

**III. Report of the Public Accounts Committee  
on Report No. 40 of the Director of Audit on the Results  
of Value for Money Audits and Supplemental Report of the  
Public Accounts Committee on Report No. 39 of the Director of Audit  
on the Results of Value for Money Audits [P.A.C. Report No. 40]**

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**Laying of the Report** Report No. 40 of the Director of Audit on the results of value for money audits was laid in the Legislative Council on 30 April 2003. The Committee's subsequent Report (Report No. 40) was tabled on 9 July 2003, thereby meeting the requirement of Rule 72 of the Rules of Procedure of the Legislative Council that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 40 was laid in the Legislative Council on 15 October 2003. A progress report on matters outstanding in the Government Minute was issued on 23 October 2004. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 and 4 below.

3. **Subvention for staff emoluments of The Legislative Council Commission** (Chapter 2 of Part IV of P.A.C. Report No. 40). The Committee was informed by the **Secretary General of the Legislative Council Secretariat**, in his letter of 26 November 2004 in *Appendix 3*, that:

- the Exchange of Letters (EoL) between the Administration and The Legislative Council Commission (LCC), which set out the general principles and guidelines governing the administrative arrangements for the LCC and its working relationship with the Administration, as well as the existing funding arrangements for the LCC, had been reviewed; and
- the EoL had been amended to reflect the updated funding arrangements since the last revision in 1997, such as the replacement of the baseline approach for funding by the Operating Expenditure Envelope approach. The revised EoL was signed by the LCC and the Administration in November 2004.

4. The Committee noted the above result of the review of the EoL between the Administration and the LCC.