



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

(HONG KONG, 15 November 2023) On 11 October 2023, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“Institute”) ordered that the name of Ms. Chan Wai Ping, a certified public accountant (“CPA”) (A15404) be removed from the register of CPAs for 2 years and her practising certificate be cancelled and shall not be issued to her for a period of 24 months with effect from 22 November 2023. In addition, Chan was reprimanded and ordered to pay costs of the disciplinary proceedings of \$101,446.00.

As the sole practising director of a corporate practice, Chan Wai Ping & Co. Limited (“Practice”), Chan was responsible for operating the Practice, including its compliance with relevant laws and regulations, as well as for the Practice’s quality control system and the quality of its audit engagements.

The Practice was subject to a first-time practice review in March 2016 and a follow-up practice review which was concluded in Jun 2019 (“Review”). During the Review, the practice review team (“Reviewer”) found that the Practice had amended the audit working papers pertaining to a client’s audit. The Reviewer also noted that the Practice did not adopt audit programmes in a number of audit engagements, and the Practice did not have adequate policies and procedures to address potential threats to auditor’s independence caused by its provision of accounting services to certain audit clients.

Further, the Reviewer identified specific deficiencies in two of the Practice’s clients’ audits. The Practice Review Committee (“PRC”) decided to raise a complaint against Chan.

In communicating with Chan/the Practice during the course of handling the complaint, the Institute found that the Practice had failed to notify the Registrar of a change in the address of its registered office in accordance with the pre-amended Professional Accountants Ordinance (Cap. 50) (“Ordinance”). Alternatively, Chan intentionally or recklessly failed to cooperate with the Institute pertaining to the handling of the subject PRC complaint. This indicates improper conduct on the part of Chan.

After considering the information available, the Institute lodged complaints against Chan under sections 34(1) and 34(1A) of the Ordinance.

The Disciplinary Committee found that Chan had failed or neglected to observe, maintain or otherwise apply professional standards under section 34(1)(a)(vi) of the Ordinance in respect of:

- (i) the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants;

- (ii) 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*;
- (iii) Hong Kong Standard on Auditing (“HKSA”) 220 *Quality Control for an Audit of Financial Statements*;
- (iv) HKSA 230 *Audit Documentation*;
- (v) HKSA 240 *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- (vi) HKSA 315 *Identifying and Assessing Risks of Material Misstatement through Understanding the Entity and Its Environment*;
- (vii) HKSA 320 *Materiality in Planning and Performing an Audit*;
- (viii) HKSA 330 *The Auditor’s Responses to Assessed Risks*; and
- (ix) HKSA 500 *Audit Evidence*.

The Disciplinary Committee further found that Chan was guilty of dishonourable conduct under section 34(1)(a)(x) of the Ordinance.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Chan 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 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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