



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

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

(HONG KONG, 11 January 2022) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Chung Koon Shing, Patrick, certified public accountant (practising) (F00430), for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Mr. Chung was the honorary auditor of an entity registered under the Trade Unions Ordinance, Cap. 332. He issued an unmodified auditor's report on the statement of account of the entity for each of the seven years ended 31 August 2013 to 2019. However, the audit procedures performed by Mr. Chung were deficient in that he did not (i) evaluate how the limited extent of the audit work performed on the entity's receipts and expenditures met the statutory requirements; (ii) adequately analyse the nature of the receipts to support his conclusion that the entity was exempted from profits tax; and (iii) obtain an adequate understanding of the internal controls related to the entity's recording of its receipts and expenses. Furthermore, Mr. Chung failed to specify the accounting framework under which the statement of account had been prepared, and the auditing and assurance standards under which the engagement had been conducted.

As a result, Mr. Chung failed to (a) design and perform audit procedures to obtain sufficient appropriate audit evidence in accordance with Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*; (b) obtain an understanding of the client, its environment and internal controls in accordance with HKSA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*; and (c) prepare sufficient audit documentation to support his audit conclusion in accordance with HKSA 230 *Audit Documentation*.

The Institute concluded that Mr. Chung failed or neglected to observe, maintain or otherwise apply the fundamental principle of professional competence and due care under sections 100.5(c) and 130 (for the 2013 to 2018 audits) and sections 110.1 A1(c) and R113.1 under Chapter A (for the 2019 audit) of the Code of Ethics for Professional Accountants.

When considering the sanctions to be imposed against Mr. Chung, the Institute took into account the circumstances of this case, including the mitigating circumstances of Mr. Chung.

## **Regulatory action**

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. Mr. Chung acknowledges the facts of the case and areas of non-compliance with professional standards;
2. Mr. Chung be reprimanded; and
3. Mr. Chung pays costs of the Institute of HK\$15,000.

### About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants ("HKICPA") ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement ("RBA") may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at [www.hkicpa.org.hk](http://www.hkicpa.org.hk).

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## **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 47,000 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: [junsat@hkipa.org.hk](mailto:junsat@hkipa.org.hk)