



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

(HONG KONG, 13 December 2023) On 7 November 2023, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“Institute”) ordered that the name of Mr. Cheung Chun Wing, a certified public accountant (“CPA”) (A16311) be removed from the register of CPAs for 4 years and his practising certificate be cancelled with effect from 19 December 2023. In addition, Cheung was reprimanded and ordered to pay a penalty of HK\$100,000.00 and costs of the disciplinary proceedings of \$62,678.00.

Cheung is the sole proprietor of Billy C.W. Cheung & Co. (the “Practice”). He is responsible for the Practice’s quality control system and the quality of its audit and compliance engagements. The Practice was subject to a second full scope practice review which was concluded in February 2022. At the time of the practice review, the Practice reported that it had engaged subcontractors to perform its audit work.

In the practice review, the practice reviewer (“Reviewer”) reviewed a number of audit engagements. Cheung was found to have provided false and/or misleading representations to the Reviewer, and false answers in the 2020 practice review self-assessment questionnaire. Furthermore, the practice review site visit revealed that in response to the prospect of practice review, Cheung had created audit evidence and working papers of the engagements for two clients subsequent to the completion of those audits. In addition, Cheung had manipulated the client lists provided to the Reviewer in an attempt to keep the engagements with no working papers from being selected for practice review. The Reviewer further found that for most of the Practice’s engagements, little or no audit work had been done prior to issuing the audit reports such that there was not in existence any audit working paper or audit file. The Reviewer also found a number of significant deficiencies in the Practice’s quality control system and performance of the reviewed engagements.

The Practice Review Committee considered that the findings showed serious issues about Cheung’s integrity and competence, and that, taken together, they demonstrated serious professional misconduct.

After considering the information available, the Institute lodged complaints against Cheung under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the pre-amended Professional Accountants Ordinance Cap. 50 (“Ordinance”).

The Disciplinary Committee found that Cheung had failed or neglected to observe, maintain or otherwise apply:

- (i) the fundamental principle of integrity in sections R111.1 and R111.2 under Chapter A of the Code of Ethics for Professional Accountants (“COE”);
- (ii) the fundamental principle of professional competence and due care in section R113.1 under Chapter A of the COE; and
- (iii) 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 Disciplinary Committee further found that Cheung had been guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Cheung under section 35(1) of the Ordinance.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants ("HKICPA") promotes the highest professional and ethical standards in the accounting profession. Governed by the pre-amended 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:

<https://www.hkicpa.org.hk/en/News/Archival-records-on-regulatory-functions/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 47,000 members and over 12,000 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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