

Completed investigation

On 4 September 2019, the FRC adopted the investigation report on the audit of the consolidated financial statements of a listed entity for the year ended 31 December 2013.

The FRC found that the auditor, the engagement director and the engagement quality control reviewer failed or neglected to observe, maintain or otherwise apply certain professional standards in the relevant audit in relation to impairment assessment of the exploration and evaluation assets and the intangible assets relating to the drilling, exploration, exploitation and production of oil and/or natural gas.

The investigation revealed that the auditor and the engagement director failed to properly plan and/or perform the relevant audit, in relation to the above matters, in accordance with the relevant provisions of Hong Kong Standard on Auditing (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*; and HKSA 620 *Using the Work of an Auditor's Expert*.

It was also found that the engagement quality control reviewer of the relevant audit failed to fully comply with the relevant provisions of HKSA 220 *Quality Control for an Audit of Financial Statements* in relation to the quality control review.

The investigation report has been referred to the Hong Kong Institute of Certified Public Accountants to determine if any disciplinary actions are warranted. Names of the relevant parties are withheld because of the potential disciplinary proceedings.

Note to editors

About the FRC

When the Financial Reporting Council (Amendment) Ordinance takes effect, the FRC will become the independent listed entity auditor regulator for Hong Kong with the direct powers of inspection, investigation and discipline concerning auditors of listed entities and oversight of the performance of the Hong Kong Institute of Certified Public Accountants in respect of their functions for registration, standards on professional ethics and auditing and assurance; and continuing professional development requirements in relation to PIE auditors. The FRC is committed to achieving its mission of upholding the quality of financial reporting of listed entities in Hong Kong. For more information, please visit www.frc.org.hk.

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