



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

(HONG KONG, 24 July 2024) On 17 June 2024, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“Institute”) reprimanded Mr. Chan Ho Yin Graham, a certified public accountant (practising) (F02039) and Ms. Chan Suk King, a certified public accountant (A13777) (collectively “Respondents”) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Disciplinary Committee also ordered Mr. Chan to pay a penalty of HK\$150,000 and costs of the disciplinary proceedings in the sum of HK\$78,555; and Ms. Chan to pay a penalty of HK\$50,000 and costs of the disciplinary proceedings in the sum of HK\$45,233.

Graham H.Y. Chan & Co. was subjected to a full-scope practice review conducted between August 2019 and May 2020. In reviewing the working papers supporting the audit of the consolidated financial statements of Client A and its subsidiaries for the year ended 31 December 2018, in which Mr. Chan was the audit engagement partner and Ms. Chan was the engagement quality control reviewer, the practice review team identified audit deficiencies in a number of areas which indicated that the Respondents had failed to obtain sufficient appropriate audit evidence to support the auditor’s opinion expressed.

After considering the information available, the Practice Review Committee lodged a complaint under section 34(1)(a)(vi) of the pre-amended Professional Accountants Ordinance (Cap 50) (“Ordinance”).

The Respondents admitted the complaints against them. The Disciplinary Committee found that:

- (i) Mr. Chan failed or neglected to observe, maintain or otherwise apply:
 - a) Hong Kong Standard of Auditing (HKSA) 230 Audit Documentation
 - b) HKSA 240 The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements;
 - c) HKSA 500 Audit Evidence;
 - d) HKSA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures; and
 - e) HKSA 570 Going Concern.

- (ii) Ms. Chan failed or neglected to observe, maintain or otherwise apply HKSA 220 Quality Control for an Audit of Financial Statements.

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 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 11,000 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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