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Ms Miranda HON  
Clerk, Public Accounts Committee  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

Dear Ms Hon,

**The Director of Audit's Report  
on the results of value for money audits (Report No. 46)**

**Chapter 8 – RTHK : governance & strategic management**

As requested, the draft action plan drawn up by the Chief Treasury Accountant seconded to RTHK has been sent to you via e-mail to cwywong@legco.gov.hk.

Yours sincerely,

( J M Gardner )  
for Director of Broadcasting

P.S. e-mail copies of the draft work plan also to :  
Maurice KW LOO/CITB/POO/HKSARG  
Eddie CHEUNG/CTB/HKSARG  
Amy WC TSE/FB/HKSARG  
Benjamin KB TANG/AUD/SARG

**Systems Review Unit**  
**Draft Action Plan on Audit Commission's Recommendation Items**

***Part I - Audit Report No. 46 Chapter 7***

	<b>Items</b>	<b>Action Plan</b>
<b>Management of DSC/Service Providers</b>		
1.	Fee scale table for DCS/Service Providers	<p>(a) Review and agree on Management's action plan on the implementation of all the recommendations relating to fee scale table.</p> <p>(b) SRU to assist and give advice, monitor progress, review any new guidelines, etc. Ensure staff are adequately briefed on the new guidelines and procedures.</p> <p>(c) Compliance test after implementation.</p>
2.	Maintenance of attendance records of DCS/service providers	<p>(a) Review Management's actions to tighten controls over attendance and OT records for DCS/service providers.</p> <p>(b) SRU to comment on the adequacy of procedures, guidelines and forms.</p> <p>(c) Ensure staff, including the CAU staff and new joinees,</p>

	<b>Items</b>	<b>Action Plan</b>
		<p>are adequately briefed on the procedures and their strict enforcement.</p> <p>(d) Compliance test after implementation.</p>
3.	Practice of seeking covering approval	<p>(a) Agree on Management's actions to discourage the practice of seeking covering approval. Review the need to revise relevant internal circular/IOM.</p> <p>(b) Ensure staff, including the CAU staff and new joiners, are adequately briefed on the requirements and their strict enforcement.</p> <p>(c) Comment on the monitoring procedures and review the progress of improvement.</p>
4.	System of checking payments	<p>(a) Review the existing payment checking procedures and comment on their adequacy to detect any irregularities.</p> <p>(b) Ensure concerned staff are reminded on the need to process payment requests carefully.</p>

	Items	Action Plan
5.	Efforts to rationalize the DCS structure	Take note of the migration timetable set by Management. Review the progress of the migration exercise and note any staff morale issues.
<b>Management of Outsourcing Activities</b>		
6.	Compliance with the terms of outside broadcast (OB) contracts	(a) Ensure and comment on Management's actions to closely monitor the provision of OB services in accordance with the terms of the contract.  (b) Conduct compliance test.
7.	Conflict of interest	(a) Review the progress of arrangements made by Production Services Division (PSD) to address the conflict of interest issues, including those related to using TSA staff doing OB work during their rest time and some of the TSA staff are required to work continuously for more than 12 hours.  (b) Ensure the issues are properly taken care of in the new contracts and in future operational and contract monitoring arrangements.
8.	Scope for reducing outsourcing of outside broadcast work through better use of TSA	Review the progress of arrangements made by PSD to address the issues.

	Items	Action Plan
<b>Management of Overtime Work</b>		
9.	Overtime work performed under the TSA	<p>SRU will focus the review on the terms and arrangements on the provision of technical services under the new contract, which will take effect in 10/2006. In particular, pay attention to the following:-</p> <ul style="list-style-type: none"><li>(a) Monitoring procedures on the actual usage of services and contract performances.</li><li>(b) Payment procedures and control.</li><li>(c) Staff training is in place regarding the new procedures and control.</li></ul> <p>Regarding OT payments under the existing TSA contract - Review the progress of arrangements made by PSD to address the issues.</p>
10.	Use of departmental transport and drivers' OT claim policies	(a) Review and ensure proper guidelines or policies are in place regarding use of departmental transport and OT claim.

	<b>Items</b>	<b>Action Plan</b>
		<ul style="list-style-type: none"><li data-bbox="1189 296 1980 376">(b) Ensure all drivers and users are reminded on the guidelines or policies.</li><li data-bbox="1189 440 1570 472">(c) Conduct compliance test.</li><li data-bbox="1189 536 1980 616">(d) Check Driver A's vehicle logbook is now properly checked and certified.</li><li data-bbox="1189 679 1980 807">(e) Check that Management has taken actions to strengthen the supervisory control over the use of Driver A's vehicle.</li><li data-bbox="1189 871 1980 1142">(f) Check that Management has investigated into the cases relating to discrepancies between Driver A's vehicle log book and the actual in/out records at depot and drivers' OT work during meal breaks. SRU to provide advice when required and ensure necessary follow-up actions are taken.</li><li data-bbox="1189 1206 1980 1286">(g) Evaluate the actions taken regarding the arrangement of newspaper delivery and assess their cost effectiveness.</li></ul>

	Items	Action Plan
11.	Checking of overtime work registers	Ensure more regular checks on the OT work registers are performed by the Finance & Resources Unit.
<b>Stores and Procurement Matters</b>		
12.	Procurement of goods and services	<p>(a) Review and agree on the Management's action plan in following up the implementation of the recommendations in the GLD's system survey report. Follow up progress and assess their effectiveness.</p> <p>(b) Check compliance of the measures taken to ensure sound system of procurement of goods and services is in place.</p> <p>(c) Ensure regular training and communication / support are provided to staff involved in procurement activities and to enforce compliance culture among these staff.</p>
13.	Management of stores and inventory	<p>Review and monitor the progress of actions to address all the issues raised in the Audit Report on inventory management and control. In particular,</p> <p>(a) All staff concerned are reminded on the need of strict compliance of the requirements, guidelines and timetable for checking inventories and the need for keeping proper</p>

	Items	Action Plan
		<p>inventory records.</p> <p>(b) Ensure prompt actions are taken to follow up all the outstanding stock verifications.</p> <p>(c) Enforce proper inventory control over store items on long-term loan.</p> <p>(d) Results of investigations on the cause of discrepancies are analysed. Note their implications on control. Ensure discrepancies are properly handled and resolved and improvement measures are taken to address any control weaknesses identified.</p>
14.	Handover of inventories kept by TSA	<p>(a) Review the progress of stocktaking of TSA inventories and ensure discrepancies are worked out in good time.</p> <p>(b) Review the progress and assessment of the indemnity required.</p>
<b>Entertainment Expenses</b>		
15.	Claims for reimbursement of entertainment expenses, entertainment for programme liaison, entertainment	(a) Review and ensure that clear guidelines and policies are in place and communicated on claiming various kinds of



	<b>Items</b>	<b>Action Plan</b>
	involving only government staff and need to economise on official and programme-related entertainment	<p>entertainment expenses and the handling of exceptional cases.</p> <p>(b) For entertainment for programme liaison, ensure the guidelines have taken into account the views sought from FSTB.</p> <p>(c) Ensure all staff are reminded on the rule that entertainment attended only by government staff should not be charged to public funds. Also, staff should be reminded to economise on official and programme-related entertainment.</p> <p>(d) Review and comment on Management's actions to tighten the control and monitoring of these procedures and policies.</p> <p>(e) Check compliance of the procedures and policies.</p>
16.	Spring receptions	Compliance test on documentation and justification for future spring receptions organized.

	<b>Items</b>	<b>Action Plan</b>
<b>Management of Sponsorship</b>		
17.	Sponsorship in kind	<p>(a) Review and ensure detailed guidelines on the handling of various categories of sponsorship in kind are promulgated, taking into account the results of review with CITB on the guidelines.</p> <p>(b) Ensure the guidelines are properly communicated to the staff concerned.</p> <p>(c) Review the implementation of centralizing the acceptance of permitted sponsorship in kind. Comment on the management information reporting on sponsorship in kind for effective monitoring.</p> <p>(d) Compliance test after implementation.</p>
18.	Sponsored visits	<p>(a) The CSB and CITB's policies and guidelines should be strictly adhered to and enforced. Review with Management on any doubtful cases and ensure Management has sought clarifications from CSB and CITB.</p>

	<b>Items</b>	<b>Action Plan</b>
		<p>(b) Ensure staff are reminded on the policies and guidelines.</p> <p>(c) Review management information reporting on the acceptance of sponsored visits for effective monitoring.</p> <p>(d) Compliance test after implementation.</p>

	Items	Action Plan
<b>Compliance Culture and Internal Control</b>		
19.	Need to enhance internal control	Management to continually review the adequacy of existing internal controls, taking into account the assessment of RTHK's major control risks. SRU would provide assistance through their system and maintenance reviews, in particular, throughout its work on the various aspects mentioned in this Action Plan.
20.	Need to foster a compliance culture	<p>Review Management's actions to continually foster a compliance culture in RTHK. Through these actions, Management should at least:</p> <ul style="list-style-type: none"> <li>(a) Inform all staff of the need for compliance and monitoring.</li> <li>(b) Brief staff on corporate values and codes of conduct.</li> <li>(c) Address good governance as a priority.</li> </ul> <p>SRU to keep monitoring the progress of improvement</p>

	<b>Items</b>	<b>Action Plan</b>
		throughout its audit work. Alert Management on non-compliance cases and raise recommendations for improvement.
<b>Strategic Planning and Performance Management</b>		
21.	Need for a formal strategic planning framework	Review Management's actions to put in place a formal strategic planning framework. Give advice or comment when appropriate.
22.	Need for a sound budgetary control mechanism	Follow up the implementation on Audit's recommendations to improve budgetary control system.
23.	Need for a systematic performance measurement and reporting system, international benchmarking and evaluation of TV programmes	Review Management's actions to devise suitable performance indicators and their reporting and benchmarking mechanism. Give advice or comment when appropriate.