

**Replies to written questions raised by Finance Committee Members in
examining the Draft Estimates of Expenditure 2001-02**

**[Controlling Officer : Director of Audit]
[Session No. :18]**

Bureau Serial No.	Question Serial No.	Member	Head	Programme
<u>AUD001</u>	1007	LAU Chin-shek	24	2
<u>AUD002</u>	1008	LAU Chin-shek	24	2

Examination of draft Estimates of Expenditure 2001-02
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head : 24 Audit Commission Subhead (No. & title) : 700 (General other non-recurrent)

Programme (No. & title) : (2) Value for Money Audit

Controlling Officer : Director of Audit

Bureau Secretary : —

Question :

Please advise the Council the estimated number of value for money subjects which would engage consultants in 2001-02. Please give a list showing the title of each consultancy project and the corresponding provision under the approved estimate for 2001-02.

Asked by : Hon. LAU Chin-shek

Reply :

The Audit Commission has seven consultancy projects in the draft Estimates of Expenditure 2001-02 (i.e. items 010 to 016 under Head 24 Subhead 700 "General other non-recurrent"). All of these projects are brought forward from the last three financial years. There are no new consultancy projects under Subhead 700 in 2001-02.

The progress of the consultancy projects depends on a number of factors, including the priority of the relevant audit reviews accorded in the Commission's value for money audit strategic plans which are regularly reviewed. Based on the progress of the projects, the amounts of funds required for these projects in 2001-02 are estimated as follows:

Item No.	Item Description	Estimated Amount (\$'000)
010	Consultants to assist in the conduct of a value for money audit on the Trade Effluent Surcharge charging scheme and the operation of sewage disposal facilities	39
011	Consultants to assist in the conduct of a value for money audit on the Government's efforts to implement flood control measures in the urban areas	50
012	Consultancy for a value for money audit on the building management of government offices	400
013	Consultancy for a value for money audit on the Comprehensive Redevelopment Programme of Hong Kong Housing Authority	50
014	Consultancy for a value for money audit on the Quality Education Fund	650
015	Consultancy for a value for money audit on the development of electronic commerce in the Government	60
016	Consultancy for a value for money audit on Government's efforts in implementing the Landslip Preventive Measures Programmes	400
Total:		<u>1,649</u>

Signature	_____
Name in block letters	Dominic Y T CHAN
Post Title	Director of Audit
Date	16 March 2001

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Head : 24 Audit Commission Subhead (No. & title) : 700 (General other non-recurrent)

Programme (No. & title) : (2) Value for Money Audit

Controlling Officer : Director of Audit

Bureau Secretary : —

Question :

The Audit Commission has stated that it would conduct value for money studies which are more complex during 2001-02. But why the approved provision for engaging consultants under the ambit “General other non-recurrent” for 2001-02 is much lower than the revised estimated expenditure for 2000-01?

Asked by : Hon. LAU Chin-shek

Reply :

The Audit Commission always ensures that its resources are used in the most cost-effective manner. As far as the engagement of consultants is concerned, the Commission will only make use of consultancy services if it is considered absolutely necessary.

Normally, through continuous research work and staff training, the Commission's in-house staff can handle most of its audit work, including more complex value for money studies. However, in conducting value for money studies involving technical and specialised issues, the Commission may need to seek outside expert assistance. In such circumstances, the engagement of consultants is an option. Another option which the Commission may consider is the employment of contract staff who have expert knowledge in the specialised areas concerned. In this connection, the Commission is actively considering employing non-civil service staff on short-term contracts to obtain outside expertise in various specialised areas (e.g. education and information technology) to assist in the conduct of value for money audits.

Taking into account the above considerations, the Commission does not see the need for seeking funds for new consultancy projects under Subhead 700 in 2001-02. In the draft Estimates of Expenditure 2001-02, provision is made under Subhead 700 to meet the funding requirements for seven existing consultancy projects brought forward from the last three financial years. The funds required for these consultancy projects in 2001-02 are estimated on the basis of the expected progress of the relevant audit reviews. As substantial portions of the consultants' fees in some of these projects had already been paid in the past years, smaller amounts of funds are required for 2001-02.

The Commission considers that the present level of funding under Subhead 700 in the draft Estimates of Expenditure 2001-02 is sufficient to meet its needs.

Signature	<hr/>
Name in block letters	<hr/> Dominic Y T CHAN <hr/>
Post Title	<hr/> Director of Audit <hr/>
Date	<hr/> 16 March 2001 <hr/>