CORPORATE GOVERNANCE STATEMENT
Responsibilities of Council

The objects of the Society are stipulated in section 7 of the Professional Accountants Ordinance, which include, inter alia, regulation of the practice of the accountancy profession, encouraging the study of accountancy, representing the views of the profession and preserving the profession’s integrity and status.

The Council is responsible for carrying out the objects of the Society and for the management and control of the Society.

The general and particular powers of the Council are stipulated in sections 17 and 18 of the Professional Accountants Ordinance.

The Council consists of 16 members, of whom 12 are elected from amongst the membership, 2 co-opted by the Council from amongst the membership and 2 ex-officio members who shall be the Financial Secretary or his representative and the Director of Accounting Services or his representative.

The Council, with a view to discharging its responsibilities, is advised by committees and working groups that it appoints for specific areas and functions. For certain functions, the Council may delegate its powers to these committees and working groups. Each committee and working group performs its tasks in accordance with prescribed terms of reference.

The execution of the Council’s policies and decisions is vested upon the Registrar, who is appointed by the Council under section 21 of the Professional Accountants Ordinance.

The Registrar and Secretary-General serves as the secretary to the Council and is responsible to the Council for the effective management and operation of the secretariat. He is also charged with providing advice to the Council and committees generally.

The Council met 13 times during the reporting period. The frequency of meetings of each of the committees and working groups is shown elsewhere in this Report.

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理事會的職責

公會的宗旨詳述於《專業會計師條例》第7條，其中包括規管會計專業的執業、鼓勵研究會計學、反映會計專業的意見及維持會計專業的誠信及地位。

理事會負責履行公會的宗旨，以及管理和監控公會事務。

理事會的一般及特別權力詳述於《專業會計師條例》第17條及第18條。

理事會由14位理事及兩位當然理事組成。其中12位理事由會員選出，另外兩位由理事會從會員中增選。兩位當然理事分別為財政司司長或其代表以及庫務署署長或其代表。

理事會為了履行其職責，按特別事務和職責委任多個委員會及工作小組，向其提交意見。理事會亦可就若干職責將其權力授予該等委員會及工作小組。每個委員會及工作小組均依據既定的職權範圍執行工作。

註冊主任由理事會根據《專業會計師條例》第21條委任，負責執行理事會的政策及決定。

註冊主任兼秘書長作為理事會秘書，須就秘書處的有效管理及運作向理事會負責，亦需為理事會及委員會提供意見。

理事會於期內共舉行13次會議。每個委員會及工作小組舉行會議的次數，於本年報內另有載述。
Internal Financial Control

The Council is responsible for the Society’s system of internal financial control. The key elements of the system are:

(a) Budgets - Detailed annual budgets are prepared by the Registrar, reviewed by the Administration and Finance Committee and approved by the Council. Actual performances are measured against the budget and reported to the Administration and Finance Committee on a quarterly basis. Revised annual forecasts are also prepared and reported quarterly. These quarterly financial reports include an analysis of the performance of designated functional areas. All minutes of the Committee are submitted to the Council.

(b) Authorisation limits - The Council delegates its day to day administration responsibility to the Administration and Finance Committee and the Registrar. There are prescribed guidelines referring to the authorisation limits of both the Committee and the Registrar with regard to revenue and capital spendings. There is also strict control over the bank signatories. Unbudgeted spendings have to be approved by the Council or the Administration and Finance Committee depending on the amount. Budgeted spendings with particulars are approved by the Council, the Administration and Finance Committee or the Registrar depending on their level and nature.

(c) Audit Committee.

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(c) Audit Committee.
Audit Committee

The Council set up an Audit Committee in 1999. The Committee consists of three members who are Past Presidents of the Society. Its membership is reviewed every year by Council. The current members are Sir Gordon Macwhinnie (Chairman), Joseph M. Lai and Tim T. L. Lui.

The duties of the Committee are:

(a) to consider the appointment of the auditor and the audit fee.

(b) to discuss with the auditor before the commencement of an annual audit the nature and scope of the audit.

(c) to discuss any problems or matters arising from the audit that the auditor may raise.

(d) to review the auditor’s management letter and the Council’s response, and ensure that recommendations made by the auditor are actioned.

(e) to review the operation and effectiveness of the Society’s internal control systems and procedures, and make recommendations to the Council.

(f) to review the appropriateness of accounting policies adopted and the adequacy of disclosures made in the Society’s financial statements, and make recommendations to the Council.

(g) to perform other related duties as deemed appropriate for the betterment of corporate governance.

The Committee may request the Society’s auditor, the Chairman of the Administration and Finance Committee and any member of the staff to attend its meetings. The auditor may request a meeting if deemed necessary.

During the report period, the Committee held one meeting in September 2001 to review the Society’s Financial Statements for the year ended 30 June 2001.
Council Members’ Interest

Council members are not remunerated. A disclosure of financial interests of Council members appears in the notes to the financial statements.

Being the governing body of a self regulatory professional institute, the Council has applied strict rules to prohibit a member of the Council or of a committee to take part in any discussion and decision of a matter in which that member has an apparent conflict of interest.

Staff Remuneration

The remuneration of the general staff is determined by the Council upon the recommendation of the Administration and Finance Committee, which is in turn advised by the Registrar who makes his recommendation for individual staff based on documented assessment.

The remuneration of the director grade staff is determined by the Council with reference to the recommendation of the Registrar. The Council is in a good position to make a considered decision of the remuneration of such staff, who are responsible for serving various committees, as their performance is known to at least some Council members who serve on the respective committees.

The remuneration of the Registrar is determined by the Council.

Remuneration at all levels is determined with reference to market conditions and staff performance.

理事的利益

理事並無收取酬金。理事的財務利益披露載於財務報告附註。

職員薪酬

註冊主任根據員工的工作表現評核報告，就秘書處一般員工的薪酬，向行政及財務委員會作出建議。行政及財務委員會在審閱有關建議後，向理事會另行作出建議，由理事會釐定該等員工的薪酬。

總監監督工作的薪酬，由理事會參考註冊主任的建議而釐定。由於總監監督負責各個委員會的秘書工作，理事會可通過參與有關委員會工作的理事，直接瞭解監督監督工作的表現，從而釐定合適的薪酬水平。

註冊主任的薪酬由理事會釐定。

各級員工的薪酬乃參考市場狀況及員工表現而釐定。