

Head 24 — AUDIT COMMISSION

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

Estimate 2001–02	\$133.1m
Establishment ceiling 2001–02 (notional annual mid-point salary value) representing an estimated 197 non-directorate posts at 31 March 2001 reducing by three posts to 194 posts at 31 March 2002	\$92.9m
In addition there will be an estimated 12 directorate posts at 31 March 2001 and at 31 March 2002.	
Capital Account commitment balance	\$2.6m

Controlling Officer's Report

Programmes

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

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

Detail

Programme (1): Regularity Audit

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	36.3	40.4 (+11.3%)	39.3 (–2.7%)	41.0 (+4.3%)

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 Housing Authority, the trading funds, and the funds established under section 29 of the Public Finance Ordinance. The Commission also audits 62 non-government fund accounts and subvention expenditure. A total of 78 accounts were certified in 2000–01, and 76 accounts will be certified in 2001–02. The provision spent on regularity audit, as a percentage of the total provision for the Commission, was about 29% in 1999–2000, 30% in 2000–01, and will increase slightly to 31% in 2001–02.

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

Targets

	Target	1999–2000 (Actual)	2000–01 (Estimate)	2001–02 (Plan)
number of Director of Audit's Reports submitted to the Legislative Council.....	1	1	1	1
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	7

Indicators

	1999–2000 (Actual)	2000–01 (Estimate)	2001–02 (Estimate)
no. of accounts certified.....	79	78	76
no. of man-hours spent.....	112 393	111 275	108 238
provision for regularity audit as % of total government spending.....	0.016%	0.016%	0.016%

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Matters Requiring Special Attention in 2001–02

5 In recent years, with the adoption of modern methodology, the Commission has achieved increased productivity in conducting regularity audits. During 2001–02, the Commission will continue to use the resources released from these audits to strengthen staff training and research work on industry practice and audit methodology.

Programme (2): Value for Money Audit

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	88.3	91.6 (+3.7%)	89.7 (–2.1%)	92.1 (+2.7%)

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 71% in 1999–2000, 70% in 2000–01, and will decrease slightly to 69% in 2001–02.

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

Targets

	Target	1999–2000 (Actual)	2000–01 (Estimate)	2001–02 (Plan)
number of Director of Audit's Reports submitted to the Legislative Council.....	2	3	2	2
number of value for money audit reports issued to audited bodies	20	21	21	20

Indicators

	1999–2000 (Actual)	2000–01 (Estimate)	2001–02 (Estimate)
no. of man-hours spent.....	190 326	181 697	181 223
provision for value for money audit as % of total government spending.....	0.039%	0.037%	0.037%

Matters Requiring Special Attention in 2001–02

9 During 2001–02, the Commission will continue to conduct broad-based value for money studies which are more complex and which entail the coverage of many bureaux, departments and agencies. To this end, the Commission will continue to enhance the skills of its staff to ensure that they are capable of producing high quality audit reports which add value to both the Government and the public.

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ANALYSIS OF FINANCIAL PROVISION

Programme	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01 (Revised) (\$m)	2001–02 (Estimate) (\$m)
(1) Regularity Audit	36.3	40.4	39.3	41.0
(2) Value for Money Audit	88.3	91.6	89.7	92.1
	<u>124.6</u>	<u>132.0</u> (+5.9%)	<u>129.0</u> (–2.3%)	<u>133.1</u> (+3.2%)

Analysis of Financial and Staffing Provision

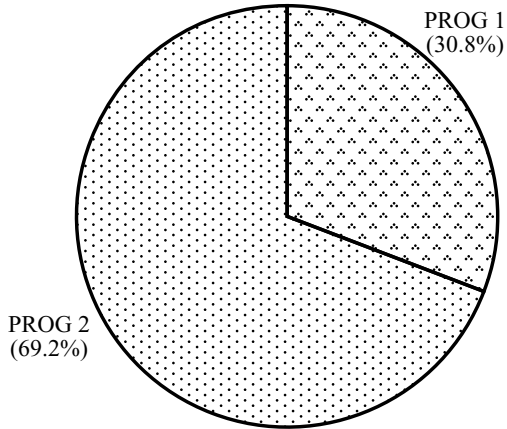
Programme (1)

Provision for 2001–02 is \$1.7 million (4.3%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff and provision for the employment of non-civil service contract staff, partly offset by the reduction of two posts under the Enhanced Productivity Programme.

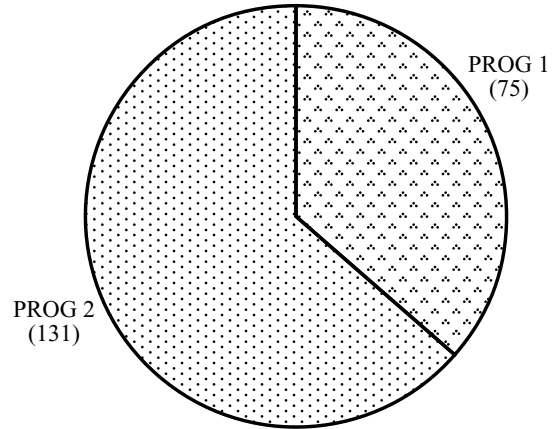
Programme (2)

Provision for 2001–02 is \$2.4 million (2.7%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff and provision for the employment of non-civil service contract staff, partly offset by the reduction of one post under the Enhanced Productivity Programme.

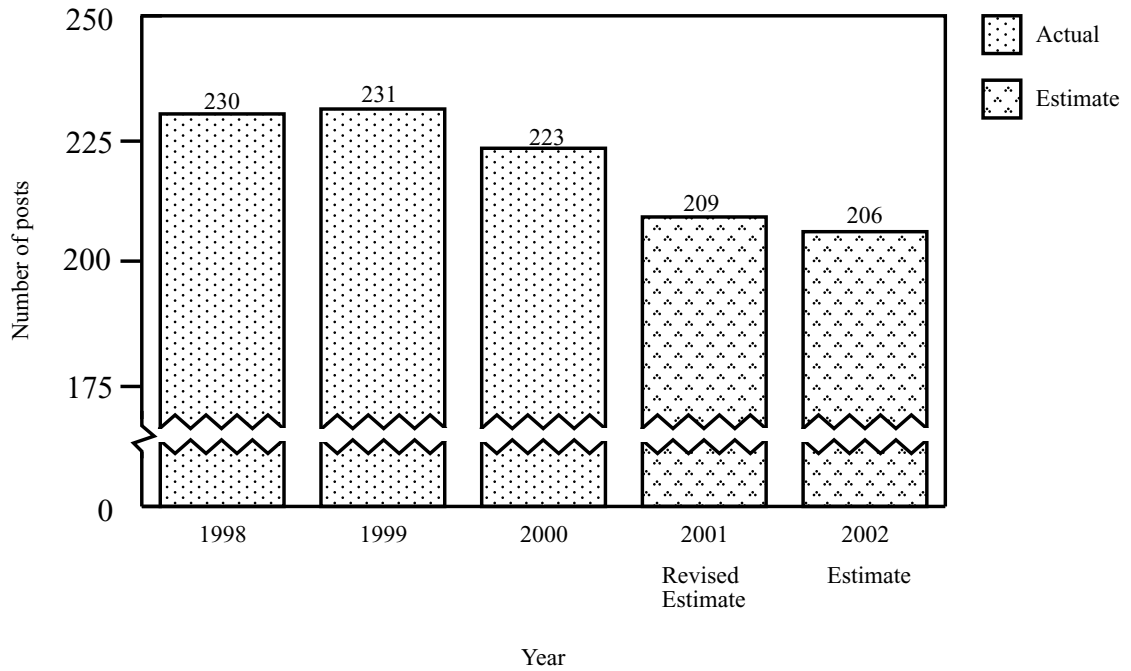
*Allocation of provision
to programmes
(2001-02)*



*Staff by programme
(as at 31 March 2002)*



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



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Sub-head (Code)		Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	Estimate 2001–02
		\$ 000	\$ 000	\$ 000	\$'000
Recurrent Account					
I — Personal Emoluments					
001	Salaries.....	118,412	120,035	118,442	119,477
002	Allowances.....	1,345	1,565	1,538	1,365
007	Job-related allowances.....	11	11	11	11
	Total, Personal Emoluments	<u>119,768</u>	<u>121,611</u>	<u>119,991</u>	<u>120,853</u>
III — Departmental Expenses					
108	Remuneration for special appointments	1,991	1,991	1,991	1,991
149	General departmental expenses.....	2,363	5,340	4,911	8,618
	Total, Departmental Expenses	<u>4,354</u>	<u>7,331</u>	<u>6,902</u>	<u>10,609</u>
	Total, Recurrent Account	<u>124,122</u>	<u>128,942</u>	<u>126,893</u>	<u>131,462</u>
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent.....	510	3,100	2,075	1,649
	Total, Other Non-Recurrent.....	<u>510</u>	<u>3,100</u>	<u>2,075</u>	<u>1,649</u>
	Total, Capital Account.....	<u>510</u>	<u>3,100</u>	<u>2,075</u>	<u>1,649</u>
	Total Expenditure	<u><u>124,632</u></u>	<u><u>132,042</u></u>	<u><u>128,968</u></u>	<u><u>133,111</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Audit Commission is \$133,111,000. This represents an increase of \$4,143,000 over the revised estimate for 2000–01 and of \$8,479,000 over actual expenditure in 1999–2000.

Recurrent Account

Personal Emoluments

2 Provision of \$120,853,000 for personal emoluments represents an increase of \$862,000 over the revised estimate for 2000–01.

3 The establishment at 31 March 2001 will be 209 permanent posts. It is expected that three posts will be deleted in 2001–02.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$92,852,000.

5 Provision of \$1,365,000 under *Subhead 002 Allowances* is for standard allowances. The decrease of \$173,000 (11.2%) against the revised estimate for 2000–01 is mainly due to reduced requirement for acting allowance.

6 Provision of \$11,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$1,991,000 under *Subhead 108 Remuneration for special appointments* is for the salary of the Director of Audit. The post of the Director of Audit is not on the Civil Service establishment; his remuneration is specified by the Chief Executive and provided for under Departmental Expenses rather than Personal Emoluments.

8 Provision of \$8,618,000 under *Subhead 149 General departmental expenses* represents an increase of \$3,707,000 (75.5%) over the revised estimate for 2000–01. This is mainly due to the additional requirement for employing non-civil service contract staff.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
700		<i>General other non-recurrent</i>				
	010	Consultants to assist in the conduct of a value for money audit on the Trade Effluent Surcharge charging scheme and the operation of sewage disposal facilities	1,000	—	345	655
	011	Consultants to assist in the conduct of a value for money audit on the Government's efforts to implement flood control measures in the urban areas	1,000	375	575	50
	012	Consultancy for a value for money audit on the building management of government offices	500	—	100	400
	013	Consultancy for a value for money audit on the Comprehensive Redevelopment Programme of Hong Kong Housing Authority	700	135	515	50
	014	Consultancy for a value for money audit on the Quality Education Fund .	800	—	—	800
	015	Consultancy for a value for money audit on the development of electronic commerce in the Government	600	—	540	60
	016	Consultancy for a value for money audit on Government's efforts in implementing the Landslip Preventive Measures Programmes	600	—	—	600
		Total	<u>5,200</u>	<u>510</u>	<u>2,075</u>	<u>2,615</u>