



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, 10 February 2022) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings concerning alleged non-compliance with its professional standards and professional misconduct committed by Mr. Wan Tat Kay Dominic Savio, certified public accountant (practising) (A08375).

The matter concerns significant audit deficiencies identified in the Institute's initial practice review of D. Wan & Company ("Practice"). The practice review covered the Practice's quality control system and the audit of a private entity for the year ended 31 March 2018. Mr. Wan was responsible for the quality control system and was the engagement partner of the audit.

The practice reviewer identified significant deficiencies that showed (i) Mr. Wan's inadequate audit methodology for the audit engagement; (ii) Mr. Wan's failure to perform adequate audit procedures, and/or prepare adequate audit documentation, on a number of material items in the financial statements: unlisted investment, inventories, sales and purchases; (iii) substandard auditor's report on the financial statements issued by Mr. Wan. In addition, the practice reviewer found deficiencies concerning the Practice's monitoring process and compliance with the Institute's ethical requirements on independence.

As a result of the above, Mr. Wan failed or neglected to observe, maintain or otherwise apply:

- (i) The fundamental principle of professional competence and due care under sections 100.5(c) and 130.1 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*; and
- (iii) Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation*, HKSA 500 *Audit Evidence*, and a number of other HKSAs.

The multiple deficiencies identified also demonstrated Mr. Wan's blatant disregard to professional standards, amounting to professional misconduct.

Settlement agreement

The Council of the Institute has agreed with Mr. Wan that:

1. Mr. Wan acknowledges the facts of the case and areas of non-compliance with professional standards;
2. Mr. Wan be reprimanded;
3. Mr. Wan pays a financial penalty of HK\$80,000 and costs of HK\$50,000; and
4. Mr. Wan undertakes to cease providing audit services for a period of one year.

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.

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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 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.

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