

APPLICATION ON PAPERS

CONSENT ORDERS CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: **Mr Tong Yat Hung**

Considered on: **Wednesday, 20 April 2022**

Chair: **Mr Andrew Popat CBE**

Legal adviser: **Mr Alastair McFarlane**

Summary: **Consent Order agreed. Severe Reprimand. Costs of £650.**

DOCUMENTS BEFORE THE CHAIR

1. The Chair received a bundle of papers, numbered pages 1-49, and a signed Consent Order.

ALLEGATIONS

1. Pursuant to byelaw 8(a)(vi) Mr Tong Yat Hung is liable to disciplinary action by virtue of action taken against him on 08 June 2020 by the Hong Kong Institute of Certified Public Accountants (HKICPA).

BRIEF BACKGROUND

2. Mr Tong Yat Hung became an ACCA member in May 1979.

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3. Mr Tong Yat Hung admits Allegation 1 and signed the Consent Order on 10 March 2022.
4. On 08 June 2020, the HKICPA took regulatory action against Mr Tong Yat Hung for his failure or neglect to observe, maintain or otherwise apply the following professional standards issued by the Institute: 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 300 Planning on Audit of Financial statements; HKSA 330 The Auditor’s Responses to Assessed Risks; HKSA 500 Audit Evidence; HKSA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures; HKSA 620 Using the Work of an Auditor’s Expert and HKSA 700 Forming an Opinion and Reporting on Financial statements and Mr Tong Yat Hung failed or neglected to observe, maintain or otherwise apply HKSA 220 Quality Control for an Audit of Financial Statements.
5. Mr Tong Yat Hung accepted these facts, made admissions to HKICPA, and acknowledged his failings. On 13 July 2020, Mr Tong Yat Hung wrote to ACCA stating that he was the subject of a complaint about him as Engagement Quality Control Reviewer by HKICPA, which was settled by a Resolution by Agreement on 22 May 2020. Mr Tong Yat Hung was reprimanded and ordered to pay HK\$50,000 (4728 GBP) and a share of HKICPA’s costs. On 31 March 2021, ACCA received confirmation that Mr Tong Yat Hung had paid the penalty order and costs as instructed by HKICPA. On 19 April 2021, Mr Tong Yat Hung stated that this case would be used as in-house training material in order to ensure that the non-compliance will not be repeated.
6. Mr Tong Yat Hung accepted ACCA’s proposed sanction of a severe reprimand and agreed to pay ACCA’s costs in the sum of £650. ACCA contended that this was the proportionate sanction reflecting the seriousness of Mr Tong Yat Hung’s conduct and the discredit it brings to the Association and the importance of upholding fundamental standards of professional conduct.

CHAIR'S DECISION

7. Under Regulation 8(8) of the Complaints and Disciplinary Regulations 2014, the Chair has to determine whether on the basis of the evidence before them, it is appropriate to approve or reject the draft Consent Order.
8. The Chair noted that under Regulation 8(12) they shall only reject the signed Consent Order if they are of the view that the admitted breaches would, more likely than not, result in exclusion from membership.
9. The Chair considered the seriousness of the breaches and the public interest, which includes the protection of the public, the maintenance of public confidence in the profession and the declaring and upholding of proper standards of conduct and performance. It balanced this against Mr Tong Yat Hung's interests and his long membership (despite a previous finding against him by HKICPA in September 2019, which resulted in an ACCA Consent Order for a reprimand in September 2020), his admissions and his co-operation with ACCA.
10. The Chair noted the list of aggravating and mitigating factors advanced at paragraphs 9 and 10 of the draft Consent Order. They accepted that Mr Tong Yat Hung had not had an opportunity to remediate his behaviour before the second instance of regulatory action by HKICPA on 08 June 2020. The Chair noted that Mr Tong Yat Hung had put in place procedures to ensure that the non-compliance identified will not be repeated.
11. The Chair had regard to ACCA's Guidance for Disciplinary Sanctions. They were satisfied that there had been early and genuine acceptance of the misconduct and that the risk to the public and profession from Mr Tong Yat Hung continuing as a member was low.
12. For the reasons set out above, the Chair was satisfied that the admitted breaches would be unlikely to result in exclusion from membership, and therefore there was no basis for them to reject the Consent Order under Regulation 8 (12). The Chair noted the proposed Consent Order and

considering all the information before them was satisfied that it was an appropriate and proportionate disposal of this case and made the Order consented to by both parties.

ORDER

13. The Chair, pursuant to their powers under Regulation 8, made an Order in terms of the draft Consent Order, namely that Mr Tong Yat Hung be severely reprimanded and pay ACCA's costs of £650.

Mr Andrew Popat CBE
Chair
20 April 2022