



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

(HONG KONG, 30 December 2020) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Kwok Kam Piu, certified public accountant (practising) (A16997) on 20 November 2020 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. In addition, Kwok was ordered to pay a penalty of HK\$50,000 and costs of disciplinary proceedings of HK\$116,962.

Kwok issued an unmodified auditor's report on a private company's financial statements for the years ended 30 April 2017 and 30 April 2018. In carrying out the audits, Kwok failed to obtain sufficient appropriate evidence regarding the company's balances with its directors and shareholders and on management fee expense. In addition, he did not perform adequate risk assessment on related party transactions, and he failed to identify management fees paid to a director-controlled entity as a related party transaction. Further, Kwok failed to prepare adequate documentation of audit procedures performed on a material amount of dividends paid. These audit deficiencies demonstrated Kwok's failure to exercise adequate professional skepticism, maintain the required level of professional knowledge and skill, and act diligently and in accordance with applicable professional standards.

After considering the information available, the Institute lodged a complaint against Kwok under section 34(1)(a)(vi) of the Professional Accountants Ordinance (Cap. 50) ("PAO").

Kwok admitted the complaints against him. The Disciplinary Committee found that Kwok was in breach of Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation*, HKSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, HKSA 500 *Audit Evidence*, HKSA 550 *Related Parties*, and the fundamental principle of professional competence and due care in sections 100.5(c) and 130.1 of the *Code of Ethics for Professional Accountants*.

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

### 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 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:

<http://www.hkicpa.org.hk/en/standards-and-regulations/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 46,000 members and 18,000 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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