



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

(HONG KONG, 20 May 2020) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Lo Hung Yan, certified public accountant (practising) (A04520) on 8 April 2020 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered the cancellation of his practising certificate, with no issuance of a practising certificate to him for 24 months, with effect from 20 May 2020. In addition, Lo was ordered to pay a penalty of HK\$70,000 and costs of disciplinary proceedings of HK\$67,776.

The Institute concluded a practice review on Antonio & Clayton CPA Limited ("Practice"). Lo was the former managing director of the Practice and responsible for its quality control system. The practice review found that Lo colluded with a client to backdate an auditor's report in order to mislead the Inland Revenue Department into believing that a valid auditor's report existed on the audit report date, even though the audit had not been completed.

The practice review also revealed multiple deficiencies in the assurance and audit engagements carried out on an insurance broker and two other private companies. Those deficiencies demonstrated that Lo failed to ensure the Practice had established and maintained a quality control system. They also cast serious doubts on Lo's ability to maintain the level of professional competence and due care expected of him to ensure his clients received competent professional service.

After considering the information available, the Institute lodged a complaint against Lo under section 34(1)(a)(vi) of the Professional Accountants Ordinance.

Lo admitted the complaints against him. The Disciplinary Committee found that Lo was in breach of:

- i) the fundamental principles of integrity, and professional competence and due care in sections 100.5(a), 100.5(c), 110.2 and 130.1 of the *Code of Ethics for Professional Accountants*;
- ii) Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Related Conforming Amendments*;
- iii) Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*, HKSA 600 *Special Consideration - Audits of Group Financial Statements (Including the Work of Component Auditors)* and HKSA 700 *Forming an Opinion and Reporting on Financial Statements*; and

- iv) 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*.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Lo 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 more than 45,000 members and 19,000 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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