



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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

(HONG KONG, 6 December 2019) On 23 October 2019, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered the cancellation of the practising certificate of Mr Ng Tsz Wing (A15912) from 4 December 2019 with no issuance of a practising certificate to him for four months. In addition, Ng was ordered to pay the costs of disciplinary proceedings of HK\$55,477.

Ng is the sole shareholder of Ken T.W. Ng CPA Limited ("Practice"). He was responsible for the Practice's quality control system and quality of assurance engagements. The Practice was subject to its first practice review in May 2017. The practice reviewer identified a number of significant deficiencies in the Practice's system of quality control. Ng was also found to have failed to maintain professional knowledge and skill at the required level, and to comply with professional standards, in a number of audit and assurance engagements examined by the practice reviewer.

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

Ng admitted the complaints made against him.

The Disciplinary Committee found that Ng failed to comply with the fundamental principle of Professional Competence and Due Care in the *Code of Ethics for Professional Accountants*, 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*, Hong Kong Standard on Auditing ("HKSA") 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*, HKSA 500 *Audit Evidence* and HKSA 700 *Forming an Opinion and Reporting on Financial Statements*. Furthermore, Ng was guilty of professional misconduct as a result of his failure to comply with multiple professional standards.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Ng 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 more than 44,000 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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香港會計師公會對一名執業會計師作出紀律處分

(香港，二零一九年十二月六日) 香港會計師公會轄下一紀律委員會，於二零一九年十月二十三日命令由二零一九年十二月四日起吊銷吳子榮先生(會員編號：A15912)的執業證書，並在四個月內不向其另發執業證書。此外，吳先生須支付紀律程序費用 55,477 港元。

吳先生是吳子榮會計師行有限公司的唯一股東，負責該執業法團的品質監控系統及鑒證項目質素。公會於二零一七年五月對該執業法團進行第一次執業審核。審核人員發現執業法團的品質監控系統有多項重大缺失。此外，審核人員在審查多個審核及鑒證項目時，發現吳先生未能維持應有的專業知識和技能水平，且沒有遵守專業準則。

公會考慮所得資料後，根據《專業會計師條例》第 34(1)(a)(vi)條及第 34(1)(a)(viii)條對吳先生作出投訴。

吳先生承認投訴屬實。

紀律委員會裁定吳先生沒有遵守 Code of Ethics for Professional Accountants 內有關「Professional Competence and Due Care」的基本原則、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」、Hong Kong Standard on Auditing (「HKSA」) 200「Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing」、HKSA 500「Audit Evidence」及 HKSA 700「Forming an Opinion and Reporting on Financial Statements」。由於吳先生沒有遵守多項專業準則，因此他亦犯上了專業上的失當行為。

經考慮有關情況後，紀律委員會根據《專業會計師條例》第 35(1)條向吳先生作出上述命令。

香港會計師公會的紀律處分程序

香港會計師公會致力維持會計界的最高專業和道德標準。公會根據香港法例第 50 章《專業會計師條例》及紀律委員會訴訟程序規則，成立獨立的紀律委員會，處理理事會轉介的投訴個案。委員會一旦證明對公會會員、執業會計師事務所會員或註冊學生的檢控屬實，將會作出適當懲處。若答辯人未有提出上訴，紀律委員會的裁判將會向外公佈。

詳情請參閱：

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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關於香港會計師公會

香港會計師公會是根據《專業會計師條例》成立的法定機構，負責培訓、發展和監管本港的會計專業。公會會員超過 44,000 名，學生人數逾 18,000。

公會開辦專業資格課程，確保會計師的入職質素，同時頒佈財務報告、審計及專業操守的準則，以鞏固香港作為國際金融中心的領導地位。

CPA 會計師是一個獲國際認可的頂尖專業資格。公會是全球會計聯盟及國際會計師聯合會的成員之一，積極推動國際專業發展。

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IN THE MATTER OF

A Complaint made under Section 34(1) of the Professional Accountants Ordinance (Cap. 50) ("PAO")

BETWEEN

The Practice Review Committee of the Hong Kong Institute of Certified Public Accountants COMPLAINANT

AND

Mr. NG, Tsz Wing RESPONDENT
(Membership no. A15912)

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants

Members: Mr. MAURELLET Jose-Antonio, S.C. (Chairman)

Ms. LAU Yuk Kuen

Miss LEE Wai Fun, Stella

Ms. LEUNG Chi Ying

Mr. MAN Mo Leung

ORDER & REASONS FOR DECISION

Introduction

1. This is a complaint made by the Practice Review Committee ("PRC") of the Hong Kong Institute of Certified Public Accountants (the "Institute") against Ng, Tsz Wing (the "Respondent"), who is the sole shareholder of Ken T.W. Ng CPA Limited (Corporate Practice no.: S0531) (the "Practice"). The Practice was subject to its first practice review in May 2017.
2. As set out in a letter from the Executive Director on behalf of the PRC dated 7th January 2019 (the "Complaint"), at the time of the practice review, the Respondent, being the sole practising director who issued audit reports in the name of the Practice, was responsible for the Practice's quality control system and quality of assurance engagements.
3. The Practice had one non-qualified audit staff and engaged two corporate sub-contractors to perform its audits. During the relevant period, the Practice had issued audit reports to approximately 130 audit clients. 53 of these clients were referred by the subcontractors; and the subcontractors assisted in the performance of the audits of these 53 clients.

4. The practice reviewer ("Reviewer") identified a number of significant deficiencies in the Practice's system of quality control and assurance engagements indicating that the Respondent had failed to comply with professional standards.
5. The Reviewer also found that the Respondent failed to comply with the fundamental principle of professional competence and due care under the *Code of Ethics for Professional Accountants*. The nature and seriousness of the Respondent's multiple failures amount to professional misconduct.
6. The Complaints are divided under 4 broad headings we reproduce below.

The Complaints

Complaint 1

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply a professional standard for his failure to maintain professional knowledge and skill at a level required to ensure that Clients AE 1 to AE 7 received competent professional services.

Complaint 2

Section 34(1)(a)(vi) applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply a professional standard for his failure to maintain an adequate quality control system in the Practice.

Complaint 3

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply professional standard(s) when carrying out the audit of the financial statements of a company (Client WK) for the year ended 31 March 2016.

Complaint 4

Section 34(1)(a)(viii) of the PAO applies to the Respondent in that his non-compliances as stated in Complaints 1 to 3 above amount to professional misconduct.

7. The facts and circumstances relied upon by the Complainant are set out in paragraphs 3 to 6 in the Complaint.
8. We do not consider it necessary to delve into these for the self-explanatory reasons further set out below.

The Proceedings

9. It suffices to say that on 12th February 2019, the Respondent has by his admission form admitted to the Complaints set out against him by the

Complainant.

10. Before July 2019, it was suggested by the Respondent that because he had proceeded without the benefit of legal advice, he might have unwittingly and mistakenly made certain representations as to what he was prepared to accept in terms of sanction and costs.
11. We are prepared to proceed on the basis of the evidence and the submissions now before us.
12. In particular we have carefully considered the comprehensive submissions made on the Respondent's behalf by his solicitors in particular those set out in their letter to the clerk to the Disciplinary Committee dated 16th August 2019 ("R's Letter").
13. While the Respondent acknowledges to the infringing conduct, he has by his letter dated 26th February 2018 promised to engage in a series of future actions or remedial measures to ensure he will meet all the standards required. These are set out in paragraphs 4 to 17 of R's letter and we do not set out the same here.
14. We have considered the personal circumstances of the Respondent in particular his family circumstances highlighted in paragraphs 18 to 23 of R's letter, as well as the fact he has been co-operative and admitted early on the complaints, as well as taken steps to ensure that this will not occur again.
15. We indeed hope that the Respondent has through this incident learned a lesson.
16. We accept that the Respondent has not received significant material gains for his breaches of conduct.

Order of the Disciplinary Committee; Sanctions and Costs

17. In considering the proper order to be made in this instance, the Disciplinary Committee had had regard to all of the above matters as well as the other matters urged upon us by the Respondent as well as the Complainant.
18. Any sanction imposed must appropriately reflect the seriousness of the breach as well as sufficient to maintain the public's confidence in the ethics of the profession.
19. It is not disputed by the Respondent that he should bear the costs of the Institute and we so order.
20. The main area of the dispute is whether the Respondent's practising certificate should be suspended and if so, for how long.
21. Whilst the Complainant by reference to earlier decisions where the suspension of practising certificate was one year and slightly longer suggests the present case falls in that bracket, the Respondent submitted that this would be

“completely disproportional to the ‘crime’ in light of the mitigating factors” which exist in the present case.

22. The Respondent also seeks to distinguish the facts of the present case with some of the factors which existed in the cases cited by the Complainant.
23. In our view, while it is helpful to have regard to previous decided cases there is a limit to the usefulness of the exercise as each case is inevitably different from an earlier case.
24. We tend to think that the facts of the present case are perhaps not quite as serious as those in the 2 cases cited by the Complainant.
25. We are however unable to agree to the Respondent’s suggestion that no suspension of practising certificate should be ordered in the present case or that “the maximum suspension period should be no more than 1 month”.
26. Having considered the facts of the present case and the parties’ submissions made and recognising that there are some strong personal mitigating circumstances, the Disciplinary Committee orders that:
 - (1) The Respondent’s practising certificate be cancelled effective from 42 days from the date hereof under section 35(1)(da) of the PAO;
 - (2) A practising certificate shall not be issued to the Respondent for a period of 4 months effective from 42 days from the date hereof under section 35(1)(db) of the PAO; and
 - (3) The Respondent do bear the costs and expenses incidental to the proceedings in the sum of HK\$55,477 under section 35(1)(iii) of the PAO.

Dated the 23rd day of October 2019.

Mr. MAURELLET Jose-Antonio, S.C.
Chairman

Ms. LAU Yuk Kuen
Member

Ms. LEUNG Chi Ying
Member

Miss LEE Wai Fun, Stella
Member

Mr. MAN Mo Leung
Member