

Green Tech Fund

Notes for Auditors of Recipient Organisations

Pursuant to the project agreement made between the HKSAR Government and the Recipient Organisations (ROs), and the Green Tech Fund (GTF) - Guide to Applicants in respect of each project under the GTF, ROs are required to submit annual and final “audited accounts”¹ of each GTF project to the Permanent Secretary for Environment and Ecology (Environment) (PS(E)) according to a stipulated timeframe. The requirement to submit “audited accounts” is to assure the Government that:

- (a) the project funds were fully and properly applied to the project for which they were paid, and received and expended in accordance with the approved project budget; and
- (b) the ROs complied with the funding terms and conditions in the administration, management and usage of the GTF project.

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

2. In conducting a reasonable assurance engagement, the Auditors should perform such procedures² 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 PS(E) (including the requirements to keep proper books and records and to prepare annual/final audited accounts of the GTF project), and all the terms and conditions of GTF funding, as specified in the following documents:

¹ The annual and final “audited accounts” comprise income and expenditure statement, balance sheet, notes to the accounts and the auditors’ and mean annual and final accounts of the project which have been reported on by Auditors under a reasonable assurance engagement conducted 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 Hong Kong Institute of Certified Public Accountants.

²The 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 accounts of the GTF project, and to establish whether a proper and separate set of project books and records have been kept and maintained by the RO;
- c. assessing significant estimates and judgments made by the RO in the preparation of the annual /final accounts of the GTF project, and whether the accounting policies have followed the requirements of GTF, consistently applied and adequately disclosed; and
- d. evaluating the overall adequacy of the presentation of information in the annual/final accounts.

- (a) The project agreement made between the HKSAR Government and the RO in respect of the project and the appendices thereto (which includes the project proposal);
- (b) the relevant “GTF - Guide to Applicants”³ referred to in the project agreement; and
- (c) all instructions and correspondences issued by the PS(E) to the RO in respect of the GTF funding.

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. The following information is required in an auditors’ report prepared by the Auditors to be submitted to the PS(E) –

- (a) the Auditors should state whether, in their conclusion, the RO has complied with, in all material respects, the requirements set by the PS(E) (including the requirements to keep proper books and records and to prepare annual/final audited accounts of the GTF project), and all the terms and conditions of GTF 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, 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 GTF project, or the relevant project accounts have not been properly prepared, or if the Auditors fail to obtain all the information and explanations which are necessary for the purpose of the reasonable assurance engagement, they should make appropriate qualifications in the auditors’ report.

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 project agreement and rules and regulations governing GTF projects, Auditors should seek clarification from the GTF Secretariat. Any unreasonable reservation or denial of conclusion 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 weaknesses/breakdown and provide the RO with their recommendations for improvement by setting them out in a letter

³ In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

to the RO. A copy of such letter should be sent to PS(E) for reference and action as appropriate.

6. Auditors are expected to follow the specimen auditors' report as attached at **Annex**.

Green Tech Fund Secretariat

July 2022

**SPECIMEN AUDITORS' REPORT ON
THE ANNUAL/FINAL ACCOUNTS UNDER THE
GREEN TECH FUND
- UNQUALIFIED CONCLUSION**

ABC PROJECT

**[FOR THE YEAR ENDED DD/MM/YY / FOR THE PERIOD FROM DD/MM/YY
(Date/ COMMENCEMENT DATE) TO DD/MM/YY (Date/ COMPLETION DATE)]
(Delete as appropriate)**

AUDITORS' REPORT TO XYZ ORGANISATION

Pursuant to the project agreement made between the HKSAR Government and XYZ Organisation, and the Green Tech Fund (“GTF”) – Guide to Applicants in respect of the project under the GTF, we have performed a reasonable assurance engagement to report on whether XYZ Organisation has complied with, in all material respects, the requirements set by the Permanent Secretary for Environment and Ecology (Environment) (“PS(E)”) (including the requirements to keep proper books and records and to prepare proper [annual/final] accounts of ABC Project (the “Project”) for the [year ended DD/MM/YY / period from DD/MM/YY to DD/MM/YY] on pages to (the “Project Accounts”)), and all the terms and conditions of GTF funding, as specified in the following documents:

- (a) the project agreement made between the HKSAR Government and XYZ Organisation in respect of the Project and the appendices thereto (which includes the Project proposal);
- (b) the relevant “GTF - Guide to Applicants”⁴ referred to in the project agreement (the “Guide”); and
- (c) all instructions and correspondences issued by PS(E) to XYZ Organisation in respect of the Project.

Respective responsibilities of XYZ Organisation and auditors

The PS(E) requires XYZ Organisation to comply with the requirements set by him/her (including the requirements to keep proper books and records and to prepare proper Project

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Accounts), and all the terms and conditions of GTF 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 GTF Secretariat.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to XYZ Organisation’s compliance with the requirements set by the PS(E) (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of GTF 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 XYZ Organisation in the preparation of the Project Accounts, and of whether the accounting policies have followed the requirements of GTF, 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 XYZ Organisation has complied with, in all material respects, the requirements set by the PS(E) (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of GTF 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 Project Accounts. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

Conclusion

Based on the foregoing, in our opinion, XYZ Organisation has complied with, in all material respects, the requirements set by the PS(E) (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of GTF funding, as specified in the documents mentioned in the above first paragraph.

Use of this report

This report is intended for filing by XYZ Organisation 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.

ABC & Co.

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

Hong Kong

Date