



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, 22 April 2022) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings concerning alleged non-compliance with its professional standards by Ms. Chu Ngar Yee, certified public accountant (practising) (F05744).

The complaint concerns deficiencies in KPMG's audit of the financial statements of a private company for the year ended 31 December 2019, which were identified in the Institute's practice review of the firm in 2021. KPMG issued an unmodified auditor's opinion on the financial statements. Ms. Chu was the engagement partner of the audit.

The deficiencies related to audit procedures carried out on goodwill included in the financial statements, which was materially misstated. The practice review found that Ms. Chu failed to:

- design and perform audit procedures to obtain sufficient appropriate audit evidence for the goodwill;
- take steps to resolve inconsistencies in the audit evidence obtained; and
- obtain reasonable assurance that the entity's 2019 financial statements as a whole were free from material misstatements.

As a result of the above, Ms. Chu failed or neglected to observe, maintain or otherwise apply the following professional standards:

- (i) Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*; and
- (ii) HKSA 700 *Forming an Opinion and Reporting on Financial Statements*.

Settlement agreement

The Council of the Institute has agreed with Ms. Chu that:

1. Ms. Chu acknowledges the facts of the case and areas of non-compliance with professional standards;
2. Ms. Chu be reprimanded; and

3. Ms. Chu pay a financial penalty of HK\$100,000 and costs of HK\$60,000.

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.

- End -

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.

Hong Kong Institute of CPAs' contact information:

Jun Sat
Associate Public Relations Manager
Phone: 2287-7002
Email: media@hkipa.org.hk