

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

AUD003

Question Serial
No.

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

3138

Programme: (2) Value for Money Audit

Controlling Officer: Director of Audit

Director of Bureau:

Question:

- (a) Has the Audit Commission identified any exceptional cases during the audit of the expenditures of the Independent Commission Against Corruption (ICAC), the Hong Kong Police Force (HKPF), and the Customs and Excise Department (C&ED) on rewards and special services (R&SS) in 2009-10, for example, whether some individuals have been given rewards or special services monies frequently every year, or have been rewarded anomalously high amounts?
- (b) Please advise whether the Audit Commission has carried out value for money audits on the expenditures of above-mentioned departments on R&SS. If yes, what are the results? If not, how can it be ensured that expenditures on R&SS have achieved a reasonable standard of efficiency and effectiveness? How can the economy in the use of the resources be examined?
- (c) Has the Audit Commission examined whether the payments for R&SS made by the above-mentioned departments are in compliance with their established rules and procedures to ensure that expenditures incurred under the mechanism are reasonable? If yes, what are the results? If not, what are the reasons for not doing so?
- (d) What are the grounds for the Audit Commission being satisfied that the above-mentioned departments have exercised sufficient internal control on expenditures for R&SS?

Asked by: Hon. TO Kun-sun, James

Reply:

- (a) The Audit Commission has not identified any exceptional cases during the audit of the expenditures of the ICAC, the HKPF and the C&ED on R&SS in 2009-10.
- (b) The Audit Commission has not carried out any value for money audits on the R&SS expenditures of the ICAC, the HKPF and the C&ED. Nevertheless, in carrying out the regularity audit of R&SS expenditures, officers of the Commission have obtained assurance that the internal controls of these three departments have been operating effectively to prevent misuse of R&SS funds. The Commission will keep in view the need for carrying out a value for money audit on R&SS expenditures having regard to factors such as materiality, risk, auditability, timeliness and value-added.

(c) & (d)

The Audit Commission has reviewed the rules and procedures established by the ICAC, the HKPF and the C&ED for making payments for R&SS, and has conducted audit tests on selected transactions. Based on the audit evidence and our professional judgement, the Commission is satisfied that sufficient internal control has been exercised, the laid down rules and procedures have been complied with and that the payments made are reasonable.

Signature _____

Name in block letters BENJAMIN TANG

Post Title Director of Audit

Date 15.3.2010