

Countryside Conservation Funding Scheme
Notes for Auditors and Sample Auditor's Report

Pursuant to the project agreement made between the Government of the Hong Kong Special Administrative Region (Government) and the Recipient Organisations (ROs) in respect of each project and the “Countryside Conservation Funding Scheme Guide to Application” (CCFS Guide to Application), the ROs are required to submit annual and final “audited accounts”¹ of each funded project to the Secretariat of the CCFS (the Secretariat) 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 expensed 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 CCFS projects.

These notes aim to provide guidance for Auditors of ROs in conducting reasonable assurance engagements and in preparing the auditor's reports for each CCFS project.

2. In conducting a reasonable assurance engagement, the auditors should perform such procedures 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 ROs have complied with, in all material respects, the requirements set by the Secretariat and/or Government (including the requirements to keep proper books and records and to prepare annual / final audited accounts of the project), and all the terms and conditions of the CCFS, as specified in the following documents:

- (a) the project agreement made between the Government and the ROs in respect of the projects and the appendices thereto (which include the project proposals);
- (b) the prevailing CCFS Guide to Application referred to in the project agreement²; and
- (c) all applicable instructions and correspondences issued by the Secretariat and/or Government to the ROs in respect of the project.

¹ The audited accounts (together with the progress and/or completion report of the project) should comprise Statement of Income and Expenditure, Balance Sheet, Notes to the Accounts and represent the annual and final accounts of the project which have been reported by Auditors under a reasonable assurance engagement conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated by Hong Kong Institute of Certified Public Accountants.

² In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

3. The Auditors should comply with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated by Hong Kong Institute of Certified Public Accountants (HKICPA). The following information is required in an auditor’s report prepared by the Auditors to be submitted by the ROs to the Secretariat and/or Government –

- (a) the Auditors should state whether, in their conclusion, the ROs have complied with, in all material respects, the requirements set by the Secretariat and/or Government (including the requirements to keep proper books and records and to prepare annual / final audited accounts of the project), and all the terms and conditions of the CCFS, as specified in documents mentioned in paragraph 2 above, and that the audited accounts properly presented the financial position of the project;
- (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 auditor’s report; and if the Auditors are of the opinion that a proper and separate set of books and records have not been kept by the ROs for the projects, or the 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 their reasonable assurance engagement, they should make appropriate qualifications in their auditor’s reports.

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

5. The Auditors may come across during the course of their reasonable assurance engagements weaknesses / breakdowns in internal control on the part of the ROs which are considered material. They should bring to the ROs’ attention the details of such weaknesses / breakdowns and provide the ROs with their recommendations for improvement by setting them out in letters to the ROs. Copies of such letters should be sent to the Secretariat for reference and action as appropriate.

6. The Auditors are expected to follow the template for auditor’s report as provided by the Secretariat.

7. The grouping and sequence of the expenditure items listed in the statement of income and expenditure attached to the auditor’s report should follow those presented in the approved budget of the project.

Secretariat
Countryside Conservation Funding Scheme
November 2021

SAMPLE

[Remarks to Auditors: Balance Sheet and Notes to Accounts are not provided in this Sample.]

**AUDITOR'S REPORT TO GREEN & GREEN ORGANISATION
FOR SUSTAINABLE CONSERVATION PROJECT IN ABC VILLAGE
FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 OCTOBER 2021**

Pursuant to the project agreement made between the Government of the Hong Kong Special Administrative Region (“Government”) and Green & Green Organisation and the Countryside Conservation Funding Scheme Guide to Application (“CCFS Guide to Application”) in respect of the Sustainable Conservation Project in ABC village funded by the CCFS, we have performed a reasonable assurance engagement to report on whether Green & Green Organisation has complied with, in all material respects, the requirements set by the Secretariat of the CCFS and/or Government (including the requirements to keep proper books and records and to prepare proper annual accounts of the Sustainable Conservation Project in ABC village (the “Project”) for the period from 1 November 2020 to 31 October 2021 on pages 6 to 7 (the “Project Accounts”) in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), and all the terms and conditions of the CCFS, as specified in the following documents:

- (a) the project agreement made between the Government and Green & Green Organisation in respect of the Project and the appendices thereto (which includes the project proposal);
- (b) the prevailing CCFS Guide to Application referred to in the project agreement; and
- (c) all applicable instructions and correspondences issued by the Secretariat of the CCFS and/or Government to Green & Green Organisation in respect of the Project.

Respective Responsibilities of Green & Green Organisation and Auditors

The Secretariat of the CCFS and/or Government requires Green & Green Organisation to comply with its requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the CCFS, 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 (HKSQC) 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 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 Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by HKICPA and the latest Notes for Auditors issued by the Secretariat of the CCFS.

Our reasonable assurance engagement includes examination, on a test basis, of evidences relevant to Green & Green Organisation’s compliance with the requirements set by the Secretariat of the CCFS and/or Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the CCFS, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by Green & Green Organisation in the preparation of the Project Accounts, and of whether the accounting policies have followed the requirements of the CCFS, and are 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 evidences to give our conclusion as to whether Green & Green Organisation has complied with, in all material respects, all applicable HKFRSs issued by the HKICPA and the requirements set by the Secretariat of the CCFS and/or Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the CCFS, 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, Green & Green Organisation has complied with, in all material respects, all applicable HKFRSs issued by HKICPA, the requirements set by the Secretariat of the CCFS and/or Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of the CCFS, as specified in the documents mentioned in the above first paragraph, and that the audited accounts properly presented the financial position of the project.

Use of this Report

This report is intended for filing by Green & Green Organisation with the Secretariat of the CCFS and/or Government, and is not intended to be, and should not be, used by anyone except the above three parties for any other purposes.

CHEUNG Siu-ming, Auditor
A&A Auditor Company Limited
Certified Public Accountants (Practising)
No.1, Countryside Road, Hong Kong

15 November 2021

SAMPLE

**GREEN & GREEN ORGANISATION
STATEMENT OF INCOME AND EXPENDITURE
FOR SUSTAINABLE CONSERVATION PROJECT IN ABC VILLAGE
FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 OCTOBER 2021**

	HK\$
Income	
Grant from CCFS	2,650,000
Bank Interest	500
Activity Income from Night Safari	17,500
Activity Income from Public Tours	26,500
Activity Income from Summer Camp	5,000
Activity Income from Workshop	8,500
Donation	10,000
Total Income	2,718,000

Expenditure (*Remark to Auditor: The grouping and sequence of expenditure items should follow those presented in the approved budget of the project*)

<u>1 Habitat conservation management measures</u>	
1.1 Conservation management for area A	1,500,000
1.2 Conservation management for area B	75,000
<u>2 Scientific research and study</u>	
2.1 Ecological baseline studies	
2.1.1 General bird survey	32,500
2.1.2 Data analysis and report writing	3,000
<u>3 Project sustainability</u>	
3.1 Eco-tour	30,000
3.2 Summer exploration tour	14,500
3.3 Summer camp	11,500
3.4 Workshops	12,000
<u>4 Public engagement (education and promotion)</u>	
4.1 Education kiosk	
4.1.1 Management and service fee	33,000
4.1.2 Basic annual maintenance	1,500
4.1.3 Facilities and materials cost	9,000
4.1.4 Allowance for volunteers	1,000
4.2 Volunteer scheme	
4.2.1 Recruitment, trainings and practice	5,000
4.2.2 Production of materials	0
4.2.3 Certificate presentation ceremony	0
4.3 Eco-tour guide training	10,000
4.4 Publicity activities	
4.4.1 Promotion, recruitment, trainings and practice	0
4.4.2 Talk and discussion	0
4.4.3 Facilities and materials cost	0

**GREEN & GREEN ORGANISATION
STATEMENT OF INCOME AND EXPENDITURE
FOR SUSTAINABLE CONSERVATION PROJECT IN ABC VILLAGE
FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 OCTOBER 2021**

5 Equipment		
5.1	Computer, software and peripheral devices	
5.1.1	Desktop computer and software	4,000
5.1.2	Notebook and software	6,000
5.2	Camera, lens, binoculars and accessories (maintenance and repair)	1,500
6 Other costs		
6.1	Administrative and overhead cost	179,000
6.2	General expenses	16,000
6.3	Travelling and transportation	19,500
6.4	Insurance	11,000
6.5	Auditing fee	19,000
6.6	Postage and courier	1,000
7 Staff		
7.1	Project Managers [2 part-time employees, MPF cost included]	230,000
7.2	Project Officer [2 full-time employees, MPF cost included]	600,000
7.3	Assistant Project Officer [1 part-time employee, MPF cost included]	215,000
Total Expenditure		3,040,000
Deficit of the Project		(322,000)

Certified true and correct on 15 November 2021

CHAN TAI MAN

Mr CHAN Tai-man
Chairman, Green & Green Organisation