

Edwin Yiu Fun Lui: Summary, as Published in *CheckMark*

Edwin Yiu Fun Lui, of Thornhill, was found guilty by the discipline committee of two charges of professional misconduct, laid by the professional conduct committee, namely

- one charge, under Rule of Professional Conduct 202, of failing to perform his professional services with due care; and
- one charge, under Rule of Professional Conduct 206, of failing to perform his professional services in accordance with generally accepted standards of practice of the profession.

The discipline committee ordered that Mr. Lui

- be reprimanded in writing by the chairman of the hearing;
- be fined \$3,000, to be paid within a specified time;
- be required to take two professional development courses within a prescribed time; and
- be reinvestigated by the professional conduct committee, or a person retained by it, on one specified occasion.

Failure to comply with the second, third and fourth terms of the order set out above will result in Mr. Lui's suspension from membership. Continuation of the suspension for more than three months without complying with the said terms will result in his expulsion from membership.

Mr. Lui complied with the order and is still a MEMBER IN GOOD STADNING.

CHARGE(S) LAID re Edwin Yiu Fun Lui

The Professional Conduct Committee hereby makes the following charges against Edwin Lui, CA, a member of the Institute:

1. THAT, the said Edwin Lui, in or about the period April 1988 through to November 1988, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that, being engaged to report on financial statements of AAA Ababs Venetian Blind Ltd. for the year ended April 30, 1988, he failed;
 - a) ~~to adequately plan the audit;~~ **(WITHDRAWN BY THE PCC BWS)**
 - b) to properly supervise assistants employed to carry out audit field work;
 - c) to document matters important in providing evidence to support the content of the audit report including evidence to support unaudited financial statement figures from the previous year;
 - d) to qualify his opinion when there were limitations in the scope of his examination, including a failure to observe the inventory count at the beginning of the year and a failure to satisfy himself as to the reliability of opening figures for accounts receivable and accounts payable and a failure to confirm terms for repayment of a material amount with a creditor, all of which prevented him from obtaining sufficient appropriate audit evidence;
 - e) to disclose as unaudited prior period figures on the financial statements which had not been audited or to make other sufficient disclosure that he had not examined and did not express an opinion on the financial statements for the preceding period;
 - f) to use as the date of his audit report the date of substantial completion of examination;
 - g) to disclose as and include in current liabilities \$132,599.00 of debt which was improperly classified as long term; and
 - h) to adequately disclose the company's economic dependence on Wrisco imited, a major supplier of the company.
2. THAT, the said Edwin Lui, on or about the 11th day of October 1988, in carrying out an audit engagement with respect to the financial statements of AAA Ababs Venetian Blind Ltd, for the year ended April 30, 1988, failed to perform his professional services with due care contrary to Rule 202 of the Rules of Professional Conduct as amended, in that;
 - a) although Lui expressed an opinion that the financial statements were presented in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, he failed to

adequately investigate the prior period's financial statements to determine the accounting principles that had been applied in that period.

DATED at Toronto this 5th day of December 1990.

R.G. LONG, CA - CHAI
PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re Edwin Yiu Fun Lui

DECISION AND ORDER IN THE MATTER OF: Charges against EDWIN YIU FUN LUI, CA, a member of the Institute, under Rules 202 and 206 of the Rules of Professional Conduct, as amended.

DECISION AND ORDER MADE MARCH 19, 1991

DECISION

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charges Nos. 1 and 2, particular (a) of charge No. 1 having been withdrawn, THE DISCIPLINE COMMITTEE FINDS Edwin Yiu Fun Lui guilty of charges Nos. 1 and 2.

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Lui be reprimanded in writing by the chairman of the hearing.
2. THAT Mr. Lui be and he is hereby fined the sum of \$3,000, to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Lui be and he is hereby required to complete, by attending in their entirety, by October 31, 1991, the following professional development courses made available through the Institute:

1. Accounting Refresher; and
2. Audit Refresher,

or, in the event a course listed above becomes unavailable, the successor course which takes its place.

4. THAT Mr. Lui be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, namely six (6) months from the date of the last professional development course set out above.
5. THAT notice of this Decision and Order, disclosing Mr. Lui's name, be given after this Decision and Order becomes final under the bylaws:
 - (a) by publication in *CheckMark*;
 - (b) to the Public Accountants Council for the Province of Ontario; and
 - (c) to the Canadian Institute of Chartered Accountants.
6. THAT in the event Mr. Lui fails to comply with any of the requirements of this Order within the time periods specified, he shall thereupon be suspended from the rights and

privileges of membership in the Institute, and notice of his suspension, disclosing his name, shall be given in the manner specified in paragraph 5 hereof.

7. THAT in the event Mr. Lui is suspended pursuant to paragraph 6 hereof, the suspension shall terminate upon compliance with the term of the Order in respect of which he was suspended, provided that he complies within three (3) months from the date of his suspension.
8. THAT in the event Mr. Lui fails to terminate suspension within three (3) months, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified in paragraph 5 hereof.

DATED AT TORONTO, THIS 3RD DAY OF APRIL, 1991
BY ORDER OF THE DISCIPLINE COMMITTEE

B.W. STEHENSON, BA, LLB
SECRETARY – THE DISCIPLINE COMMITTEE

DISCIPLINE COMMITTEE re Edwin Yiu Fun Lui

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: Charges against EDWIN YIU FUN LUI, CA, a member of the Institute, under Rules 202 and 206 of the Rules of Professional Conduct, as amended.

WRITTEN REASONS FOR THE DECISION AND ORDER MADE MARCH 19, 1991

These proceedings before a panel of the discipline committee of the Institute of Chartered Accountants of Ontario were convened on March 19, 1991.

Mr. Paul Farley attended on behalf of the professional conduct committee and Mr. Edwin Lui attended with, and was represented by, his counsel, Mr. Harry Black.

The professional conduct committee had laid charges under Rules 202 and 206 of the Rules of Professional Conduct. Before the charges were entered as an exhibit, the professional conduct committee withdrew particular (a) of charge No. 1.

Mr. Lui then pleaded guilty to both charges.

The member and his counsel confirmed that they understood that on the pleas of guilty and on that basis alone, the member could be found guilty of the charges.

An agreed statement of facts, signed by the member and by counsel for the professional conduct committee, was filed as an exhibit. As well, an exhibit book was filed to support the agreed statement of facts.

The committee read the agreed statement of facts and reviewed the exhibit book. After deliberation, the committee concluded that the only evidence before it supported a finding of guilty on each of the charges. The member acknowledged that the allegations set out in the charges were true. More specifically, he agreed there were auditing deficiencies, as set out in the charges, and he acknowledged that because he had been away from public practice for a number of years he was not properly prepared to carry out an audit.

The committee then heard counsels' submissions as to sanction and, after deliberation, made the following order:

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Lui be reprimanded in writing by the chairman of the hearing.
2. THAT Mr. Lui be and he is hereby fined the sum of \$3,000, to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Lui be and he is hereby required to complete, by attending in their entirety, by October 31, 1991, the following professional development courses made available through the Institute:

1. Accounting Refresher; and
2. Audit Refresher,

or, in the event a course listed above becomes unavailable, the successor course which takes its place.

4. THAT Mr. Lui be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, namely six (6) months from the date of the last professional development course set out above.
5. THAT notice of this Decision and Order, disclosing Mr. Lui's name, be given after this Decision and Order becomes final under the bylaws:
 - (a) by publication in *CheckMark*; (b) to the Public Accountants Council for the Province of Ontario; and (c) to the Canadian Institute of Chartered Accountants.
6. THAT in the event Mr. Lui fails to comply with any of the requirements of this Order within the time periods specified, he shall thereupon be suspended from the rights and privileges of membership in the Institute, and notice of his suspension, disclosing his name, shall be given in the manner specified in paragraph 5 hereof.
7. THAT in the event Mr. Lui is suspended pursuant to paragraph 6 hereof, the suspension shall terminate upon compliance with the term of the Order in respect of which he was suspended, provided that he complies within three (3) months from the date of his suspension.
8. THAT in the event Mr. Lui fails to terminate suspension within three (3) months, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified in paragraph 5 hereof.

Briefly, the reasons for the committee's sanctions are set out below, with the numbers corresponding to the numbered paragraphs of the Order.

1. The committee is of the view that a reprimand is necessary as a deterrent to the member and to stress the unacceptability of his conduct as a chartered accountant.
2. The discipline committee has, on a number of occasions over the past years, expressed concern about the number of cases where members are found not to have adhered to the standards of the profession. As the committee wishes to deter such non-compliance, the committee levied a fine of \$3,000 as both a general and a specific deterrent, to demonstrate the seriousness with which it views non-adherence to professional standards.
3. In view of the fact that the deficiencies admitted by the member related to the failure to comply with generally accepted auditing standards, the committee was of the view that compulsory attendance at the noted professional development courses is essential, both for the educational benefit of the member and for the protection of the public.
4. It is the committee's view that reinvestigation is necessary in order to determine whether or not Mr. Lui benefits from, and puts into practice, the knowledge to be obtained from the professional development courses ordered. It is also necessary for the protection of

the public where, as here, the charges of which the member is found guilty relate to his lack of professional competence.

5. The committee ordered that notice of its Order, including publication in *CheckMark*, disclosing the member's name, be given, as both a specific deterrent to Mr. Lui and a general deterrent to all members. In addition, the committee considered such notification necessary to demonstrate to the public that the profession is regulating itself so as to retain public confidence in the profession's ability to self-govern.

6., 7. & 8. As is the normal practice of the committee, it ordered that failure to comply with any of the requirements of the Order will result in suspension and, ultimately, expulsion of the member, so as to demonstrate to this and all members the seriousness of failing to comply with Orders of the discipline committee.

DATED AT TORONTO, THIS 3rd DAY OF May, 1991
BY ORDER OF THE DISCIPLINE COMMITTEE

P.A. CAMPOL, CA - DEPUTY CHAIRMAN
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

C.J. BURKE, FCA
G.W. CLARKSON, FCA
L.R. FLEMMING, CA
D.P. SETTERINGTON, CA
B.W. BOWDEN, PhD (Public representative)