



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

(HONG KONG, 25 April 2022) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr Chan Chung Mo, certified public accountant (practising) (A14996), on 9 March 2022 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered the cancellation of Chan's practising certificate, effective 20 April 2022, with no issuance of a practising certificate to him for 18 months. In addition, the Committee ordered Chan to pay a penalty of HK\$50,000 and costs of the disciplinary proceedings of HK\$64,727.

Chan practices in his own name. An initial practice review in 2018 found deficiencies in the practice's audit engagements and quality control system. In 2019, a follow-up practice review was conducted to evaluate if Chan had appropriately addressed the findings. During that review, the reviewer found significant deficiencies in the practice's audit engagements and monitoring review procedures in its quality control system again. Furthermore, the reviewer found that Chan provided, as he had done in the initial practice review, an incomplete client list and false and misleading answers in the electronic self-assessment questionnaire.

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 had failed or neglected to observe, maintain or otherwise apply:

- (i) the fundamental principle of integrity in section 100.5(a) and as elaborated under section 110 of the Code of Ethics for Professional Accountants ("Code of Ethics");
- (ii) the fundamental principle of professional competence and due care in section 100.5(c) and as elaborated under section 130 of the Code of Ethics;
- (iii) 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*;
- (iv) Hong Kong Standard on Auditing ("HKSA") 220 *Quality Control for an Audit of Financial Statements*;
- (v) HKSA 230 *Audit Documentation*;

- (vi) HKSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- (vii) HKSA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*;
- (viii) HKSA 330 *The Auditor's Responses to Assessed Risks*; and
- (ix) HKSA 500 *Audit Evidence*.

The Committee further found that the Chan had been 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/>

- End -

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 over 46,000 members and 17,000 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.

Hong Kong Institute of CPAs' contact information:

Jun Sat
Associate Public Relations Manager
Phone: 2287-7002
Email: media@hkicpa.org.hk