

## **Technology Voucher Programme (TVP)**

### **Notes for Auditors of Recipient Organisations**

Pursuant to the project agreement made between the HKSAR Government and the Recipient Organisations (ROs) and the relevant Guidance Notes for Applications of the Technology Voucher Programme (TVP Guide) in respect of the TVP project funded by the Innovation and Technology Fund (“ITF”), ROs are required to submit an audited statement of expenditure for TVP projects to the Innovation and Technology Commission (ITC) according to a stipulated timeframe. The requirement to submit the audited statement of expenditure is to assure the Government that:

- (a) the project funds were properly applied to the project and expended in accordance with the approved project budget; and
- (b) all information as provided in the statement of expenditure is true and correct, and in compliance with the prevailing TVP Guide.

These notes aim to provide guidance for Auditors of ROs in conducting reasonable assurance engagements and in preparing auditors’ reports for each TVP project.

2. In conducting a reasonable assurance engagement, the Auditors should perform such procedures<sup>1</sup> as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the RO has complied with, in all material respects, the requirements set by the ITC (including the requirements to keep proper books and records and to prepare audited statement of expenditure of the project), and all the terms and conditions of the TVP funding, as specified in the following documents –

- (a) the funding agreement made between the HKSAR Government and the RO in respect of the project and the appendices thereto (which includes the project proposal);

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<sup>1</sup> The Auditors’ procedures would normally include:

- a. performing tests of transactions and of the existence, ownership and valuation of assets and liabilities, if any;
- b. obtaining an understanding of the accounting system and control in order to assess its adequacy as a basis for the preparation of the statement of expenditure; and
- c. assessing significant estimates and judgments made by the RO in the preparation of the statement of expenditure, and whether the accounting policies have followed the requirements of the ITC, consistently applied and adequately disclosed.

- (b) the relevant TVP Guide referred to in the funding agreement; and
- (c) all applicable instructions and correspondences issued by the ITC to the RO in respect of the project.

3. The Auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants<sup>2</sup>. The following information is required in an auditors’ report prepared by the Auditors to be submitted to the ITC –

- (a) the Auditors should state whether, in their conclusion, the RO has complied with, in all material respects, the requirements set by the ITC (including the requirements to keep proper books and records and to prepare audited statement of expenditure of the project), and all the terms and conditions of TVP funding, as specified in documents mentioned in paragraph 2 above;
- (b) if the Auditors are of the opinion that there exists any material non-compliance as identified in paragraph 3(a) above, they should make full disclosure and quantify the effects of such non-compliance in the auditors’ report; and
- (c) if the Auditors are of the opinion that a proper and separate set of books and records have not been kept by the RO for the project, or the project statement of expenditure have not been properly prepared, or if the Auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagements, they should make appropriate qualifications in their auditors’ reports.

4. The Auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 2 and 3 above. In case of any ambiguity regarding the terms and conditions contained in the funding agreement, TVP Guide and rules and regulations governing TVP projects, Auditors should seek clarification from the ITC as appropriate. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of TVP guidelines or requirements, expressed by Auditors in the auditors’ report, will be returned to ROs for rectification before re-submission.

5. The Auditors may come across during the course of their reasonable assurance engagements weaknesses/breakdown in internal control which are considered material. They should bring to the RO’s attention the details of such

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<sup>2</sup> The Hong Kong Institute of Certified Public Accountants would expect its members to apply those relevant and applicable Standards set out in Hong Kong Standards on Auditing when performing “Reasonable Assurance Engagements”.

weaknesses/breakdown and provide the RO with their recommendations for improvement by setting them out in a letter to the RO. A copy of such letter should be sent to the ITC for reference and action as appropriate.

6. Auditors and ROs are expected to follow the specimen audited statement of expenditure as attached at Annex.

Innovation and Technology Commission  
November 2016

**TECHNOLOGY VOUCHER PROGRAMME**

**SPECIMEN AUDITORS' REPORT AND  
STATEMENT OF EXPENDITURE**

**[NAME of the PROJECT]**

**[Start date of the reimbursable period (DD/MM/YYYY) TO [end date of the reimbursable period (DD/MM/YYYY)]**

**AUDITORS' REPORT TO THE DIRECTORS OF [NAME OF THE ENTERPRISE]**

Pursuant to the funding agreement made between the HKSAR Government and [name of the enterprise] and the relevant TVP Guide referred to in the funding agreement in respect of the TVP project funded by the Innovation and Technology Fund (“ITF”), we have performed a reasonable assurance engagement to report on whether [name of the enterprise] has complied with, in all material respects, the requirements set by the Innovation and Technology Commission (“ITC”) (including the requirements to keep proper books and records and to prepare proper audited Statement of Expenditure of [name of the project] (the “Project”) for the period from [start date of the reimbursable period (DD/MM/YYYY)] to [end date of the reimbursable period (DD/MM/YYYY)] on pages .... to .... (the “Statement of Expenditure”), and all the terms and conditions of TVP funding, as specified in the following documents:

- (a) the funding agreement made between the HKSAR Government and [name of the enterprise] in respect of the Project and the appendices thereto (which includes the Project proposal);
- (b) the TVP Guide referred to in the funding agreement; and
- (c) all applicable instructions and correspondences issued by the ITC to [name of the enterprise] in respect of the Project.

**Respective responsibilities of [name of the enterprise] and auditors**

The ITC requires [name of the enterprise] to comply with the requirements set (including the requirements to keep proper books and records and to prepare proper Statement of Expenditure), and all the terms and conditions of TVP funding, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our reasonable assurance engagement, and to report our conclusion to you.

## **Quality Control and Independence**

Our firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## **Basis of conclusion**

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA and the latest Notes for Auditors of Recipient Organisations issued in [to be inserted as appropriate] by the ITC.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to [name of the enterprise]’s compliance with the requirements set by the ITC (including the requirements to keep proper books and records and to prepare proper Statement of Expenditure), and all the terms and conditions of TVP funding, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by [name of the enterprise] in the preparation of the Statement of Expenditure, and of whether the accounting policies have followed the requirements of TVP, consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our conclusion as to whether [name of the enterprise] has complied with, in all material respects, the requirements set by the ITC (including the requirements to keep proper books and records and to prepare proper Statement of Expenditure), and all the terms and conditions of TVP funding, as specified in the documents mentioned in the above first paragraph. In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the Statement of Expenditure. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

## **Conclusion**

Based on the foregoing, in our opinion, [name of the enterprise] has complied with, in all material respects, the requirements set by the ITC (including the requirements to keep proper books and records and to prepare proper Statement of Expenditure), and all the terms and conditions of TVP funding, as specified in the documents mentioned in the above first paragraph.

## **Use of this report**

This report is intended for filing by [name of the enterprise] with the HKSAR Government, and is not intended to be, and should not be, used by anyone except the above two parties for any other purposes.

[Name of the auditing firm]

Certified Public Accountants (Practising) [or Certified Public Accountants]

Hong Kong

[Date]

## STATEMENT OF EXPENDITURE

**STATEMENT OF EXPENDITURE BY [NAME OF THE ENTERPRISE]**

**[NAME OF THE PROJECT]**

**[Start date of the reimbursable period (DD/MM/YYYY) TO [end date of the reimbursable period (DD/MM/YYYY)]**

<u>Expenditure</u>	<u>(HK\$)</u>
<b>(I) Technology Consultancy</b>	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
<b>(II) Customised Items</b>	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
	<hr/>
<b>(III) Off-the-Shelf/Readily Available Items</b>	
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
[Name of expenditure item xx]	xxx,xxx
	<hr/>
	xxx,xxx
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<b>(IV) External Audit Fee</b>	
	xxx,xxx
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	xxx,xxx
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	<hr/>
<b>Total Expenditure</b>	<b>x,xxx,xxx</b>
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**Approved and authorised for issue by [name of the enterprise] on [date]**

[Signature]

[Enterprise Chop]

Name:

Post Title: