

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

AUD001

Question Serial
No.

2853

Head: 24 – Audit Commission Subhead (No. & title):

Programme: (1) Regularity Audit

Controlling Officer: Director of Audit

Director of Bureau:

Question:

Please advise why the audit report on government accounts submitted by the Director of Audit to this Council every year is not based on the full-year consolidated account compiled by the Administration. If the audit report has to be based on the full-year consolidated account compiled by the Administration, should any legislative amendments be made? If yes, which legislation should be amended? Apart from this, are there any other considerations? What kind of procedures or measures should be introduced? When can these be implemented at the earliest opportunity according to your estimation? What will be the additional expenses involved?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The financial statements (i.e. the statement of assets and liabilities, and the statement of receipts and payments) of the Consolidated Account are the consolidated financial statements of the General Revenue Account and the eight Funds established or deemed to have been established under section 29 of the Public Finance Ordinance (Cap. 2). The eight Funds are the Capital Works Reserve Fund, the Capital Investment Fund, the Civil Service Pension Reserve Fund, the Disaster Relief Fund, the Innovation and Technology Fund, the Land Fund, the Loan Fund and the Lotteries Fund.

2. The preparation, audit and tabling of all the financial statements, other than the financial statements of the Lotteries Fund, are governed by sections 11 and 12 of the Audit Ordinance (Cap. 122). Section 12(2A) specifies that, within the period of 3 months, or such longer period as the President may determine, after the laying of the report and certified financial statements from the Director of Audit, a copy of the report of the Public Accounts Committee shall be laid before the Legislative Council. The preparation, audit and tabling of the financial statements of the Lotteries Fund are governed by section 7 of the Government Lotteries Ordinance (Cap. 334). A copy of the audited financial statements of the Lotteries Fund is required to be laid on the table of the Legislative Council.

3. The first Consolidated Account was included in the Annual Report of the Director of Accounting Services for 1986-87. There are no statutory provisions for the preparation, audit and tabling of the financial statements of the Consolidated Account. Proposals to change the existing arrangements (including the certification of the financial statements of the Consolidated Account by the Director of Audit under the Audit Ordinance, if necessary) should be agreed by the

Administration. The additional resources required can be determined if there is a requirement to certify the financial statements of the Consolidated Account.

Signature _____

Name in block letters BENJAMIN TANG

Post Title Director of Audit

Date 15.3.2010