

IN THE MATTER OF

A Complaint made under section 34(1) of the Professional Accountants Ordinance
(Cap. 50)

BETWEEN

The Practice Review Committee of the Hong Kong Institute of Certified Public Accountants COMPLAINANT

AND

Mr. Wong Yip Ming (A37059) RESPONDENT

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants

Members: Miss CHAN Ka Man, Margaret (Chairman)
 Ms. Hilda LAM
 Ms. CHAN Lai Yee
 Miss FUNG Suet Ngan, Gladys, CPA (Practising)
 Mr. FUNG Ying Wai, Wilson, CPA

ORDER AND REASONS FOR DECISION

Introduction

1. This is a complaint made by the Practice Review Committee (“**PRC**”) of the Hong Kong Institute of Certified Public Accountants (the “**Institute**”) against Mr. Wong Yip Ming (the “**Respondent**”), who is practising in his own name with no staff (the “**Practice**”).
2. According to the complaint letter from the PRC submitted to the Registrar dated 23 July 2021, the practice reviewer (the “**Reviewer**”) of Quality Assurance Department conducted an initial practice review on the Practice in November 2019.

3. The Reviewer identified various significant deficiencies in the Practice's quality control system and its completed audit and assurance engagements. Having considered the Reviewer's findings and all available information, the PRC decided to raise a complaint against the Respondent under the Professional Accountants Ordinance ("PAO") as set out below.

The Complaints

Complaint 1

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard in respect of his compliance reporting of Client V for the year ended 31 March 2018.

Complaint 2

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard in respect of his compliance reporting and audit of Client A for the year ended 30 June 2019.

Complaint 3

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard in respect of his audit of Client B for the period ended 31 March 2019.

Complaint 4

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he had failed or neglected to observe, maintain or otherwise apply a professional standard for his failure to maintain an adequate quality control system.

Complaint 5

Section 34(1)(a)(viii) of the PAO applies to the Respondent in that the non-compliances in Complaints 1 to 4 above constituted professional misconduct.

4. The facts and circumstances relied upon by the PRC are set out in paragraphs 3 to 7 of the complaint letter which would not be reproduced therein, save and except those matters relevant to the consideration and determination of the appropriate sanctions to be imposed as further set out below.

The Proceedings

5. There have been exchanges of correspondence amongst the Disciplinary Committee, the Complainant and the Respondent for time extensions requested by the Respondent and for the purpose of clarifying the Respondent's position as to the complaints made against him from about January to April 2022.
6. By a letter from the Complainant dated 26 April 2022, the parties informed the Disciplinary Committee that the Respondent had indicated to the Complainant of his intention to admit the complaints. The parties further sought consequential directions for submissions on this basis.
7. By a written confirmation dated 20 May 2022, the Respondent formally admitted all five complaints against him. He did not dispute the facts as set out in the complaints.
8. Based on the findings above, which are not disputed by the Respondent, and his admissions of the complaints, the Disciplinary Committee finds all five complaints proved against the Respondent.
9. The Complainant submitted its written submissions on sanctions and costs on 11 May 2022 (the "**Complainant's Submissions**") and the Respondent submitted his written submissions on the same on 8 June 2022 (the "**Respondent's Submissions**"). The Disciplinary Committee has duly considered the aforementioned submissions by the parties, as well as the Respondent's written case dated 8 April 2022 (the "**Respondent's Case**").

Discussion

10. It is not disputed that at the time of the practice review the Respondent was solely responsible for the quality control system and the quality of his audit and assurance engagements.
11. Complaints 1 and 2 were related to regulated clients and hence involved a higher degree of public interest than private entities.
12. On the other hand, the Respondent has admitted the complaints and saved the time and resources of the Disciplinary Committee. The Respondent has also been cooperative in these proceedings, as acknowledged by the Complainant.
13. Further, the Respondent stated in the Respondent's Case that he has adopted various remedial actions, including but not limited to resignation from all regulated clients' engagements and review and improvement to the Practice's quality control system, which demonstrated the Respondent's remorsefulness.

14. The Disciplinary Committee has also taken note of the fact that there was no previous disciplinary record against the Respondent.
15. As to the cases referred to by the parties, it is considered that those cited by the Complainant involved breaches being more serious in nature than the complaints faced by the Respondent.
16. We however do not accept that there should be no suspension of practising certificate or that a suspension should only be an alternative to a financial penalty, as suggested by the Respondent, given that the involvement of regulated clients as well as the number of complaints and their natures.
17. Having considered the aforesaid matters, including all relevant facts of the complaints, the parties' conduct throughout the proceedings including the Respondent's admissions of the complaints, the parties' submissions and the Respondent's clean disciplinary record, the Disciplinary Committee takes the view that a public reprimand, a financial penalty of HK\$50,000 and suspension of practising certificate for 4 months would be appropriate.
18. As for costs, the total sum of HK\$63,704 as per the Statement of Costs submitted by the Complainant is considered to be reasonably and necessarily incurred and the Respondent accepted that he should meet the reasonable costs incurred in these proceedings.

Order

19. The Disciplinary Committee hereby orders that:
 - (1) The Respondent be reprimanded under section 35(1)(b) of the PAO;
 - (2) The Respondent pay a penalty of HK\$50,000 pursuant to section 35(1)(c) of the PAO;
 - (3) The practising certificate of the Respondent be cancelled under section 35(1)(da) of the PAO effective on the 42nd day from the date of this order and a practising certificate shall not be issued to the Respondent for 4 months commencing from the 42nd day after the date of this order under section 35(1)(db) of the PAO; and
 - (4) The Respondent pay the costs and expenses in relation or incidental to the proceedings of the Complainant (including costs of the Disciplinary Committee) in the sum of HK\$63,704 under section 35(1)(iii) of the PAO.

Dated the 26th day of July 2022.

Miss CHAN Ka Man, Margaret
Chairman of the Disciplinary Committee
Disciplinary Panel A

Ms. Hilda LAM
Disciplinary Panel A

Miss FUNG Suet Ngan, Gladys,
CPA (Practising)
Disciplinary Panel B

Ms. CHAN Lai Yee
Disciplinary Panel A

Mr. FUNG Ying Wai, Wilson,
CPA
Disciplinary Panel B