

PROFESSIONAL ACCOUNTANTS ORDINANCE (Chapter 50)

It is hereby notified that a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ('the Institute'), having considered the complaints lodged by the Institute against Cheung Chun Wing ('Cheung') under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the pre-amended Professional Accountants Ordinance, Chapter 50 ('the Ordinance'), found that Cheung had failed or neglected to observe, maintain or otherwise apply the fundamental principle of integrity in sections R111.1 and R111.2 under Chapter A of the Code of Ethics for Professional Accountants ('COE'); the fundamental principle of professional competence and due care in section R113.1 under Chapter A of the COE; and 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*.

Cheung is the sole proprietor of a firm (the 'Practice'). He is responsible for the Practice's quality control system and the quality of its audit and compliance engagements. The Practice was subject to a second full scope practice review which was concluded in February 2022. At the time of the practice review, the Practice reported that it had engaged subcontractors to perform its audit work.

In the practice review, the practice reviewer ('Reviewer') reviewed a number of audit engagements. Cheung was found to have provided false and/or misleading representations to the Reviewer, and false answers in the 2020 practice review self-assessment questionnaire. Furthermore, the practice review site visit revealed that in response to the prospect of practice review, Cheung had created audit evidence and working papers of the engagements for two clients subsequent to the completion of those audits. In addition, Cheung had manipulated the client lists provided to the Reviewer in an attempt to keep the engagements with no working papers from being selected for practice review. The Reviewer further found that for most of the Practice's engagements, little or no audit work had been done prior to issuing the audit reports such that there was not in existence any audit working paper or audit file. The Reviewer also found a number of significant deficiencies in the Practice's quality control system and performance of the reviewed engagements.

The Disciplinary Committee also found that Cheung was guilty of professional misconduct.

Under section 35(1) of the Ordinance, the said Disciplinary Committee ordered on 7 November 2023 that:—

- (i) the name of Cheung Chun Wing be removed from the register of certified public accountants for 4 years and his practising certificate be cancelled with effect from 19 December 2023; and
- (ii) Cheung be reprimanded and ordered to pay penalty of HK\$100,000.00 and costs and expenses of the disciplinary proceedings of HK\$62,678.00.

22 December 2023

Kelvin LEE *Legal Counsel, Hong Kong Institute of Certified Public Accountants*