

**SECURITIES AND FUTURES COMMISSION**

**AUDIT QUESTIONNAIRE**

Name of Licensed Corporation: \_\_\_\_\_  
("The Licensed Corporation")

Financial year ended: \_\_\_\_\_

We hereby confirm that the information provided herein is accurate to the best of our knowledge and belief.

Auditors' signature: \_\_\_\_\_

Name of auditors and address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

## **FOREWORD**

In order to assist the Intermediaries Supervision Department of the Securities and Futures Commission ("the Commission") to carry out its functions of supervising licensed corporations, we request the assistance of auditors in completing this questionnaire.

The questionnaire takes for granted that the audit has been carried out in accordance with Hong Kong Standards on Auditing and Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and has covered compliance with the disclosure requirements of the Companies Ordinance, in the case of licensed corporations that are incorporated in Hong Kong, and the Securities and Futures (Accounts and Audit) Rules. The purpose of the questionnaire is to obtain information, not readily available from the audited financial statements, which would help the Commission form a better understanding of licensed corporations.

Section 158 of the Securities and Futures Ordinance allows auditors to provide such information to the Commission without the breaching of any duty to the licensed corporations.

The Commission recognises that auditors will only examine a sample of transactions during their work. The questionnaire should, therefore, be completed on the basis of information obtained by auditors during the course of the audit of the financial statements covered by the questionnaire. The Commission does not expect auditors to extend the scope of their work in order to complete the questionnaire.

If a question cannot be fully answered by "Yes" or "No" please supply an explanation, using additional schedules if necessary.

The completed audit questionnaire should be submitted, no later than four months after the end of the financial year to which it relates, to:

Intermediaries Supervision Department  
Securities and Futures Commission  
8th Floor, Chater House  
8 Connaught Road Central  
Hong Kong

	Yes	No	N/A
1. (a) Which areas of system of internal controls of the Licensed Corporation have you relied on when conducting your audit?			
Handling of client accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dealing practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asset protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (supply details) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Have you issued any management letter for internal control weakness(es) in relation to the current audit period?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, please include a copy of the management letter.			
(c) Is any point raised in previous management letter(s) still unresolved?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please provide details.			
2. (a) Are you aware of any modification, waiver or approval under any rules made under the Securities and Futures Ordinance valid as at the period end date?	<input type="checkbox"/>	<input type="checkbox"/>	
(b) If yes in 2(a), are you aware of any instance where the condition(s) (if any) imposed by the Commission for any such modification, waiver or approval has not been met by the Licensed Corporation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Are you satisfied that no material inconsistency between the audited accounts and the additional disclosure of financial information as required by the Account Disclosure Document came to your attention?	<input type="checkbox"/>	<input type="checkbox"/>	
If not, please give details.			
4. Have you identified any material revisions, discrepancies or reclassifications of the balances in the year-end liquid capital computation between the audited financial return and the financial return for the relevant period first submitted by the Licensed Corporation to the Commission?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, please give details.			

If the licensed corporation has held client assets during any time in the financial year, please answer questions 5 to 7:

	Yes	No	N/A
In the course of your audit,			
5. Are you aware of any instances of management overriding the systems of internal control relating to client assets?	<input type="checkbox"/>	<input type="checkbox"/>	
(a) If yes, have you raised management letter point on the issue or qualified your audit report in the current audit period?	<input type="checkbox"/>	<input type="checkbox"/>	
(b) If no in 5(a), please provide details of the instances and explain why the issue does not need to be raised in the management letter or the audit report.			
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6. Are you aware of any lack of segregation of incompatible duties in the systems of internal control relating to client assets?	<input type="checkbox"/>	<input type="checkbox"/>	
(a) If yes, have you raised management letter point on the issue or qualified your audit report in the current audit period?	<input type="checkbox"/>	<input type="checkbox"/>	
(b) If no in 6(a), please provide details of the lack of segregation of incompatible duties and explain why the issue does not need to be raised in the management letter or the audit report, including compensating controls if any, adopted by the licensed corporation.			
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7. In the course of your audit, did you conduct a circularization of client account balances and balances of client securities / securities collateral held by the licensed corporation?	<input type="checkbox"/>	<input type="checkbox"/>	
(a) If yes, please provide the following details.			
• The cut-off date of the balances being circularized (“reference date”)			<u>dd/mm/yyyy</u>
• Total number of client accounts from which circularization samples were selected			_____
• Total number of client accounts circularized			_____
• Total market value of client securities and securities collateral held by the client accounts circularized as at the reference date			_____
• Total debit / credit balances <sup>1</sup> of the client accounts circularized as at the reference date			
Total debit balances <sup>1</sup>			_____
Total credit balances <sup>1</sup>			_____
Have you identified any material unexplained discrepancies?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, please provide details			
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(b) If no circularisation was conducted for the audit, please briefly describe your audit approach to substantiating client account balances and stockholdings.			
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<sup>1</sup> The total debit / credit balances of client accounts mean the aggregate of the net debit / credit balance of client accounts calculated on a client-by-client basis

