015 (“the Complaint”) from the Practice Review Committee to the Registrar of the Institute for consideration of the Complaint for referral to the Disciplinary Panels as follows:
 - (a) The Respondent is the sole proprietor of Anthony Ho & Company (firm no. 1830) (“the Practice”).
 - (b) The Practice was selected for practice review in May 2012 and consequently was subject to a follow-up visit in August 2013. The principal purpose of the follow-up practice review visit was to ascertain whether the Practice had taken appropriate actions to respond to the findings identified in the first practice review and the directions given by the Practice Review Committee (the “PRC”).
3. In the follow-up visit the reviewer identified that the Practice had still failed to implement adequate quality control procedures.
4. In addition, the reviewer identified deficiencies in the Practice’s audit work in respect of a private entity (“Client S”), an insurance broker (“Client P”) and a solicitor’s firm (“Client SV”). A number of significant deficiencies in the audit engagement involving Client S and Client P identified in the follow-up visit were similar to those identified in the first practice review thus demonstrating that the Practice had failed to implement appropriate actions to address the deficiencies

identified in the first practice review.

5. In the light of the practice review findings the Institute wrote to the Respondent on 11th December 2014 seeking his explanations.
6. By a letter dated 23rd December 2014, the Practice provided copies of the relevant working papers and asserting and confirming that they were true copies of the original working papers comprising the complete audit documentation in respect of the three above mentioned audits. It however transpires, as confirmed by the Practice by its letter of 2nd February 2015, that some of the working papers for Client S and Client SV might not have been part of the final audit engagement files as they were obtained only after the commencement of the practice review.

RELEVANT PROFESSIONAL STANDARDS

7. Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and reviews of Financial Statements and Other Assurances and Related Services Engagements" ("HKSQC"):
 - (a) Paragraphs 16 and 17 of HKSQC 1 require the Practice to establish and maintain a system of quality control and to document its policies and procedures and communicate them to the Practice personnel;
 - (b) Paragraph 21 of HKSQC 1 requires the Practice to establish policies and procedures to ensure that independence requirements are met. Paragraph 24 of HKSQC 1 requires the Practice to obtain written confirmation of

compliance with its policies and procedures on independence from its personnel at least on an annual basis;

(c) Paragraph 45 of the HKSQC 1 requires the Practice to establish policies and procedures for assembly of final engagement files on a timely basis after the engagement reports have been finalized;

(d) Paragraphs 26 to 28 require the Practice to establish policies and procedures for the acceptance and continuance of client relationships and engagements. This includes consideration of the integrity of the client as well as the competence and capabilities of the Practice to perform the engagements in accordance with relevant requirements. Such policies and procedures should require the Practice to obtain information necessary in the circumstances before accepting an engagement with a new or existing client.

8. Hong Kong Standard on Auditing 500 “Audit Evidence” (“**HKSA 500**”)

(a) Paragraph 6 of HKSA 500 requires an auditor to design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence

9. Code of Ethics for Professional Accountants (“**COE**”)

(a) Paragraph 100.5 (c) and 130 require a professional accountant to maintain professional knowledge and skill at the level required to ensure that clients

receive competent professional services and act diligently in accordance with applicable technical and professional standards;

- (b) Paragraph 100.5 (c) and 130.1(b) require a professional accountant to act diligently in accordance with applicable technical and professional standards when providing professional services.

SUMMARY OF PRINCIPAL ISSUES

10. The principal issues relate to the failures by the Respondent to:

- (i) Establish policies and procedures to ensure that the requirements of HKSQC 1 regarding independence, client acceptance and continuance and engagement file assembly are complied with;
- (ii) Design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence in relation to the audit of financial statements of Client S and Client P for the year ended 31st March 2012;
- (iii) Maintain professional competence and skill at the level required to carry out the audits of the financial statements of Client S and Client P for the year ended 31st March 2012;
- (iv) Diligently carry out the audits of Client SV for the year ended 31st March 2012 in accordance with the relevant technical and professional standards.

THE COMPLAINTS

First Complaint

11. Section 34(1)(a)(vi) of the Professional Accountants Ordinance (“PAO”) applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, HKSQC 1 as his Practice had not implemented adequate quality control policies and procedures.

Second Complaint

12. Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, paragraph 6 of HKSA 500 in that he had failed to design and/or perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence in relation to the audit of the financial statements of Client P for the year ended 31 March 2012.

Third Complaint

13. Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, paragraph 6 of HKSA 500 in that he had failed to design and/or perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence in relation to the audit of the financial statements of Client S for the year ended 31 March 2012.

Fourth Complaint

14. Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, paragraph 100.5(c) and 130.1 of the COE in that he had failed to maintain professional and skill and the level required to ensure that clients receive competent professional services; and/or diligently carry out the audits of the financial statements of Client P and Client S for the year ended 31 March 2012, in accordance with the relevant technical and professional standards.

Fifth Complaint

15. Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard namely, paragraphs 100.5(c) and 130.1 of the COE in that he had failed to diligently carry out the reporting on client SV's compliance with the Solicitors' Accounts Rules and the Accountant's Report Rules in accordance with the relevant technical and professional standards for the year ended 31 March 2012.
16. On 24th August 2015, the Clerk to the Disciplinary Committee issued a Notice of Commencement of Proceedings enclosing a procedural timetable and a full set of the complaint documents to the parties. The parties were requested to make written submissions.
17. By a Confirmation letter dated 21st August 2015 the Respondent admitted all the Complaints laid against him and did not dispute the facts as set out in the

Complaint. By a letter dated 27th August 2015 the parties jointly applied to dispense with the steps set out in rules 17 to 30 of the Disciplinary Committee Proceedings Rules.

18. On 21st September 2015, the Clerk to the Disciplinary Committee, under the direction of the Committee, informed the parties that they should make written submissions on sanctions and costs.
19. The Complainant and the Respondent filed their submissions on sanctions and costs 12th October and 20th October 2015 respectively.
20. The Complainant acknowledges that each case was fact sensitive and that we, as the Disciplinary Committee, were not bound by previous decisions of Disciplinary Committees. It highlighted that despite the fact that the Practice was made aware of the deficiencies in the quality control at the initial practice review in May 2012 it nevertheless failed to address these by the time of the scheduled follow-up visit in August 2013.
21. It is further contended that this failure demonstrated that the Respondent simply did not heed the practice reviewer's advice and attend to the deficiencies. It pointed out that this was of particular concern as regards the compliance audit involving Client SV as there was a public interest element involved since the compliance report would be and was relied upon by another regulator.
22. In the circumstances the Complainant argued that the Respondent's failures were serious and that the level of sanction should properly reflect the gravity of his

breaches in respect of inadequate quality control and procedural failures. It is submitted that a clear message should be conveyed to the Respondent in particular and the profession in general that such failures will be viewed seriously by the Disciplinary Committee. Accordingly this was a case that would justify cancellation of the Respondent's practising certificate for such period as the Committee considered appropriate.

23. In mitigation the Respondent urged the Committee not to cancel his practising certificate claiming that he as the sole breadwinner of his family, and that the Practice was the sole source of his family's income. He has two young children. He claims that the main cause of his present complaints was the fact that due to expansion of the Practice a few years ago he began to use outside contractors to help the Practice undertake its work and due to variable quality of these third parties the deficiencies identified was the result.
24. It was contended that despite asking the outside contractors to conduct their work to a higher standard it also required the cooperation of the clients as well. It is claimed that Respondent wanted to resign his engagement with the three clients in question but he continued as they expressed concern that they may not be able to find another Certified Public Accountant to undertake the audit work in time.
25. It was urged upon us that the Respondent had attempted to reduce number of clients and thereby the need or reliance on outside parties to carry out the relevant work. It was asserted that in 2014/15 the Practice only handled about 120 clients, although no figures were given as to what was client base from which this claimed

reduction had been effected, save that is said that the Practice had terminated engagements with no fewer than 100 clients over the preceding three years. It is urged upon such that such a contraction of the business inevitably affected the income and that the last three years have been significantly difficult financially.

26. In considering the appropriate sanction to be imposed in this case we take into account all the matters urged upon us by the parties and take into account particularly the following:

- (a) the fact that the Respondent admitted the complaints at an early stage and thereby has saved considerable time and costs;
- (b) while we note with sympathy the personal circumstances of the Respondent urged upon us we do not consider either they and/or the difficulties he claims he was encountering in the Practice to be compelling mitigation factors;
- (c) these were serious and multiple failures by the Respondent which were aggravated by the fact that no real attempts had been undertaken to rectify and eliminate the deficiencies by the time of the follow-up visit almost 15 months later in August 2013;
- (d) in considering whether the Respondent's practising certificate should be cancelled we have taken into account the serious and multiple nature of the failures identified initially and which were not adequately or at all rectified in the follow-up visit. In our view such conduct and attitude of the

respondent demands a deterrent sanction so as to provide a salutary reminder to the Respondent in particular and the accountancy profession in general that such failures will not be tolerated by the Institute. This is in order to protect the public interest as well as the standing and reputation of the Institute as a self-regulating professional body;

- (e) taking all matters into consideration we are satisfied that this is an appropriate case for cancellation of the practising certificate of the Respondent to reflect the serious and multiple nature of the failures by him. In considering whether to cancel the respondent's practising certificate we have taken into account the decisions in Proceedings No: **D-12-0669P** and **D- 13-0837P**;
- (f) in considering when this order should take effect we believe that the Respondent should be given time to wind down his practice. We allow him 35 days to do so;

27. Having regard to all the matters we would make the following ORDERS:

- (a) The practising certificate issued to the Respondent in 2015 be cancelled under section 35(1)(da) of the PAO and it shall take effect on the 35 days from the date of this order;
- (b) a practising certificate shall not be issued to the Respondent for the year 2016 under section 35(1)(db) of the PAO;

(c) the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the total sum of \$22,226, which includes the costs of the Clerk to the Committee under section 35(1)(iii).

Dated the 29th day of December 2015