

Circular on Reporting related to the Private Columbaria Ordinance

This Circular is intended to be used as general guidance for practising members of the Hong Kong Institute of Certified Public Accountants (Institute). The Institute DOES NOT accept any responsibility or liability, and DISCLAIMS all responsibility and liability, in respect of the Circular and any consequences that may arise from any person acting or refraining from action as a result of any materials in the Circular.

A. Introduction

1. The Private Columbaria Ordinance (Cap. 630) (“the Ordinance”), which regulates the operation of private columbaria through a licensing scheme, came into effect on 30 June 2017. The Ordinance aims to ensure that private columbaria are operated in compliance with statutory and government requirements, to enhance the protection of consumer interest, and to ensure that the mode of operation of the trade is sustainable.
2. Under the licensing regime of the Ordinance, a person must not operate a columbarium otherwise than under a “specified instrument”. There are three types of specified instruments, which include:
 - licence;
 - exemption; and
 - temporary suspension of liability.
3. The Private Columbaria Licensing Board (“PCLB”) was established to regulate the operation and management of columbaria. Under the Ordinance, the PCLB may, on application and subject to any conditions that the PCLB thinks fit to impose, issue a specified instrument or renew/ extend it. *An Application Guide for Private Columbarium Licence and Other Specified Instruments* (“Guide”)¹ was promulgated by the PCLB, which serves to facilitate applicants in understanding the requirements for applying for specified instruments and related issues.
4. Chapter 19 of the Guide sets out some conditions that the PCLB will normally impose on specified instruments and provide some reminders for reference. Among the conditions applicable to a licence, Condition No. 24 (a) – (d) in this chapter set out the restrictions on the niches in the register entitled “Endorsed registers on pre-cut-off sold niches² covered by the land regularization fees waiving arrangement” endorsed by the PCLB (“endorsed registers”).

¹ The Guide can be found in the website of the Food and Environmental Hygiene Department: <https://www.fehd.gov.hk/pclb/english/guide.html>

² “Pre-cut-off sold niches” referred to niches which were sold before the cut-off time i.e. 8 a.m. on 18 June 2014.

5. The holder of a licence is required to submit to the PCLB annually within six months after the end of each financial year (except otherwise specified by the PCLB), after the issue of the licence, a written report on the compliance by the columbarium with the restrictions set out in Condition No. 24(d) of the Guide (i.e. no additional fees or charges beyond the amounts specified in the agreements for the sale of interment right of the niches in the endorsed registers is charged) in respect of the niches in the endorsed registers attached to the licensing conditions in the respective preceding 12-month period. The report must be prepared by a certified public accountant holding a practising certificate or a firm or a corporate practice registered under the Professional Accountants Ordinance (Cap. 50).
6. The purpose of this Circular is to provide guidance to practising members when undertaking such engagements.

B. Agreed-Upon Procedures Report

7. The Institute's Auditing and Assurance Standards Committee ("AASC"), in consultation with the Food and Environmental Hygiene Department, has determined that an agreed-upon procedures engagement conducted in accordance with Hong Kong Standard on Related Services ("HKSRs") 4400 (Revised) *Agreed-Upon Procedures Engagements* and the guidance provided in this Circular would generally be suitable for reporting as mentioned in paragraph 5 above.

C. Licence Holder's Responsibilities

8. According to Condition No. 24 of the Guide, the holder of a licence must keep a register of all payments received in respect of each of the niches in the endorsed registers using the template set out at Annex 38, *Register of all payments received after the issue of the licence in respect of pre-cut-off sold niches covered by the land regularization fees waiving arrangement* ("payment register") of the Guide.
9. The licence holder must provide to the practising member all relevant information and documents, including but not limited to the above-mentioned endorsed registers and payment register.

D. Practising Member's Responsibilities

10. The practising member is required only to perform work in relation to the restrictions set out in Condition No. 24(d) of the Guide. As the practising member simply provides a report of the findings of agreed-upon procedures performed, no assurance is expressed. Instead, the users of the report assess for themselves the procedures and findings reported by the practising member and draw their own conclusions as to whether the columbarium has complied with the restrictions set out in Condition No. 24(d) of the Guide.

11. The practising member is not required to check the authenticity of the information as provided by the licence holder.
12. Appendix 1 to this Circular contains an example agreed-upon procedures report that is based on HKSRS 4400 (Revised) which will be effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022. The practising member is reminded that it provides an illustrative example only. The practising member is required to agree with the holder of a licence on the actual procedures specific to the columbarium.
13. HKSRS 4400 (Revised) introduced requirements and application material to provide more clarity in the agreed-upon procedures report. The practising member is reminded to read HKSRS 4400 (Revised) for the requirements.
14. In particular, the practising member should refer to paragraphs 21 – 23 and A28 – A38 of HKSRS 4400 (Revised) for the engagement acceptance and continuance conditions. The practising member shall include the terms as set out in paragraph 24 of HKSRS 4400 (Revised) in the engagement letter. Among the terms, the engagement letter shall include the purpose of the engagement and the intended users of the agreed-upon procedures report as identified by the engaging party. An illustrative engagement letter for an agreed-upon procedures engagement can be found in Appendix 1 to HKSRS 4400 (Revised).

E. Reporting Period

15. The first reporting period for the holder of a licence will be indicated in the actual condition specified by the PCLB as attached to the licence.

F. Comments and Feedback

16. The AASC welcomes your comments and feedback, which should be sent to the Standard Setting Department at: commentletters@hkipa.org.hk.

Date of Circular: 10 December 2021

APPENDIX 1

Example Agreed-Upon Procedures Report

Based on HKSRS 4400 (Revised), *Agreed-Upon Procedures Engagements*

(Effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022)

For purposes of this illustrative agreed-upon procedures report, the following circumstances are assumed:

- The Licence Holder is the engaging party, the responsible party and the intended user. The report is also intended to be provided to the Private Columbaria Licensing Board by the Licence Holder.
- No exceptions were found.
- The practitioner did not engage a practitioner's expert to perform any of the agreed-upon procedures.
- There is a restriction on the use and distribution of the report.
- The practitioner is the auditor of the financial statements of the Licence Holder. The practitioner has agreed with the Licence Holder that the practitioner's compliance with the independence requirements applicable to audits of financial statements is appropriate for the purpose of the agreed-upon procedures engagement. The practitioner has agreed to include, in the terms of engagement, compliance with the independence requirements applicable to audits of financial statements for the purpose of the agreed-upon procedures engagement.
- The practitioner included a reference to the date when the agreed-upon procedures were agreed in the terms of the engagement.

AGREED-UPON PROCEDURES REPORT

To the Licence Holder of [Name of Columbarium] ("the Columbarium") of Licence Number: [XXXX] (the "Licence Holder")

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Licence Holder in reporting to the Private Columbaria Licensing Board ("PCLB") in respect of the restriction set out in Condition No. 24(d) of the *Application Guide for Private Columbarium Licence and Other Specified Instruments* promulgated by the PCLB and may not be suitable for another purpose. This report is intended solely for the Licence Holder, and should not be used by, or distributed to, any other parties, except that we agree that a copy of this report may be provided to the PCLB.

Responsibilities of the Licence Holder

The Licence Holder has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Licence Holder is responsible for the payments received during the period from [date] to [date] on the niches in which the interment rights were sold before the cut-off time (i.e. 8 a.m. on 18 June 2014) by the Columbarium and with land regularization fees waived by the Government, as set forth in the *Register of all payments received after the issue of the licence in respect of pre-cut-off sold niches covered by the land regularization fees waiving arrangement* (“Payment Register”), attached at Annex A¹ on which the agreed-upon procedures are performed.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Hong Kong Standard on Related Services (HKSRs) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Licence Holder, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures. We expressly disclaim any liability or duty to any other party for the content in this report.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements of the HKICPA’s *Code of Ethics for Professional Accountants* (“the Code”) and the independence requirements in Part 4A, Chapter A of the Code.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*², 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.

¹ Attach the Payment Register with the report. According to Condition No. 24 of Chapter 19 of the *Application Guide for Private Columbarium Licence and Other Specified Instruments* (“the Guide”), the holder of a licence must keep this register and a template of it is set out in Annex 38 to the Guide. The Payment Register records payments received after the issuance of licence from pre-cut-off sold niches. These niches may or may not have sales agreements of interment right. For niches with sales agreements, procedures 1 – 4 apply; for niches without sales agreements, procedures 1 and 5 apply.

² Hong Kong Standard on Quality Management (“HKSQM”) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* replaces HKSQC 1. Practitioners are required to have systems of quality management designed and implemented in accordance with HKSQM 1 by 15 December 2022.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Licence Holder in the terms of engagement dated [date], with respect to the reporting to the PCLB as set forth in the first section of this report.

Procedures ¹	Findings
<p>1. We obtained from the Licence Holder the Payment Register and the endorsed registers on pre-cut-off sold niches covered by the land regularization fees waiving arrangement (“Endorsed Registers”). We checked the niches stated in the Payment Register against the Endorsed Registers.</p>	<p>1. We obtained the Payment Register and the Endorsed Registers, and found that the niches in the Payment Register were included in the Endorsed Registers.</p>
<p>2. We selected [<i>number of samples</i>] niches in the Payment Register with sales agreements of interment right (“sales agreements”) and obtained the relevant sales agreements.</p>	<p>2. We obtained the sales agreements of the selected niches.</p>
<p>3. For the selected niches in 2. above, we checked [the amount and] the descriptions of payments stated in the Payment Register against those stated in the relevant sales agreements.</p>	<p>3. We found that [the amount and] the descriptions of payments to be in agreement.</p>
<p>4. For the selected niches in 2. above, we checked the amount and the descriptions of payments stated in the Payment Register against those stated in the receipts.</p>	<p>4. We found that the amount and the descriptions of payments to be in agreement.</p>
<p>5. We selected [<i>number of samples</i>] niches in the Payment Register with no sales agreements and checked the amount and the descriptions of payments stated in the Payment Register against those stated in the receipts.</p>	<p>5. We found that the amount and the descriptions of payments to be in agreement.</p>

[Practitioner’s signature]

[Date of practitioner’s report]

[Practitioner’s address]

附件一

根據《香港相關服務準則》第4400號（經修訂）「商定程序業務」的商定程序報告範本
（適用於在 2022 年 1 月 1 日或之後訂立委聘條款的商定程序業務）

此商定程序報告範本適用於以下假設情況：

- 持牌人為委聘方、負責方及預期使用者。報告擬由持牌人提交予私營骨灰安置所發牌委員會。
- 經執行商定程序後沒有識別到例外情況。
- 執業會計師沒有委聘另一位專家來執行任何商定程序。
- 報告訂明用途及分發限制。
- 執業會計師為持牌人的財務報表核數師。執業會計師與持牌人已同意，執業會計師所遵從適用於審核財務報表的獨立性規定，同樣適合於商定程序業務。執業會計師已同意，在委聘條款中列明為商定程序業務而遵從適用於審核財務報表的獨立性規定。
- 執業會計師列明委聘條款所列商定程序的協定日期。

商定程序報告

致牌照編號為[XXXX]的[骨灰安置所名稱]（“骨灰安置所”）的持牌人（“持牌人”）

此商定程序報告的目的以及用途和分發限制

本報告僅用作協助持牌人向私營骨灰安置所發牌委員會（“發牌委員會”）匯報有關發牌委員會頒佈的《私營骨灰安置所牌照及其他指明文書申請指引》第24(d)項條件載述的限制，本報告未必適合用作其他用途。本報告僅供持牌人使用，除了我們同意可向發牌委員會提供此報告副本外，此報告不得用作任何其他用途或分發給任何其他人士。

持牌人的責任

持牌人確認，商定程序對於所委聘業務的目的而言屬合適。

持牌人需就附件A¹內「就著獲寬免土地規範化費用的『截算時間前出售的龕位』自牌照發出後收到的所有費用的登記冊」（“收費登記冊”）所載骨灰安置所獲政府寬免土地規範化費用的截算時間（即2014年6月18日上午8時）前出售的龕位安放權，於[日期]至[日期]期間所收取的費用承擔責任，並委聘我們對該等費用執行商定程序。

¹ 隨商定程序報告附上收費登記冊。根據《私營骨灰安置所牌照及其他指明文書申請指引》（“指引”）第 19 章第 24 項條件，持牌人必須備存此收費登記冊，相關範本載於指引的附件 38。收費登記冊收錄截算時間前出售的龕位自牌照發出後收到的費用。該等龕位可能有或沒有安放權出售協議。程序 1 至 4 適用於有出售協議的龕位；程序 1 及 5 適用於沒有出售協議的龕位。

執業會計師的責任

我們根據香港會計師公會（“公會”）頒佈的《香港相關服務準則》第 4400 號（經修訂）「商定程序業務」而執行相關商定程序工作。商定程序工作包括我們與持牌人協定執行的程序，並根據所執行的商定程序得出的事實結果作出報告。我們不會就商定程序的合適性作出陳述，並明確聲明不會就本報告內容向任何其他人士承擔任何責任或義務。

此商定程序工作並非鑒證工作，因此我們不會發表意見或鑒證結論。

如果我們執行商定程序以外的程序，我們可能會發現其他應予報告的事宜。

專業道德及質量控制

我們已遵守公會頒佈的《專業會計師道德守則》（“《守則》”）的道德要求，以及《守則》第 A 章第 4A 部分的獨立性規定。

我們會計師事務所採用《香港質量控制準則》第 1 號「會計師事務所對執行財務報表審計、審閱和其他鑒證業務以及相關服務業務的質量控制」²（“《香港質量控制準則》第 1 號”），因此設有一套完善的質量控制系統，包括列明關於要遵守道德要求、專業準則規定及可適用的法律及監管規定的政策及程序。

程序及結果

根據與持牌人於[日期]訂立的委聘條款中所協定，我們執行了下列程序，持牌人從而向發牌委員會作出本報告第一節所述的匯報。

程序 ¹	工作結果
1. 我們從持牌人獲得收費登記冊及獲寬免土地規範化費用的截算時間前出售的龕位的經批註登記冊（“經批註登記冊”）。我們已檢查收費登記冊所列的龕位與經批註登記冊是否相符。	1. 我們已取得收費登記冊及經批註登記冊，並發現收費登記冊所列龕位均列於經批註登記冊。
2. 我們在收費登記冊中抽選了[抽選數目]個有安放權出售協議（“出售協議”）的龕位，並已取得相關出售協議。	2. 我們已取得所抽選龕位的出售協議。
3. 就上文第 2 項程序所抽選的龕位，我們已檢查收費登記冊所列的款額及費用說明與相關出售協議是否相符。	3. 我們發現款額及費用說明相符。

² 《香港質量管理準則》第1號「會計師事務所對執行財務報表審計、審閱、其他鑒證業務或相關服務業務的質量管理」取代《香港質量控制準則》第1號。執業會計師須於2022年12月15日前設有按《香港質量管理準則》第1號設計及執行的質量管理系統。

4. 就上文第 2 項程序所抽選的龕位，我們已檢查收費登記冊所列的款額及費用說明與收據是否相符。	4. 我們發現款額及費用說明相符。
5. 我們在收費登記冊中抽選了[抽選數目]個沒有出售協議的龕位，並已檢查收費登記冊所列的款額及費用說明與收據是否相符。	5. 我們發現款額及費用說明相符。

[執業會計師簽署]

[執業會計師報告日期]

[執業會計師地址]