



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Hong Kong Institute of Certified Public Accountants settles regulatory proceedings involving a certified public accountant (practising)

(HONG KONG, 3 Aug 2022) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings with Mr. Cheng Sin Bun, Benson, certified public accountant (practising) (A21378) concerning alleged non-compliance with professional standards.

The matter concerns audit deficiencies identified in a practice review conducted on PricewaterhouseCoopers (“Practice”). The review covered the audit of the financial statements of a regulated entity for the year ended 31 December 2020, on which the Practice expressed an unmodified opinion. Mr. Cheng was the engagement partner of the audit.

The practice reviewer found that Mr. Cheng failed to exercise adequate professional skepticism in the audit due to his failure to obtain sufficient and appropriate audit evidence on the valuation of an investment and the accuracy of a bank balance. He also failed to prepare adequate audit documentation in support of the audit conclusion.

As a result of the above, Mr. Cheng failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing (“HKSA”) 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*, HKSA 230 *Audit Documentation*, HKSA 500 *Audit Evidence* and HKSA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures*.

Settlement Agreement

The Council of the Institute has agreed with Mr. Cheng that:

1. Mr. Cheng acknowledge the facts of the case and areas of non-compliance with professional standards;
2. Mr. Cheng be reprimanded; and
3. Mr. Cheng pay a financial penalty of HK\$90,000 and costs of HK\$35,100.

The Institute considers a settlement on the agreed basis to be in the public interest. In the circumstances, the Institute is satisfied that there is no purpose to be served in pursuing disciplinary proceedings.

HKICPA Settlement Process

The interests of the public, the profession and Council's regulatory function may be best served by early resolution of complaints which are either anticipated to result in disciplinary proceedings or are already the subject of disciplinary proceedings. Settlement requests will be assessed based on established criteria. Appropriate sanctions will be based on the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. The HKICPA will not agree to a settlement unless the matter is subject to publicity in A Plus, press release, and other means deemed appropriate.

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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 nearly 47,000 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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