



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 two certified public accountants (practising)

(HONG KONG, 24 November 2021) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings concerning alleged breaches of its professional standards by Mr. Chan Shek Chi, certified public accountant (practising) (A22613) and Mr. Yu Kwong Fat, certified public accountant (practising) (A07667).

The matter concerns audit deficiencies identified from the Institute's practice review of Cheng & Cheng Limited. The review covered the corporate practice's audit of the consolidated financial statements of a Hong Kong listed group for the year ended 31 December 2016. Mr. Chan was the engagement director, and Mr. Yu was the engagement quality control reviewer.

The practice reviewer found that the audit team failed to obtain sufficient audit evidence, and prepare adequate documentation, on material sums of deposits paid by the listed group for investment opportunities. Deficiencies were also noted in audit procedures performed and documentation prepared on trade and other receivables, inventories, deferred tax liabilities, stock options issued, legal claims, and property, plant and equipment. Furthermore, certain relevant audit working papers were left out of the final assembled audit file.

As a result of the above:

- (a) Mr. Chan failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation*, HKSA 500 *Audit Evidence* and the fundamental principle of Professional Competence and Due care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants; and
- (b) Mr. Yu failed or neglected to observe, maintain or otherwise apply HKSA 220 *Quality Control for an Audit of Financial Statements*.

### Settlement agreement

The Council of the Institute has agreed with Mr. Chan and Mr. Yu that:

1. Both of them acknowledge the facts of the case and areas of non-compliance with professional standards;
2. Both of them be reprimanded; and

3. Mr. Chan pay a financial penalty of HK\$100,000 and costs of HK\$25,900, and Mr. Yu pay a financial penalty of HK\$50,000 and costs of HK\$12,950.

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.

- End -

#### **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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## 香港會計師公會與兩名執業會計師就監管程序達成協議

(香港，二零二一年十一月二十四日) 香港會計師公會與執業會計師陳碩智先生 (會員編號：A22613) 及執業會計師余廣發先生 (會員編號：A07667) 就被指控違反專業準則而進行的監管程序，達成協議。

相關事項涉及公會對鄭鄭會計師事務所有限公司進行執業審核時發現的審計缺失。該次執業審核涵蓋該執業法團就一個香港上市集團截至二零一六年十二月三十一日止年度綜合財務報表進行的審計。陳先生為該審計項目的執業董事，而余先生為質量控制覆核人。

執業審核人員發現，審計團隊對該集團為一些潛在投資項目而支付的大額保證金，未有獲取足夠的審計憑證及編備充分的審計紀錄。另外，審計團隊就應收賬項及其他應收款項、存貨、遞延稅項負債、已發行的認股權、法律索償以及物業、廠房和設備各方面所執行的審計程序及編備的審計紀錄均有違規的情況。此外，經整合的審計存檔遺漏了一些審計工作底稿。

基於上文所述：

- (a) 陳先生沒有或忽略遵守、維持或以其他方式應用 Hong Kong Standard on Auditing (「HKSA」) 230 「Audit Documentation」、HKSA 500 「Audit Evidence」及 Code of Ethics for Professional Accountants 內第 100.5(c) 及 130 條有關 Professional Competence and Due Care 的基本原則；及
- (b) 余先生沒有或忽略遵守、維持或以其他方式應用 HKSA 220 「Quality Control for an Audit of Financial Statements」。

## 協議

公會理事會與陳先生及余先生達成以下協議：

1. 他們兩人承認此個案中的事實及違反專業準則之處；
2. 他們兩人被譴責；及
3. 陳先生須向公會繳付罰款 100,000 港元並支付費用 25,900 港元，而余先生須向公會繳付罰款 50,000 港元並支付費用 12,950 港元。

公會認為在議定基礎上達成監管協議符合公眾利益，並信納此情況無需進行紀律程序。

### 香港會計師公會的監管協議程序

為符合公眾、會計專業及理事會監管職能的最佳利益，預期會導致紀律程序或處於紀律程序的投訴應儘早解決。公會會根據既定準則對監管協議請求進行評估，並按投訴的性質及嚴重性、答辯人過去的處分紀錄及任何加重或減輕處罰的情況，以釐定適當的處分。公會同意以監管協議方式處理的個案，均會以《A Plus》月刊、新聞稿及其他恰當的形式向外公佈。

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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。公會會員逾 47,000 名，學生人數逾 17,000。

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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