



Hong Kong Institute of  
Certified Public Accountants  
香港會計師公會

## HKICPA takes disciplinary action against a certified public accountant (practising)

(HONG KONG, 12 February 2018) – On 4 January 2018, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered the cancellation of the practising certificate of Chan Hoi Shing (membership number A14998) from 8 February 2018 with no issuance of a practising certificate to him for six months. In addition, Chan was ordered to pay the costs of disciplinary proceedings of HK\$25,000.

Chan practised under his own name and was responsible for his practice's quality control system. While carrying out a practice review, the reviewer found that Chan failed to establish and maintain an effective system of quality control in respect of engagement performance, and client acceptance and continuance procedures. In addition, Chan was found to have misused qualified opinions to circumvent necessary audit procedures.

After considering the information available, the Institute lodged a complaint against Chan under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance.

Chan admitted the complaint against him. The Disciplinary Committee found that Chan failed or neglected to observe, maintain or otherwise apply:

- (i) 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*";
- (ii) Hong Kong Standard on Auditing ("HKSA") 705 "*Modifications to the Opinion in the Independent Auditor's Report*";
- (iii) HKSA 710 "*Comparative Information – Corresponding Figures and Comparative Financial Statements*"; and
- (iv) the fundamental principle of *Professional Competence and Due Care* under sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants.

The Committee further found that, as Chan failed to comply with multiple quality control requirements and to make appropriate use of qualified opinions, he was guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Chan 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 the Hong Kong Institute of Certified Public Accountants**

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 42,000 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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