

AGO-AUDITEE PROTOCOL

Preamble

1. This protocol establishes the working relationship between AGO and its auditee to facilitate an audit.
2. The duty of the Auditor-General's Office is to conduct independent audits and to report on its audits. The Auditor-General's audit reports, expressing his opinion on the financial statements of the Government and statutory boards, are required by law to be laid before Parliament together with the respective accounts. He also submits an annual report, *the Report of the Auditor-General*, to the President who would then present it to Parliament. The annual report gives an account of the work done by AGO during the year and describes the more significant lapses in the management and use of public funds and resources found in the audits carried out.
3. To enable him to carry out his duty, the law empowers the Auditor-General to obtain from the ministries and statutory boards all the information he needs for his audits.

The AGO

Notification of Audit

4. Before carrying out an audit, AGO would notify the prospective auditee:
 - i) through standing arrangement;
 - ii) in writing; or
 - iii) by issue of a survey questionnaire.

Involvement of Commercial Auditors, Consultants and Technical Advisors

5. For certain audits, AGO may appoint a commercial auditor, consultant or technical advisor to assist the AGO auditors. Where this is the case, AGO will inform the auditee of the appointment and work arrangement.
6. Where a statutory board appoints a commercial auditor to carry out an audit of its financial statements, AGO may conduct a selective audit of the board during the same period. The scope of AGO's selective audit includes internal controls, compliance with relevant laws and rules, and matters of performance or administration in relation to the accounts of the Board, for example, checking on issues of excess, extravagance, inefficiency and waste¹. Such selective audit would be separate from the financial statements (FS) audit carried out by the commercial auditor. Where necessary, AGO will make arrangements for the commercial auditor to provide information on its FS audit to AGO to facilitate the selective audit.

Information Gathering

¹ Examples of areas that may be selected for audit include procurement and contracts, revenue and expenditure, and assets such as land, buildings, systems and equipment.

7. In the course of an audit, AGO would obtain and verify information by interviewing staff, obtaining documents, files and reports (in hard- or soft-copy) and making site visits. All AGO officers have the requisite security clearance to perform their duties.

Authority and Identification

8. All AGO auditors would carry audit authority cards for identification purpose.

9. The commercial auditors, consultants or technical advisors appointed by AGO would carry an authorisation letter issued by AGO.

Management Letters

10. Audit observations would be conveyed to the auditee by way of “management letters” addressed to the Permanent Secretary (PS) of the ministry or the Chief Executive Officer (CEO) of the statutory board, and copied to the Director of Finance or equivalent. In the case of a statutory board, the “management letter” would also be copied to the Chairman of the Audit Committee and the PS of the supervisory ministry.

11. Before issuing a management letter, AGO would seek the necessary inputs from the auditee to ensure that the information used as the basis for AGO’s observations are factually correct. This may be done through discussion, email or in the form of a draft management letter.

12. Where a draft management letter is issued, this would be addressed to:

- for the audit of a ministry or fund – the PS
- for the audit of a statutory board/company – the CEO
- for the audit of overseas missions – the Head of Mission
- for the audit of a department in a ministry – the Head of Department

and copied to the Director of Finance or equivalent, or to a more senior officer if the circumstances warrant it. Where necessary, it will also be copied to the party directly responsible for the area audited e.g. the head of a division, or to the liaison officer designated by the auditee for the audit.

13. The auditee would be given reasonable time to reply to a management letter, normally 21 days from the date of the management letter.

Report of the Auditor-General to the President and Parliament

14. For matters included in the *Report of the Auditor-General*, a preview of the write-up prior to its submission to the President would be given to:

- for the audit of a ministry or fund – the PS
- for the audit of a statutory board/company – the CEO, with a copy to the PS of the supervising ministry

- for the audit of a department in a ministry / overseas missions – the PS, with a copy to the Head of Department / Head of Mission

Safeguarding of Information

15. Information obtained in the course of the audit will be used only for AGO's audit purpose and will not be given to any unauthorised party.

The Auditee

Communicating with AGO

16. Communication with AGO can be in writing, by email or verbally. On significant matters, AGO would require documentation of information if received verbally. The Auditor-General is empowered by law to examine a person under oath or affirmation.

17. To facilitate the audit, it may be necessary for the auditee to appoint a liaison officer. This does not preclude AGO from requiring any officer of the organisation to provide information directly if necessary.

18. Where a response to AGO's query is not issued by the PS of the ministry or the CEO of the statutory board in person, it should be signed by an officer "for" the PS or CEO as the case may be. The officer is deemed to have been authorised to correspond with AGO.

Providing Information

19. The auditee must provide all information requested by AGO in a timely manner. If in doubt, the auditee should seek clarification from AGO without delay. The auditee should provide information which is complete and accurate.

20. The auditee must not hold back or delay the provision of information to AGO. If the auditee is concerned about the release of any classified information, an arrangement can be made for the information to be received directly by a senior management level AGO officer, or by the Auditor-General himself if necessary. Where it is deemed that only the Auditor-General himself can view the information, arrangements will be made for the AG to do so in the presence of the PS.

21. Where AGO encounters difficulty in obtaining information for an audit, this will be reflected in the annual *Report of the Auditor-General* submitted to the President and Parliament.

Adherence to Deadlines

22. Deadlines set for providing information and responding to AGO's audit observations are necessary to facilitate AGO's work and to ensure that AGO could complete its audits and submit its reports to the President and Parliament in a timely manner. If there is a special reason why a deadline cannot be met, this should be conveyed in writing to AGO within three working days of AGO's request for a reply or information.

23. For paragraphs 16-22, “AGO” and “AGO officers” also mean the commercial auditors and consultants or technical advisors appointed by AGO and who also carry AGO authorisation letters.

Updated: 8 July 2010