

**Retail Technology Adoption Assistance Scheme
for Manpower Demand Management (ReTAAS)**

Notes for Auditors of Funded Enterprises

1. Pursuant to the agreement made between the Programme Secretariat of the Retail Technology Adoption Assistance Scheme for Manpower Demand Management (ReTAAS) and the Funded Enterprises (FEs) (Project Agreement) in respect of each ReTAAS project and/or the “Guide to Application for the Retail Technology Adoption Assistance Scheme for Manpower Demand Management” (Guide to Application), FEs are required to submit audited accounts¹ of each funded project to the Programme 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 expended in accordance with the approved project proposal and budget annexed to the Project Agreement; and
- (b) the FEs complied with the funding terms and conditions in the administration, management and usage of the ReTAAS Fund project.

These notes aim to provide a guidance for Auditors of FEs in conducting reasonable assurance engagements and in preparing auditors’ reports for each ReTAAS Fund 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 FE has complied with, in all material respects, the requirements set by the Programme Secretariat and/or Government (including the requirements to keep proper books and records and to prepare audited accounts of the project), and all the terms and conditions of ReTAAS Fund, as specified in the following documents:

- (a) the Project Agreement made between the Programme Secretariat and the FE in respect of the project and the appendices thereto;

¹ The audited accounts (together with the completion report of the project) should comprise Statement of Income and Expenditure, Notes to the Accounts and Auditors’ Report. The audited accounts mean accounts of the project which have been reported on by Auditors under a reasonable assurance engagement conducted in accordance with Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

² The Auditors’ procedures would normally include:

- a. performing tests of transactions and of the existence, ownership and valuation of assets and liabilities;
- b. obtaining an understanding of the accounting systems and control in order to assess its adequacy as a basis for the preparation of the project accounts and to establish whether a proper and separate set of project books and records have been kept and maintained by the FE;
- c. assessing significant estimates and judgments made by the FE in the preparation of the accounts, and whether the accounting policies have followed the requirements of ReTAAS Fund, consistently applied and adequately disclosed; and
- d. evaluating the overall adequacy of the presentation of information in the accounts.

- (b) paragraphs 5, 6, 7, 8, 9, 10, 11 and 12 of the prevailing Guide to Application as at the date of submission of the application by the FE to the Programme Secretariat; and
- (c) all instructions and correspondences issued by the Programme Secretariat and/or the Government to the FE in respect of the project.

3. The Auditors should comply with the Hong Kong Standards on Assurance Engagements issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants³. The following information is required in an auditors' report prepared by the Auditors to be submitted to the Programme Secretariat –

- (a) the Auditors should state whether, in their conclusion, the FE has complied with, in all material respects, the requirements set by the Programme Secretariat and/or Government (including the requirements to keep proper books and records and to prepare audited accounts of the project), and all the terms and conditions of ReTAAS, as specified in documents mentioned in paragraph 2 above⁴;
- (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 auditors' report; and
- (c) if the Auditors are of the opinion that proper records have not been kept by the FE for the project, 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 auditors' reports.

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 ReTAAS projects, Auditors should seek clarification from the Programme Secretariat. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of ReTAAS guidelines or requirements, expressed by Auditors in the auditors' report, will be returned to FEs 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 is considered material. They should bring to the FE's attention the details of such weaknesses/breakdown and provide the FE

³ The Hong Kong Institute of Certified Public Accountants would expect its members to apply those relevant and applicable standards set out in Hong Kong Standards on Auditing when performing "Reasonable Assurance Engagements".

⁴ In expressing the conclusion on the audited final account on the project among other things, auditors are required to report the FE's compliance with all the relevant provisions of paragraphs 5, 6, 7, 8, 9, 10, 11 and 12 of the Guide to Application but are allowed to report the FE's compliance with paragraph 7.4 (keep proper records of the project for a minimum of seven years after completion of the project or termination of the Project Agreement) of the Guide to Application up to and including the project completion/termination date.

with their recommendations for improvement by setting them out in a letter to the FE. A copy of such letter should be sent to the Programme Secretariat for reference and action as appropriate.

6. The Grantee shall make reference to the guidelines of the Independent Commission Against Corruption (ICAC)⁵ and Competition Commission (CC)⁶ in preparing the quotation/tender invitation document. In particular, the Grantee should (i) ensure that: a probity clause, an anti-collusion and anti bid-rigging clauses are included in the quotation/tender invitation document; and (ii) where appropriate request bidder/tenderer to sign a confirmation on compliance when submitting quotation/tender. The Auditors shall request the Grantee to provide the documents stated in 6(i) and (ii) where appropriate during the preparation of the audited accounts. The Auditors may come across during the course of their reasonable assurance engagements.

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

Programme Secretariat
ReTAAS
April 2021

⁵ The ICAC has published a booklet "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook" providing enterprises with a practical set of guidelines in utilising the funds, including sample of probity clause and anti-collusion clause. Softcopy of the Guidebook is available on ICAC's website (http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf). The Grantee is advised to make reference to the best practices in the Guidebook in utilizing government funds and contact the Corruption Prevention Advisory Service of ICAC (Tel: 2526 6363) for any questions concerning the Guidebook or if they need any corruption prevention advice.

⁶ The Competition Commission (CC) has published the "Getting the most from your tender" brochure providing enterprises with a practical set of guidelines in ensuring an open and effective tendering process by preventing and detecting possible bid-rigging cartels. Softcopy of the brochure is available on CC's website (https://www.compcomm.hk/en/media/reports_publications/files/Competition%20Com_E_PamphletPart%202.pdf). The Grantee is advised to contact the CC (Tel: 3462 2118) for any questions concerning the brochure.

**SPECIMEN AUDITORS' REPORT ON
THE ACCOUNTS / FINAL ACCOUNTS UNDER THE RETAIL TECHNOLOGY
ADOPTION ASSISTANCE SCHEME
FOR MANPOWER DEMAND MANAGEMENT
– UNQUALIFIED CONCLUSION**

XYZ 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 THE DIRECTORS OF ABC LIMITED

Pursuant to the agreement made between the Programme Secretariat of the Retail Technology Adoption Assistance Scheme for Manpower Demand Management (ReTAAS) and **[ABC Limited]** (Project Agreement) and the “Guide to Application for the Retail Technology Adoption Assistance Scheme for Manpower Demand Management” (Guide to Application) in respect of the project funded by ReTAAS, we have performed a reasonable assurance engagement to report on whether **[ABC Limited]** has complied with, in all material respects, the requirements set by the Programme Secretariat and/or Government (including the requirements to keep proper books and records and to prepare proper accounts of **XYZ 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 ReTAAS, as specified in the following documents:

- (a) the Project Agreement made between the Programme Secretariat and **ABC Limited** in respect of the Project and the appendices thereto;
- (b) paragraphs 5, 6, 7, 8, 9, 10, 11 and 12 of the Guide to Application; and
- (c) all instructions and correspondences issued by the Programme Secretariat and/or Government to **ABC Limited** in respect of the Project.

Respective responsibilities of ABC Limited and auditors

The Programme Secretariat and/or Government require **ABC Limited** to comply with the requirements set by them individually or collectively (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of ReTAAS, 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 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 Funded Enterprises issued in [to be inserted as appropriate] by the Programme Secretariat.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to **ABC Limited’s** compliance with the requirements set by the Programme Secretariat 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 ReTAAS, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by **ABC Limited** in the preparation of the Project Accounts, and of whether the accounting policies have followed the requirements of ReTAAS, 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 **ABC Limited** has complied with, in all material respects, the requirements set by the Programme Secretariat 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 ReTAAS, 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, **ABC Limited** has complied with, in all material respects, the requirements set by the Programme Secretariat 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 ReTAAS, as specified in the documents mentioned in the above first paragraph.

Use of this report

This report is intended for filing by **ABC Limited** with the Programme Secretariat 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.

PQR & Co.
Certified Public Accountants
Hong Kong
Date