



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

(HONG KONG, 24 December 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Chan Kwok Tung, Gordon, certified public accountant (practising) (A11272) and Gordon Chan & Company Certified Public Accountants (2146) (collectively “Respondents”) on 14 November 2019 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered the Respondents to jointly pay a penalty of HK\$80,000 and costs of disciplinary proceedings of HK\$31,931.

Chan is the sole proprietor of Gordon Chan & Company Certified Public Accountants which audited the financial statements of three private companies for two years. There were a number of deficiencies in the audits. Firstly, the Respondents failed to agree the terms of the engagements with the companies’ management. Secondly, there were deficiencies in the audit procedures conducted on bank confirmations and income statements. Finally, the Respondents failed to obtain written representations from management and to state the date in two of their auditor’s reports.

After considering the information available, the Institute lodged a complaint under section 34(1)(a)(vi) of the Professional Accountants Ordinance (Cap 50).

The Respondents admitted the complaint against them. The Disciplinary Committee found that the Respondents failed or neglected to observe, maintain or otherwise apply the following professional standards:

- (i) Hong Kong Standard on Auditing (“HKSA”) 210 *Agreeing the Terms of Audit Engagements*;
- (ii) HKSA 500 *Audit Evidence*;
- (iii) HKSA 580 *Written Representations*;
- (iv) HKSA 700 *Forming an Opinion and Reporting on Financial Statements*; and
- (v) the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order under section 35(1) of the ordinance. The Committee considered the case was serious but noted that the Respondents’ past clean disciplinary record and cooperation throughout the proceedings were mitigating factors.

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 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 44,000 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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