



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) and a firm**

(HONG KONG, 11 December 2018) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Ng Wai Kwong, Timothy, certified public accountant (practising) (A06274) and Timothy W.K. Ng & Co. (1333) (collectively "Respondents") for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

The Respondents audited the financial statements of a private company for the years ended 31 March 2013 and 2014. There were disputes between the client's directors which raised questions about the integrity of management. In the circumstances, the Respondents failed to assess whether continuing the client relationship was appropriate. In addition, the Respondents' reliance on a director's largely unsubstantiated representations demonstrated that they failed to obtain sufficient audit evidence to support the accounting treatment of a fixed asset in the 2013 and 2014 financial statements. They also failed to maintain professional skepticism by accepting that the 2014 financial statements were approved by the board when evidence indicated otherwise.

The Institute concluded that the Respondents were in breach of the Hong Kong Standard on Auditing ("HKSA") 220 *Quality Control for an Audit of Financial Statements*, HKSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, and HKSA 500 *Audit Evidence*.

### **Regulatory action**

Based on the foregoing and in lieu of further proceedings, the Council concluded that the following should resolve the complaint:

1. The Respondents acknowledge the facts of the case and their non-compliance with professional standards;
2. they be reprimanded; and
3. they pay an administrative penalty of HK\$20,000 and costs of HK\$10,000 jointly.

### **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 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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