



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

(HONG KONG, 12 October 2020) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Ms. Wong On Yee, certified public accountant (practising) (A21296) and CWC CPA Limited (M0432) (collectively “Respondents”) on 24 August 2020 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee ordered that the practising certificate of Wong be cancelled, with no issuance of practising certificate to her for 12 months, effective from 5 October 2020. Further, the Committee ordered Wong and CWC to jointly pay a penalty of HK\$200,000 and costs of the Institute of HK\$73,428.

CWC was the auditor of W. Falcon Asset Management (Asia) Limited (“Company”), a licensed corporation under the Securities and Futures Ordinance (Cap. 571) providing investment dealing and advisory services, for each of the three years ended 31 March 2015 to 2017. CWC expressed unmodified auditor’s opinions on the Company’s financial statements for each of the three years. CWC also issued compliance reports on the Company for each of the three years for the Company’s submission to the Securities and Futures Commission (“SFC”) and expressed unqualified conclusions. Wong was the engagement director in those audit and compliance reporting engagements.

In July 2017, the SFC issued a restriction notice to prohibit the Company from carrying on any regulated activities, and later in February 2019 the SFC revoked the Company’s licence and disciplined the Company. In the course of the SFC’s investigations, it was found that the Company had window-dressed the liquid capital reported in its monthly financial returns, in that certain personal cheques issued by one of the Company’s directors in favour of the Company were dishonoured on the first business day after the end of the month. The SFC referred the matter to the Institute concerning the conduct of the Company’s auditor.

The Institute’s investigation discovered a number of deficiencies. In the 2016 and 2017 audits, the Respondents were found to have failed to perform sufficient appropriate audit procedures in respect of the dishonoured cheques at the beginning of various months, and failed to document a purported enquiry with management concerning the issue. Also, in respect of a bank account balance where the ledger amount varied significantly from the bank confirmation amount, the Respondents failed to evaluate the implications of such a variance on the financial statements, and failed to document the associated reconciliation. Further, in the 2015 and 2016 auditor’s reports, the Respondents failed to state the name of Wong as the engagement director and her practising certificate number.

In the 2015 to 2017 compliance reporting engagements, the Respondents failed to plan and perform procedures on the Company’s compliance with the regulatory requirements

concerning the sufficiency of liquid capital, and failed to issue qualified conclusions for the years 2016 and 2017 in view of the circumstances surrounding the dishonoured cheques. Also, the Respondents failed to plan and perform sufficient procedures on the Company's control over client monies held and its compliance with the relevant regulatory requirements. Further, the Respondents made an incorrect statement in the 2016 and 2017 reports about the Company being subject to a limiting condition to hold client assets, when in fact such a condition was removed in June 2015.

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

The Respondents admitted the complaint against them. The Disciplinary Committee found as follows:

- (i) For the 2016 and 2017 audits, the Respondents failed or neglected to observe, maintain or otherwise apply the following professional standards:
 - 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 560 *Subsequent Events*.
- (ii) For the 2015 to 2017 compliance reporting engagements, the Respondents failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.
- (iii) For the 2015 and 2016 audits, the Respondents refused or neglected to comply with the Corporate Practices (Registration) Rules.
- (iv) In view of the multiple non-compliances in the audit and compliance reporting engagements, the Respondents have been guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the Respondents 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 over 46,000 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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