



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

(HONG KONG, 26 July 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 13 June 2019 that the name of Mr. Mo Kong Fung, certified public accountant (A30538) be removed from the register of CPAs for 12 months and a practising certificate shall not be issued to him for two years with effect from 25 July 2019. In addition, Mo was reprimanded and ordered to pay a penalty of HK\$80,000 and costs of the disciplinary proceedings of HK\$44,053.

Mo is the sole proprietor of Lacubus CPA ("Practice"). The Practice was subject to its first practice review in early 2017. Mo was responsible for the Practice's quality control system and the quality of its audit engagements.

The practice reviewer identified significant deficiencies in the Practice's system of quality control and in two of its audit engagements. In addition, Mo had deliberately attempted to mislead the practice reviewer by creating new working papers or changing other working papers after the audit report date, and making untrue statements in a meeting with the reviewer. He also falsely or recklessly provided untrue answers in a self-assessment questionnaire submitted in relation to the practice review.

After considering the information available, the Institute lodged a complaint against Mo under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance.

Mo admitted the complaint against him.

The Disciplinary Committee found that Mo was in breach of the fundamental principle of integrity in sections 100.5(a) and 110 of the *Code of Ethics for Professional Accountants* (Code) and the fundamental principle of professional competence and due care in sections 100.5(c) and 130.1 of the Code. The Committee also found that Mo was in breach of 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*. The Committee further found that Mo was guilty of professional misconduct due to his blatant disregard to his obligations as a professional accountant.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Mo 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/>

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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 17,100 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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