

Accountancy Bill back before Legco

By CONNIE LAW

THE controversial Professional Accountants (Amendment) Bill 1991 was recommended for its second and third readings in the February 26 Legco sitting, the Legco in-house meeting heard yesterday.

The Bill seeks to empower the Hongkong Society of Accountants (HKSA) to review practising accountants' audit work to ensure it meets HKSA standards, and to punish members who fail to do so or to comply with any such review.

Mr Ronald Arculli, convenor of the Legco panel on the Bill, said several amend-

ments had been proposed. One of them stated that no disciplinary action, except in the case of serious professional misconduct, would result from the first review.

And even if there was serious misconduct, the case could be referred to the disciplinary committee only if 75 per cent of the HKSA council approved.

He said the amendments were made to reflect the "educational purposes" of the review, which should not be taken as a "witch hunt looking for culprits". He added that even those opposed to the review supported the spirit of it.

The panel report said

that of the 30 submissions received, the Securities and Futures Commission, the Deposit Taking Companies Association and five other individuals supported the Bill while the remaining 23 either opposed it or called for amendments.

It said the panel had been told by the administration that "there was a substantial body of evidence pointing to a significant number of sub-standard reports in all fields of governmental activity".

Figures supplied by the HKSA suggested at least 240 instances of sub-standard work had been made known to the society.

Mr Arculli said the panel had received four sets of legal opinions from different parties, with one saying the review would result in "prima facie violation of the right to privacy".

But he added that a Court of Appeal case in British Columbia, Canada, highlighted the point that the paramount consideration was the public interest, which should not be over-riden by privacy rights.

He also said there were provisions in the Bill to preserve confidentiality of client information and to impose criminal sanctions for breaches.