

For discussion on 11 November 2004

Legislative Council

**Sub-committee on Members’
Remuneration and Operating Expenses Reimbursement**

**Submission from ICAC:
Administration of Operating Expenses Reimbursement Claims**

Introduction

At its meeting on 1 November 2004, the Sub-committee decided to invite the Independent Commission Against Corruption (ICAC) to advise on a possible review of the administration of Legislative Council Members’ operating expenses reimbursement claims. This paper sets out our initial thinking on how the review can be taken forward, and also summarizes the key ICAC recommendations which we previously made to the Home Affairs Department (HAD) on the operation of the District Council (DC) members’ operating expenses allowance.

Background

2. In November 2003, the ICAC Corruption Prevention Department conducted a study for HAD on the administration of DC funds which are primarily used to sponsor district activities. However, the study did not cover the reimbursement of operating expenses allowance. Separately, HAD invited ICAC to comment on their “Guidelines on Reimbursement of Operating Expenses Allowance for Members of DC” (e.g. in hiring assistants and renting premises for use as office wards), which were being revised to tie in with the

new term of DC commencing 1 January 2004. The ICAC made a number of recommendations to strengthen the safeguards, which were accepted by HAD and incorporated in the revised guidelines.

3. The key ICAC recommendations are summarized as follows -

- (a) DC Members should adhere to the principles of fairness, transparency and accountability when using allowances and grants to make purchases or hire assistants;
- (b) DC Members should not use their Operating Expense Allowances to rent their own premises as office wards, as such a practice may give rise to public perception and possibly allegation that a DC Member is abusing his office to benefit himself, particularly if the rental is perceived to be higher than the market rate; and
- (c) DC Members should avoid/declare interest in renting offices and purchasing goods/services (including hiring assistants) from close personal friends or relatives.

Proposal

4. It is proposed that the ICAC may assist in a review of the procedures for administering Legislative Council Members' operating expenses reimbursement claims. We can review the existing guidelines available to members and the procedures for making the claims, and make recommendations as necessary. We envisage that the information we need will mostly be available from the Legislative Council Secretariat. Where appropriate, reference will be made to relevant overseas experiences.

Advice Sought

5. Members are invited to consider the proposal in paragraph 4.

Corruption Prevention Department
Independent Commission Against Corruption
8 November 2004