

## Head 24 — AUDIT COMMISSION

**Controlling officer:** the Director of Audit will account for expenditure under this Head.

**Estimate 2014–15** ..... **\$144.4m**

**Establishment ceiling 2014–15** (notional annual mid-point salary value) representing an estimated 175 non-directorate posts as at 31 March 2014 rising by four posts to 179 posts as at 31 March 2015 ..... **\$106.5m**

In addition, there will be an estimated 12 directorate posts as at 31 March 2014 and as at 31 March 2015.

### Controlling Officer's Report

#### Programmes

The Commission operates independently from the Administration. Its programmes are:

<p><b>Programme (1) Regularity Audit</b>  <b>Programme (2) Value for Money Audit</b></p>	<p>These programmes provide an independent check on the Administration and complement the programmes in Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).</p>
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#### Detail

##### Programme (1): Regularity Audit

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	42.4	43.8	45.3 (+3.4%)	<b>46.9</b> (+3.5%)
				(or +7.1% on 2013–14 Original)

#### Aim

2 The aim is to provide the Legislative Council with an overall assurance that the Government's financial and accounting transactions and those of funds of a public or quasi-public nature are proper and that they conform to accepted accounting standards.

#### Brief Description

3 The Audit Commission audits the accounts of all government departments and offices, and the accounts of the Hong Kong Housing Authority, the Exchange Fund, the trading funds, the funds established under section 29 of the Public Finance Ordinance (Cap. 2). The Commission also audits non-government fund accounts and subvention expenditure. There were 82 accounts certified in both 2012–13 and 2013–14, and the number of accounts to be certified in 2014–15 will be 81. The provision spent on regularity audit, as a percentage of the total provision for the Commission, was about 32 per cent in 2012–13. It is expected to be maintained at about 32 per cent in 2013–14 and 2014–15.

4 The key performance measures in respect of regularity audit are:

#### Targets

	Target	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Plan)</b>
Director of Audit's Reports submitted to the Legislative Council .....	1	1	1	<b>1</b>
time required to certify the statements of accounts of the Government of the Hong Kong Special Administrative Region after the end of each financial year (months) .....	7	7	7	<b>7</b>

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### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Estimate)</b>
accounts certified .....	82	82	<b>81</b>
man-hours spent .....	84 187	87 604	<b>93 937</b>
provision for regularity audit as percentage of total government expenditure (%) .....	0.011	0.010	<b>0.011</b>
providing assurance on combined actual expenditure and revenue in accounts audited (\$ billion) .....	1 124	N.A.#	<b>N.A.#</b>

# Not possible to estimate.

### *Matters Requiring Special Attention in 2014–15*

5 During 2014–15, the Commission will continue to enhance the research work on industry practice and audit methodology in line with latest international standards.

### **Programme (2): Value for Money Audit**

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	90.6	93.6	95.3 (+1.8%)	<b>97.5</b> (+2.3%)
				(or +4.2% on 2013–14 Original)

### *Aim*

6 The aim is to provide the Legislative Council with independent information, advice and assurance about the economy, efficiency and effectiveness with which any bureau/department of the Government, agency, other public body, public office or audited organisation has discharged its functions.

### *Brief Description*

7 The Audit Commission conducts value for money audit on the performance of the audited bodies to ensure that their functions are discharged economically, efficiently and effectively, with reports submitted to the Legislative Council twice a year. The provision spent on value for money audit, as a percentage of the total provision for the Commission, was about 68 per cent in 2012–13. It is expected to be maintained at about 68 per cent in 2013–14 and 2014–15.

8 The key performance measures in respect of value for money audit are:

### *Targets*

	Target	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Plan)</b>
Director of Audit's Reports submitted to the Legislative Council .....	2	2	2	<b>2</b>
value for money audit reports issued to audited bodies .....	18	19 <sup>^</sup>	18	<b>18</b>

<sup>^</sup> including a special report on the hotel accommodation arrangements for the former Chief Executive's duty visits outside Hong Kong.

### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Estimate)</b>
man-hours spent .....	157 578	167 431	<b>173 017</b>
provision for value for money audit as percentage of total government expenditure (%) .....	0.024	0.022	<b>0.024</b>

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	2012–13 (Actual)	2013–14 (Revised Estimate)	2014–15 (Estimate)
actual number of recommendations accepted for implementation .....	506	N.A.#	N.A.#

# Not possible to estimate.

### *Matters Requiring Special Attention in 2014–15*

9 During 2014–15, the Commission will continue to monitor closely the development of various government programmes and keep in view the need to conduct value for money studies which help enhance public sector performance and accountability. To ensure resources are allocated to audit areas which are worth pursuing, the Commission will continue to select subjects for review based on established audit criteria such as materiality and timeliness.

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### ANALYSIS OF FINANCIAL PROVISION

	2012–13 (Actual) (\$m)	2013–14 (Original) (\$m)	2013–14 (Revised) (\$m)	2014–15 (Estimate) (\$m)
<b>Programme</b>				
(1) Regularity Audit.....	42.4	43.8	45.3	<b>46.9</b>
(2) Value for Money Audit.....	90.6	93.6	95.3	<b>97.5</b>
	133.0	137.4	140.6 (+2.3%)	<b>144.4</b> (+2.7%)
				<b>(or +5.1% on 2013–14 Original)</b>

#### Analysis of Financial and Staffing Provision

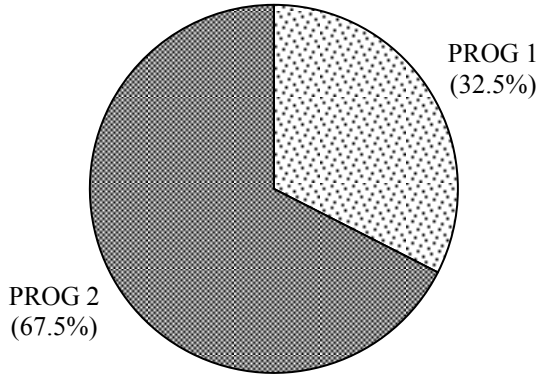
##### Programme (1)

Provision for 2014–15 is \$1.6 million (3.5%) higher than the revised estimate for 2013–14. This is mainly due to the creation of three new posts, salary increments for staff and increased requirements for personnel related expenses, to be partially offset by the reduced requirement in departmental expenses.

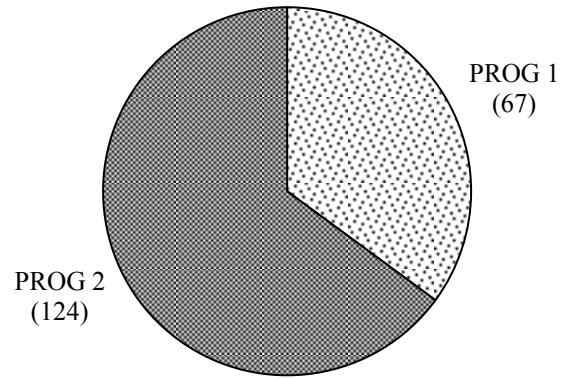
##### Programme (2)

Provision for 2014–15 is \$2.2 million (2.3%) higher than the revised estimate for 2013–14. This is mainly due to the salary increments for staff, creation of one new post and increased requirements for personnel related expenses, to be partially offset by the reduced requirement in departmental expenses.

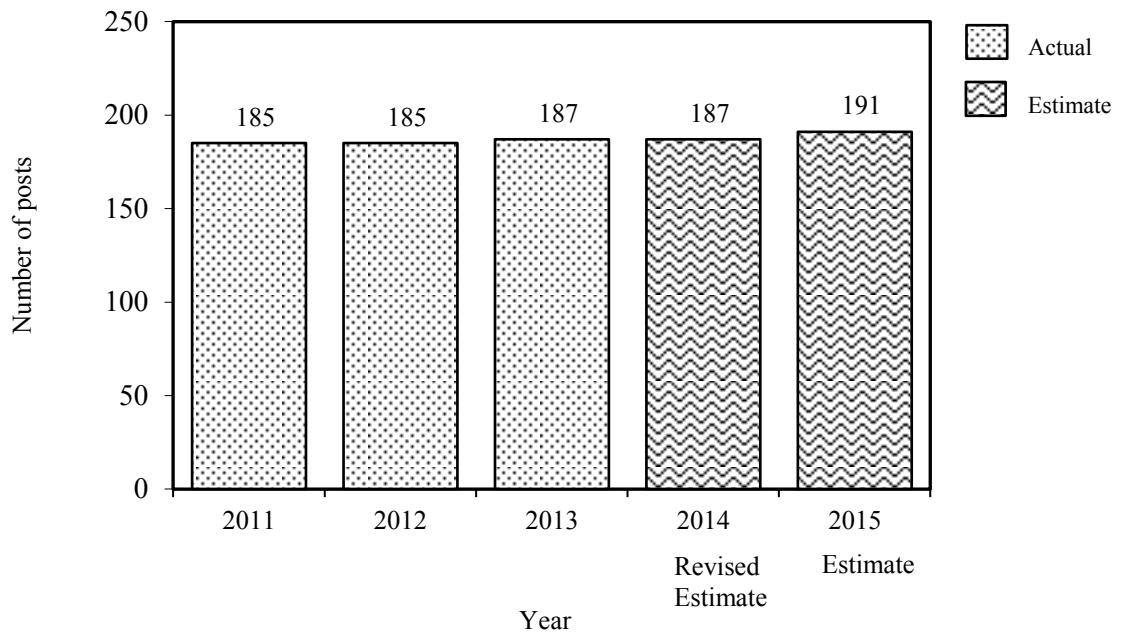
*Allocation of provision to programmes (2014-15)*



*Staff by programme (as at 31 March 2015)*



*Changes in the size of the establishment (as at 31 March)*



**Head 24 — AUDIT COMMISSION**

Sub-head (Code)	Actual expenditure 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	<b>Estimate 2014-15</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	132,968	137,368	140,561	<b>144,428</b>
	Total, Recurrent .....	132,968	137,368	140,561	<b>144,428</b>
	Total, Operating Account .....	132,968	137,368	140,561	<b>144,428</b>
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	Total Expenditure .....	132,968	137,368	140,561	<b>144,428</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Audit Commission is \$144,428,000. This represents an increase of \$3,867,000 over the revised estimate for 2013–14 and of \$11,460,000 over actual expenditure in 2012–13.

#### *Operating Account*

#### Recurrent

**2** Provision of \$144,428,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Audit Commission.

**3** The establishment as at 31 March 2014 will be 187 permanent posts. It is expected that there will be an increase of four non-directorate posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$106,502,000.

**4** An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	<b>2014–15 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	123,443	125,512	128,610	<b>133,187</b>
- Allowances.....	361	400	355	<b>405</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	201	217	209	<b>324</b>
- Civil Service Provident Fund contribution.....	1,391	1,964	2,027	<b>2,467</b>
Departmental Expenses				
- Remuneration for special appointments ....	4,510	3,812	3,897	<b>3,256</b>
- General departmental expenses .....	3,062	5,463	5,463	<b>4,789</b>
	132,968	137,368	140,561	<b>144,428</b>