

**Port Welfare Committee
Appointment of New Auditor**

Background

Albert Lam & Co Certified Public Accountants was appointed as the Honorary Auditor for the Port Welfare Committee (PWC) in 2004. In 2005, Albert Lam & Co. merged with another company under the name of "Hopkins CPA Limited". With the agreement of the PWC Hopkins CPA Limited was appointed as the Honorary Auditor for the PWC and has been providing free auditing service to the PWC since 2005. In the past few years, accounts audited by Hopkins CPA limited were submitted to the PWC for endorsement at its meeting in September. Thereafter, the audited accounts were incorporated into the annual report of the PWC, which was issued to potential donors to appeal for their donations.

2. After endorsement by the PWC at its meeting on 20 April 2007, the annual accounts of the PWC ending 31 March 2007 were sent to Hopkins CPA Limited for auditing in the usual manner. The auditor, however, replied that they would no longer provide free auditing service to the PWC and would charge HK\$5,000 for the service this year. The fee is exclusive of disbursements and out of pocket expenses which may arise in the course of the audit work. Copy of the letter from Hopkins CPA limited is attached at Appendix I.

Proposal

3. There is no statutory provision, regulation or instruction governing auditing of the fund managed by the PWC. In accordance with the prevailing Standing Accounting Instructions of the Hong Kong Government on management of non-government funds, a non-government fund may be audited by a public officer at a rank not lower than Accounting Officer II of the Hong Kong Government or equivalent and independent of the management of the fund if the average fund balance or the total payments during the accounting period of the statement do not exceed HK\$2 million.

4. In the case of the PWC the average balance of the fund is about \$250,000 and the total payments per year are about \$115,000. In these circumstances we consider that it would be in the interest of the PWC to appoint a public officer to audit the statement of receipts and payments for the PWC fund because it would ensure provision of continuous auditing service to the PWC.

5. It is proposed that the Internal Auditor of the Marine Department be appointed as the Honorary Auditor for the PWC with immediate effect. The Internal Auditor is a public officer of the Treasury Accountant grade which is at a rank higher than the Accounting Officer II and independent of the management of the PWC fund.

Advice Sought

6. The Chairman and Members are requested to advise whether they agree to the appointment of the Internal Auditor of the Marine Department as the Honorary Auditor of the PWC with immediate effect by completing and returning the attached reply slip (Appendix II) to the Secretary of the PWC **on or before 8 June 2007** either by fax (Fax no. 2541 7194) or by mail to the following address-

Room 2223B
22/F, Harbour Building,
38 Pier Road, Central,
Hong Kong.
(Attn.: Mrs. Patricia LUK)

7. Subject to the agreement of the Chairman and Members, the Secretary of the PWC will arrange auditing of the annual accounts of the PWC by the Internal Auditor of the Marine Department. A letter of thanks will be sent to Hopkins CPA Limited for their free auditing service over the past few years.

Port Welfare Committee Secretariat
May 2007



HOPKINS CPA LIMITED

浩勤會計師事務所有限公司

25/F Man Yee Building

68 Des Voeux Road Central

Hong Kong

香港德輔道中68號

萬宜大廈25樓

21st May 2007

Ref: P3751/AL

The Committee,
Port Welfare Committee

Dear Sirs,

RE : FEE QUOTATION FOR AUDIT AND TAXATION SERVICES

We have pleasure in submitting our fee quotation in respect of the following professional services for your kind consideration:-

HK\$

Annual Statutory Audit for the year ended 31st March 2007

5,000

The above fees are exclusive of disbursements and out of pocket expenses.

Should extraordinary items come to our attention during the course of our audit which appear to require our involvement beyond the scope originally envisaged, we will consult you in advance and obtain your approval before undertaking any work which will result in additional fees in excess of our original estimate.

If you agree with the fees as quoted above, please sign in the space where indicated in the duplicate copy of this letter and then return it to us.

Should you have any queries, please do not hesitate to contact our Mr. Lam at 2802-1092.

Yours faithfully,
For and on behalf of
Hopkins CPA Limited

We agree to the terms as indicated above
For and on behalf of
Port Welfare Committee

Director

 Committee


An International accountancy firm with offices in 61 countries
Hong Kong, Tokyo, New York, Chicago, Washington, San Francisco, Toronto,
London, Berlin, Frankfurt, Hamburg, Munich, Paris, Brussels, Rome, Zurich,
Stockholm, Moscow, Beijing, Sydney, Taipei, Singapore, Kuala Lumpur

Tel: (852) 2802 1092
Fax: (852) 2519 8529
E-mail: audit@hopkinscpa.com.hk
Website: www.hopkinscpa.com.hk

Reply Slip
(Please reply by 8 June 2007)

To : Secretary, Port Welfare Committee
(Fax: 2541 7194)

I agree
 do not agree to the appointment of Internal Auditor of the
Marine Department as the Honorary Auditor for the Port Welfare
Committee with immediate effect.

Remarks : _____

(Please put a “√” in the appropriate box)

Signature : _____

Name : _____

Date : _____

Tel No. : _____