



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

(HONG KONG, 30 July 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Leung Wah, a certified public accountant (practising) (A07045) on 18 June 2021 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute, and for professional misconduct. The Committee further ordered the cancellation of his practising certificate, with no issuance of a practising certificate to him for 10 months. In addition, Leung was ordered to pay costs of the disciplinary proceedings of HK\$111,134.

Leung was the sole practitioner of Leung Wah & Co., a firm which is now de-registered, and the managing director of Hong Kong Wan Long CPA Limited (collectively, “Practices”). The Practices shared the same quality control system, audit methodology and staff resources. He was responsible for the quality control system of the Practices. An initial practice review conducted on the Practices revealed a number of deficiencies both in the Practices’ quality control system and Leung Wah & Co.’s audit and compliance engagements.

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

Leung admitted the complaint against him. The Disciplinary Committee found that Leung was in breach of:

- (i) 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;
- (ii) Hong Kong Standard on Auditing (“HKSA”) 300 *Planning an Audit of Financial Statements*;
- (iii) HKSA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*;
- (iv) HKSA 500 *Audit Evidence*;
- (v) HKSA 700 *Forming an Opinion and Reporting on Financial Statements*; and
- (vi) 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 the multiple breaches of professional standards demonstrated that Leung disregarded the requirements of the professional standards, and his quality of work fell far below the standard expected of a CPA (practising). Such serious lack of regard to professional standards amounted to professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Leung 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 16,000 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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