

**Replies to written questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2002-03**

**Controlling Officer : Director of Audit
Session No. : 14 File name : AUD-e1.doc**

Reply Serial No.*	Question Serial No.	Name of Member	Head	Programme
AUD001	0001	HO Sau-lan, Cyd	24	(2) Value for Money Audit
AUD002	0241	TO Kun-sun, James	24	(2) Value for Money Audit

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

AUD001

Question Serial No.

0001

Head: 24 – Audit Commission

Subhead(No. & title):

Programme: (2) Value for Money Audit

Controlling Officer: Director of Audit

Bureau Secretary:

Question(s) :

Regarding consultancy studies on policy making and assessment commissioned by your Commission,

- (1) please provide the following details for the consultancy studies for which financial provision have been allocated in 2001-02:

Names of consultants (if available)	Contents of studies	Consultancy fees	Progress and follow-up action (in plan/in progress/completed)	Government's follow-up action (if available)

- (2) will there be any financial provision allocated for commissioning consultancy studies in 2002-03? If yes, please provide the following details:

Names of consultants (if available)	Contents of studies	Consultancy fees	Status of consultancy studies (in plan/in progress/completed)

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (1) The Audit Commission has commissioned consultancies for a number of value for money audits but has not commissioned any consultancy studies on policy making and assessment in 2001-02.
- (2) The Commission has no plan to commission any consultancy studies on policy making and assessment in 2002-03.

Signature _____

Name in block letters Dominic Y T CHAN

Post Title Director of Audit

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

AUD002

Question Serial No.

0241

Head: 24 – Audit Commission

Subhead(No. & title):

Programme: (2) Value for Money Audit

Controlling
Officer: Director of Audit

Bureau Secretary:

Question(s) :

- (a) Please advise the Council how the Audit Commission assesses whether the expenditure of the Complaints Against Police Office under the Hong Kong Police Force is in compliance with the value for money standards.
- (b) Please advise the Council how the Audit Commission assesses whether the expenditure of the Hong Kong Police Force on rewards and special services is in compliance with the value for money standards.

Asked by: Hon. TO Kun-sun, James

Reply:

(a) The Complaints Against Police Office (CAPO) is a division of the Hong Kong Police Force. Its operating expenditure of \$61.8M accounted for about 0.5% of the total expenditure of the Police in 2001-02. In the audit of the expenditure of the Police, which is carried out in a manner similar to the audit of other government expenditure, the risks of regularity, propriety and financial control are examined. If any control weaknesses are identified during the audit, the Police will be requested to tighten up its controls. To ensure best deployment of resources available, the Audit Commission adopts a selective approach for conducting value for money audits. Value for money audits are carried out in accordance with the guidelines in the “Paper presented to the Provisional Legislative Council by the Chairman of the Public Accounts Committee at the meeting on 11 February 1998 on scope of Government Audit in the Hong Kong Special Administrative Region – ‘Value for Money Audits’”.

The Commission normally considers five main factors, namely, auditability, materiality, risk, timeliness and value added in prioritising value for money audit topics for detailed investigation. If the Commission is to assess the value for money aspects of the CAPO's expenditure, the following evaluation criteria will be taken into account:

- (i) **Method.** Have the activities been planned, organised and implemented in an efficient and effective way?
- (ii) **Standard.** Were the requirements and specifications of the activities appropriate and are they being met?
- (iii) **Timeliness.** Did matters proceed at the appropriate rate, avoiding delay and unnecessary costs?
- (iv) **Controls.** Are there adequate controls and monitoring systems to ensure that the resources are used economically, efficiently and effectively?
- (v) **Cost.** Were the resources used economically and efficiently?
- (vi) **Achievement.** Were the intended objectives fully achieved? Were there significant adverse effects or unintended impacts?

(b) The audit of the expenditure of the Hong Kong Police Force on reward and special services (R&SS) is carried out in a manner similar to the audit of the expenditure of other government departments. The Audit Commission has reviewed and commented on the rules and procedures established by the Police on what can be spent and at which level the expenditure can be authorised. The Commission has examined the expenditure records to ascertain whether these rules and procedures have been complied with.

The number of transactions charged to the R&SS expenditure vote is large. Each transaction is justified by the responsible police officer on its own merits. Sound systems of internal controls are in place for the disbursement of the expenditure. During the financial audits, if the Audit Commission identifies areas which warrant a value for money audit, similar procedures and evaluation criteria as outlined in the reply to question (a) above will be used to assess the value for money aspects.

Signature _____

Name in block letters Dominic Y T CHAN

Post Title Director of Audit

Date 19 March 2002