

Bills Committee on Professional Accountants (Amendment) Bill 2018

**List of follow-up actions arising from the discussion
at the meeting on 18 January 2019**

The following table sets out the details of the follow-up actions to be taken by Hon Kenneth LEUNG, the Member in charge of the Bill, Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Administration arising from the discussion at the captioned meeting:

Responsible party	Follow-up actions
Hon Kenneth LEUNG	<p>(a) to provide a written response to the deputations' written submissions received and views expressed at the meeting; and in his written response, to further elaborate his initial views expressed at the meeting, including:</p> <ul style="list-style-type: none"><li data-bbox="651 1115 1385 1541">(i) a company using in its name the description "professional accounting services" providing accounting services rather than auditing services without the intention of causing a person to believe that it was a practice unit registered under the Professional Accountants Ordinance (Cap. 50) ("PAO") would unlikely to be prosecuted for contravention of PAO if the Bill was passed;<li data-bbox="651 1585 1385 2011">(ii) the suggestion by the Association of Chartered Certified Accountants on restricting the use of the description "registered auditor" instead of the additional descriptions proposed in the Bill would not completely resolve the problem involving the use of misleading descriptions by firms or companies not being practice units registered under PAO; and<li data-bbox="651 2056 1385 2087">(iii) currently it was not an offence under

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	<p>section 42(2) of PAO for any member of any institute of accountants outside Hong Kong, not being a certified public accountant ("CPA"), to use any description or initials which he/she was entitled to use under the constitution of that institute if by such use he/she did not represent that he/she was a CPA or was entitled to practise as a CPA (practising);</p>
HKICPA	<p>(b) to provide a written response to the deputations' written submissions received and views expressed at the meeting;</p> <p>(c) to provide information on the penalties for offences relating to the use of misleading descriptions by individuals and companies which were not professional accountants/CPAs or practice units in overseas jurisdictions, and the comparison with the penalties for the relevant offences under PAO;</p>
Administration	<p>(d) to provide comments and views on whether and how the Bill would effectively prevent accounting-related services providers, such as bookkeeping, taxation and company secretarial services, from inadvertently contravening PAO if the Bill was passed; in particular, what would constitute an intention of causing a person to believe that a body corporate or a firm was a practice unit registered under PAO, and the essential factor(s) for determining whether a prohibited act under PAO was committed with the relevant intention;</p>
Hon Kenneth LEUNG, HKICPA, and Administration	<p>(e) to provide details of court cases whereby the defendants concerned were convicted or acquitted of the offences under section 42 of PAO relating to misleading representation, and the relevant penalties imposed; and</p> <p>(f) to give views on whether the problem involving the collusion between bogus CPA firms and</p>

Responsible party	Follow-up actions
	unscrupulous CPAs signing "substandard" financial reports without performing due diligence could be resolved with the HKICPA's tighter monitoring and more stringent disciplinary actions against its members who were found guilty of professional misconduct, without resorting to the legislative amendments proposed in the Bill.

Council Business Division 1
Legislative Council Secretariat
24 January 2019