



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

(HONG KONG, 9 February 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Yu Ching Hoi, certified public accountant (practising) (A24158) on 30 December 2020 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered the cancellation of his practising certificate, with no issuance of a practising certificate to him for 20 months with effect from 8 February 2021. In addition, Yu was ordered to pay a penalty of HK\$50,000 and costs of disciplinary proceedings of HK\$164,448.

Yu is the sole proprietor of Yu Ching Hoi & Company (“Practice”). He is responsible for the Practice’s quality control system and the quality of its audit engagements. In 2015, the Practice was subject to an initial practice review which identified deficiencies in its quality control system and an audit engagement selected for review.

A follow-up practice review carried out in 2017 found a number of deficiencies, some of which were the same as or similar to those found at the initial review. The deficiencies concerned audit procedures performed on turnover, expenses and accounts receivable, and Yu’s failure to evaluate the impact of a repeated audit scope limitation on the Practice’s acceptance of reappointment as auditor. In addition, Yu failed to establish and maintain an adequate system of quality control to address effective monitoring, independence threats arising from the Practice’s provision of accounting services to audit clients, client acceptance and continuance, and engagement performance. Further, in the self-assessment questionnaire that Yu submitted for the practice review, he provided false or misleading answers on the quality control policies and procedures of the Practice.

After considering the information available, the Institute lodged a complaint against Yu under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance.

Upon Yu’s admission of some of the charges and after considering the other charges, the Disciplinary Committee found that Yu was in breach of:

- (i) the fundamental principle of integrity in sections 100.5(a), 110.1 and 110.2 of the Code of Ethics for Professional Accountants (“Code of Ethics”);
- (ii) the fundamental principle of professional competence and due care in sections 100.5(c) and 130.1 of the Code of Ethics; and
- (iii) 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*.

The Committee further found that Yu's conduct in the practice review and the multiple and repeated audit deficiencies demonstrated his blatant disregard to comply with professional standards, which amounted to professional misconduct.

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