

Technology Start-up Support Scheme for Universities (TSSSU)

Notes for Auditors

Pursuant to the Application and Reimbursement Guidelines for the Technology Start-up Support Scheme for Universities (TSSSU Guidelines), the technology start-ups, to be supported under TSSSU of the Innovation and Technology Fund (ITF), are required to submit to the associated universities “audited statement of claim”¹ for reimbursement purpose, which is subsequently forwarded to the Innovation and Technology Commission (ITC) according to a stipulated timeframe. The requirement to submit “audited statement of claim” of each start-up is to assure the Government that all information as provided in the reimbursement request from the associated universities is true and correct, and in compliance with the prevailing TSSSU Guidelines. These notes aim to provide guidance for Auditors in conducting reasonable assurance engagements and in preparing the auditors’ reports to seek reimbursement of expenditure under TSSSU.

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 start-up has complied with, in all material respects, the requirements set by ITC and the associated university, if applicable, and all the terms and conditions of the TSSSU funding, and all entries as specified in the following documents –

- (a) the TSSSU Guidelines (including the requirement that TSSSU funding should be used in a reasonable, proportionate and proper manner in the areas stipulated in paragraphs 8(a) to 8(c) and, if applicable, the start-up funded under TSSSU+ has received the private investment during the recognised matching period as stipulated in paragraphs 19 and 24 in the TSSSU Guidelines);

¹ The “audited statement of claim” comprises a reimbursement request completed by the start-up which lists out the expenditure items for reimbursement from TSSSU as confirmed and duly signed by the Head of the university unit responsible for TSSSU and the Finance Office of the associated university, the statement of expenditure and the auditors’ report for reimbursement request by the start-up. The auditors’ report should indicate that the audit review is 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.

² The Auditors’ procedures would normally include -

- a. performing tests of transactions and of the existence, ownership of assets and valuation of 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 statement of expenditure; and
- c. assessing significant estimates and judgments made by the start-up in the preparation of the statement of expenditure, and whether the accounting policies have followed the requirements of ITC, consistently applied and adequately disclosed.

- (b) all instructions and correspondences issued by ITC to the associated university and the start-up as well as those from the associated university and agreed by ITC in respect of TSSSU funding; and
- (c) the application form, the business proposal, and/or subsequent change request(s) agreed by the associated university and ITC.

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 Accountants³. The following information is required in an auditors’ report prepared by the Auditors to be submitted to the associated universities and ITC -

- (a) the Auditors should state whether, in their conclusion, the start-up has complied with, in all material respects, the requirements set by ITC and the associated university, if applicable, all the terms and conditions of TSSSU funding, as specified in the documents mentioned in paragraph 2 above;
- (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 a proper and separate set of books and records have not been kept by the start-up for TSSSU funding, 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 TSSSU Guidelines and rules and regulations governing TSSSU funding prescribed by ITC and/or the associated universities, Auditors should seek clarification from ITC and the associated universities, as appropriate. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of guidelines or requirements of the funding support, expressed by Auditors in the auditor’s report, will be returned to the start-ups for follow-up 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 start-up’s attention the details of such weaknesses/breakdown and provide the start-up with their recommendations for improvement by setting them out in a letter to the start-up. A copy of such letter

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”.

should be sent to ITC and the associated university for reference and action as appropriate.

6. Auditors are required to refer to the specimen auditors' report and statement of expenditure for TSSSU at **Annex C(i)**.

Innovation and Technology Commission
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