



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

(HONG KONG, 20 September 2021) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Ng Man Fai, certified public accountant (practising) (A37269) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Ng issued an accountant's report on a solicitors' firm under the Accountant's Report Rules (Cap. 159A) ("ARR") for the year ended 31 December 2019. However, the procedures Ng performed in support of the report were deficient in that:

- (i) the clients' ledger accounts of the firm were not scrutinized for at least two dates within the year to ensure that no account was overdrawn;
- (ii) Ng failed to identify that certain cheque payments out of client accounts, which were checked in his sampling test, were not made to the solicitor but to third parties in violation of the Solicitors' Accounts Rules;
- (iii) circularization of client ledger accounts was not performed; and
- (iv) no written confirmation was obtained from the firm that regular back-up procedures were carried out for its computerized accounting system.

As a result, Ng failed to conduct the reporting engagement in accordance with the ARR and the Institute's Practice Note 840 (Revised) *Reporting on Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountant's Report Rules*.

The Institute concluded that Ng failed or neglected to observe, maintain or otherwise apply the fundamental principle of professional competence and due care in sections 110.1 A1 (c) and R113.1 under Chapter A of the Code of Ethics for Professional Accountants.

### **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. Ng acknowledges the facts of the case and his non-compliance with professional standards;
2. Ng be reprimanded; and
3. Ng pays an administrative penalty of HK\$50,000 and Institute's costs 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 46,000 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.

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