



## **Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising) and a firm of certified public accountants**

(HONG KONG, 11 December 2020) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Tam Kwok Chung, John, certified public accountant (practising) (F03096) and John Tam & Co. Certified Public Accountants (2087) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

The respondents issued an accountant's report for a solicitor's firm ("Firm") under the Accountant's Report Rules (Cap. 159A) ("Rules"). They did not conduct their procedures fully in accordance with the Rules and the Institute's Practice Note 840 (Revised) *Reporting on Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountant's Report Rules*. The respondents failed to identify errors in the Firm's ledger and the Firm's lack of prior written notification to clients when its fees were settled by withdrawing money from clients' accounts. In addition, there were deficiencies in the respondents' procedures on testing of bank reconciliations and confirmation of bank balances.

The Institute concluded that the respondents failed or neglected to observe, maintain or otherwise apply the fundamental principle of professional competence and due care in sections 110.1 A1(c) and R113.1 under Chapter A of the *Code of Ethics for Professional Accountants*.

### **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. the respondents acknowledge the facts of the case and areas of non-compliance with professional standards;
2. the respondents be reprimanded; and
3. the respondents pay an administrative penalty of HK\$25,000 and the Institute's costs of HK\$15,000 jointly.

### 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](http://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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