

## A. Introduction

The Audit Commission (Audit) conducted a review to examine the fundamental reasons for the problems identified in another audit review conducted concurrently on the financial control and resource management of Radio Television Hong Kong (RTHK).

## B. Compliance culture and internal control

2. Paragraph 2.12 of the Director of Audit's Report (Audit Report) stated that, as a government department, RTHK was required to comply with government regulations, guidelines and procedures, which were intended to reduce irregularities to a minimum. However, as revealed in paragraph 2.11 of the Report, the various audit reviews on RTHK and other reviews, including those by the System Review Unit (SRU) of RTHK, the Independent Commission Against Corruption (ICAC), the Civil Service Bureau (CSB) and the Government Logistics Department, had highlighted the lack of a culture among RTHK staff to comply with applicable regulations, guidelines and procedures.

3. In response to the Committee's request, **Mr Benjamin TANG, Director of Audit**, provided, in his letter of 24 May 2006 in *Appendix 9*, a summary of the issues raised in Chapters 7 and 8 of the Audit Report (concerning RTHK's financial control and resource management and its governance and strategic management respectively) which had not been fully addressed by RTHK despite previous reviews by Audit.

4. It appeared to the Committee that the prevalence of cases of non-compliance with regulations, guidelines and procedures in RTHK reflected a lack of good management culture. The Committee asked about the measures that had been/would be adopted by RTHK to address the various compliance problems.

5. **Mr CHU Pui-hing, Director of Broadcasting**, said at the hearing and in the overall response from RTHK dated 4 May 2006, in *Appendix 23*, that:

- RTHK fully appreciated its status as a government department and would, to meet the aspirations and interests of the public, take measures to foster a corporate culture of compliance. It pledged to provide a high-quality public broadcasting service and, at the same time, exercise prudence in the use of public funds and comply with government rules and regulations. RTHK had absolute confidence in rectifying the various irregularities identified in the audit reviews;
- in reviewing its operating systems and procedures, RTHK had implemented the recommendations made by various government agencies that had conducted reviews on RTHK over the years. Measures had also been introduced to improve RTHK's internal control;

- in the past two years, all new recruits had to attend an induction training programme on rules and compliance, while existing staff had to join regular briefing workshops; and
- in evaluating RTHK's performance, there was a need to undertake more in-depth discussions on issues like corporatisation, public participation and performance indicators. Through such discussions, more insight would be generated to help identify the way forward. RTHK would continue to consult members of the public through such channels as public hearings, opinion surveys, focus groups, programme hotlines, so as to enable it to continue to provide a cost-effective and high-quality broadcasting service.

6. In response to the Committee's enquiry as to whether RTHK would introduce short-term measures to enhance monitoring over its staff before medium/long-term improvement measures were implemented, **Mr Raymond NG Sek-fai, Deputy Director of Broadcasting**, advised that:

- staff training on important government and departmental rules and regulations had been provided through briefings, seminars, workshops and induction programmes. This was an on-going exercise, with the latest round of talks given by representatives of the Corruption Prevention Department and the Community Relations Department of the ICAC as well as the Treasury in 2005. The talks had attracted a high attendance. The number of participating RTHK staff far exceeded 400. During the talks, RTHK staff had raised a lot of issues for discussions. This demonstrated the resolve of RTHK's management and staff to foster a culture of compliance in the organisation; and
- RTHK would continue to implement short-term measures to improve internal control. For example, the Treasury had agreed to arrange two more workshops on financial control for RTHK staff in the second and third quarters of this financial year. RTHK would deploy resources to enable staff of all ranks to receive suitable training.

7. Noting that RTHK was facing fierce competition from commercial broadcasters, the Committee asked whether:

- the Administration would allow RTHK to operate in a commercial mode;
- RTHK should avoid competing with commercial broadcasters; or
- RTHK was expected to strike a balance between the need to compete in the media market and, similar to other government departments, to fully comply with government rules and regulations.

8. The **Director of Broadcasting** responded that:

- striking a fair balance between maintaining competitiveness in the media market and compliance with government rules and regulations was a great challenge to RTHK. Like all other media players in the broadcasting industry, RTHK had to operate in a diverse and ever-changing environment which reasonably required responsiveness to the pulse of the public, flexibility in systems and a certain degree of freedom to accommodate staff's creativity and innovation, so as to ensure the delivery of high-quality productions in a timely manner. Given the nature of the business, it was desirable for RTHK to have greater flexibility as far as compliance with government rules and regulations was concerned; and
- no matter whether RTHK would be given greater flexibility, it would continue to strive for continued improvements in all aspects.

9. **Mr Joseph WONG Wing-ping, Secretary for Commerce, Industry and Technology**, said that:

- he shared Audit's observation in paragraph 2.16 of the Audit Report that, without specific exemptions granted by the relevant authorities, RTHK should ensure that all applicable government regulations, guidelines and procedures were strictly complied with;
- if RTHK considered that any government policies, regulations, guidelines or procedures had posed difficulties to its operation, it might explain the problems to its policy bureau, namely, the Commerce, Industry and Technology Bureau (CITB). If the CITB considered that there were justifications after examining the problems concerned, it would discuss with other relevant authorities, such as the CSB and the Treasury, to see if specific exemptions should be granted. For instance, if RTHK considered that it should be given more flexibility in accepting commercial sponsorship, it might put forward a proposal with full justifications to the CITB for its consideration. Provided that RTHK's editorial independence would not be affected and the public interest would not be prejudiced by any commercial elements, the proposal would be positively considered;
- although RTHK had been implementing improvement measures over the years aiming at achieving full compliance with government rules and regulations, the latest audit reviews on RTHK had revealed that a number of irregularities identified in previous reviews still existed;

- given the experience of past reviews not producing significant improvements, the Administration had decided to upgrade the SRU set up by RTHK in April 2002 to a high-level internal audit team. It would look into the problems identified in the latest audit reviews, put forward suggestions and closely monitor the full implementation of the various audit recommendations. The team was headed by a directorate Chief Treasury Accountant (CTA) seconded from the Treasury. A Senior Auditor from Audit would also be seconded to RTHK to serve as member of the team. Although it was not a normal practice to second an accountant from the Treasury to RTHK, this course of action was considered to be a positive and interactive one; and
- the reason for appointing a directorate officer to head the team was to enable it to examine, from a high-level perspective, the need to change any policies, regulations, guidelines or procedures, or to seek exemptions from certain policies, regulations, guidelines or procedures. The high-level internal audit team, which had commenced operation, reported directly to the Director of Broadcasting. The reports of the team would be copied to the CITB for perusal, so as to enable the latter to decide, in consultation with the CSB and the Financial Services and the Treasury Bureau (FSTB), whether any follow-up action was necessary. The Administration hoped that, with the high-level internal audit team, the irregularities identified could be fully rectified at a faster pace. If it was proved that changes needed to be made, the CITB would follow the matters up with relevant bureaux, departments and/or the Legislative Council, where necessary.

10. In response to the Committee's enquiry about the work progress of the internal audit team, the **Director of Broadcasting** said that the CTA had drawn up an action plan setting out the major tasks to be carried out by the team in 2006. As per the Committee's request, the **Director of Broadcasting** provided, in his letter of 24 May 2006 in *Appendix 11*, the draft action plan which set out the actions taken by RTHK in respect of the various audit recommendations.

11. The Committee further enquired whether the CTA, who was completely new to RTHK's operational environment, was able to put forward constructive and feasible suggestions.

12. **Mr CHEUNG Man-sun, Assistant Director of Broadcasting (Public Affairs Television)**, said that:

- in cases where the suggestions put forward by the CTA were not feasible, RTHK staff would discuss the difficulties with RTHK's management or the CITB, where appropriate;

- it was hoped that with the recommendations of the internal audit team, RTHK would be given a certain degree of flexibility so that it could strike a better balance between production of programmes and compliance with government rules and regulations; and
- RTHK would grasp this opportunity to thoroughly address the various problems, in particular the lack of a culture among RTHK staff to comply with applicable regulations, guidelines and procedures.

13. The **Director of Broadcasting** supplemented, in his letter of 8 June 2006 in *Appendix 12*, that:

- the internal audit team had made good progress in assisting and monitoring the implementation of the various actions set out in the action plan; and
- the CTA said that RTHK's management and staff had given positive response in implementing the various actions in the action plan.

As requested by the Committee, the **Director of Broadcasting** provided, in his letter of 8 June 2006, the latest progress made by the internal audit team in implementing certain actions in the action plan.

14. The Committee asked whether RTHK had earmarked resources to implement the necessary internal control measures. The **Director of Broadcasting** replied that the internal control measure that had been implemented most recently was the setting up of the high-level internal audit team. RTHK would deploy \$2 million in the current financial year to meet the additional staffing requirements.

15. The Committee noted from paragraph 2.23(a) of the Audit Report that RTHK's management had over the years put in place various internal control measures, the latest effort being the initiatives to review internal audit effectiveness and to set up with the ICAC an ongoing Steering Committee. The Committee asked when the Steering Committee would be established and when it would publish its first report.

16. The **Deputy Director of Broadcasting** informed the Committee that RTHK's management had attended a meeting with directorate officers of the Corruption Prevention Department of the ICAC in late 2005. At that meeting, the two parties had agreed that there were certain areas, such as procurement of goods and services, where internal control should be enhanced. Given that the value-for-money (VFM) audits on RTHK were progressing at that time, the two parties had further agreed that the Steering Committee should commence work after the VFM audits and the associated process had completed.

17. Noting from paragraph 2.28(c) of the Audit Report that RTHK was actively considering adopting “compliance” as one of the core competencies under a proposed new staff appraisal system, the Committee asked:

- whether this initiative would be applicable to every RTHK staff, including the Director of Broadcasting and Deputy Director of Broadcasting; and
- when this initiative would be implemented.

18. The **Deputy Director of Broadcasting** replied that RTHK was conducting staff consultation regarding the adoption of “compliance” as one of the core competencies under a proposed new staff appraisal system being developed. After completing the consultation, RTHK would consult the CSB on the matter. It was expected that the draft proposal would be ready by the end of 2006.

19. It appeared to the Committee that “compliance” was a prerequisite for every RTHK staff even if it was currently not one of the core competencies under the staff appraisal system. However, if RTHK considered it desirable to adopt the proposal, it should be implemented immediately so as to send a clear message to RTHK staff that there was an imminent need to achieve a culture of compliance.

20. **Mr Francis HO Suen-wai, Permanent Secretary for Commerce, Industry and Technology (Communications and Technology)**, informed the Committee that:

- soon after the publication of the Audit Report, the Director of Broadcasting had issued a letter to all staff, informing them that RTHK attached great importance to the Audit Report and encouraging them to perform their job well. Moreover, a meeting attended by all staff had been held to address the need for compliance; and
- the appraising officers in RTHK had been informed of the need to adopt “compliance” as one of the core competencies in assessing the performance of their staff. As the design and contents of the current staff appraisal form needed to be changed, more time was required to carry out consultation with the relevant parties.

21. The Committee asked, in assessing the performance of the Director of Broadcasting, whether “compliance” would be regarded as one of the core competencies. The **Secretary for Commerce, Industry and Technology** and the **Permanent Secretary for Commerce, Industry and Technology (Communications and Technology)** affirmed the above idea put forward by RTHK. They said that:

- the Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) was the appraising officer of the appraisal report for the Director of Broadcasting, while the Secretary for Commerce, Industry and Technology was the countersigning officer;
- in assessing the performance of a staff member, the appraising officer would need to consider a number of factors, such as competencies and conduct of the staff. In his view, whether the staff had complied with applicable rules and regulations should more appropriately be weighed under the “conduct” of the staff; and
- there was a consistent practice for assessing the performance of Heads of Department. Under the current practice, compliance with applicable rules and regulations might be weighed under “integrity”, rather than under a separate item on “compliance”.

22. The Committee pointed out that assessment of the “competencies” of a staff member was usually based on a set of relatively objective criteria, but assessment of the “conduct” of a staff member could be very subjective. As such, the Committee wondered whether, if compliance with government rules and regulations by the Director of Broadcasting was weighed under “conduct”, the assessment of his performance might become subjective.

23. The **Secretary for Commerce, Industry and Technology** said that:

- there was a set of objective criteria for “conduct and discipline” in the Civil Service Regulations (CSRs). Where there were suspected cases of non-compliance with CSRs or any government rules and regulations, investigation would be carried out to ascertain if there were contraventions. If the investigation proved that the civil servant concerned had no valid reason for not complying with certain rules and regulations, the non-compliance would be regarded as a misconduct and disciplinary action would be taken against him/her. The whole process was conducted in an objective manner; and
- upon joining the civil service, a civil servant was clearly informed that he/she should comply with all government rules and regulations, including those promulgated by the CSB and the FSTB. As such, compliance with government rules and regulations was a basic requirement for civil servants. He did not consider that assessment of the conduct of a civil service was subjective.

24. The Committee noted from paragraph 2.21 of the Audit Report that, in Audit’s view, the prevalence of irregularities in any government departments was not conducive to strong public governance. Audit recommended in paragraph 2.26(b) of the Report that the Director of Broadcasting should continue to foster a corporate culture of compliance with all applicable policies, regulations, guidelines and procedures in RTHK. This should, among other things, entail addressing good governance as a priority issue under RTHK’s strategic planning and performance management framework.

25. The Committee pointed out that the term “strong public governance” in paragraph 2.21 of the Audit Report, in particular the Chinese version of the term, carried a political flavour. Given that the term “good governance” was used in paragraph 2.26(b) and that this term was quite commonly used in previous Audit Reports, the Committee asked:

- why the term “good governance” was not used in paragraph 2.21; and
- about the difference between “strong public governance” and “good governance”.

26. The **Director of Audit** stated that:

- the prevalence of irregularities in any organisation, public or private, was definitely not conducive to good governance. The public at large generally recognised that the Government should strengthen its governance. There was also a consensus within the Government to strengthen the governance of bureaux and government departments; and
- it was unfortunate that the Chinese term of “strong public governance”, which was a translation produced by professional translators, had caused the above concern. For the avoidance of doubt, he had no objection that the term “strong public governance” in paragraph 2.21 of the Audit Report be construed as “good governance”.

27. The **Secretary for Commerce, Industry and Technology** added that:

- after the publication of the Audit Report, he had asked the Director of Broadcasting to examine the irregularities identified in the latest audit reviews and to submit a report to the CITB on:
  - (a) whether the irregularities involved contravention of rules and regulations by individual staff of RTHK; if so, whether disciplinary proceedings should be instituted against the staff concerned;

- (b) whether RTHK's management should take management responsibility for the irregularities; and
  - (c) the specific proposals to be implemented by RTHK to foster a culture of compliance with government rules and regulations; and
- the Administration would decide the way forward after studying the conclusions and recommendations of the Public Accounts Committee and the report to be submitted by RTHK.

### **C. Strategic planning and performance management**

28. The Committee noted from paragraphs 3.6 to 3.8 of the Audit Report that, following a consultancy review (which included a strategic plan study) commissioned by RTHK in 2002, RTHK had prepared an Annual Plan setting out the major directions and detailed programme planning for 2004-05. Audit considered that the compilation of the 2004-05 Annual Plan was a step in the right direction. However, no annual plan for 2005-06 had been prepared. To ensure effective strategic resource management, Audit pointed out that it was important for RTHK to make the best use of the annual planning process as a management tool to: (a) communicate its mission and objectives externally and internally to all stakeholders to ensure that all parties concerned understood and were committed to the mission and objectives; (b) ensure that resources were allocated effectively to achieve RTHK's strategic objectives; and (c) enable management and all stakeholders to evaluate the performance of RTHK.

29. The Committee also noted that RTHK had agreed to all the observations and recommendations made by Audit, and had pledged to make every effort to rectify the irregularities. As RTHK had to compete with commercial broadcasters and rectify the various irregularities highlighted by Audit, the Committee asked whether RTHK had the capacity to put in place a formal strategic planning framework to serve as a basis for effective resource management, as recommended in paragraph 3.11 of the Audit Report.

30. **The Assistant Director of Broadcasting (Public Affairs Television)** responded that:

- RTHK had not compiled an annual formal strategic plan since 2004 because the formulae approach taken in previous annual plans did not help much in the overall management of RTHK's activities, especially those creative aspects of radio and TV programming. As the media environment was changing rapidly, RTHK's operational experience suggested that an annual plan with detailed programme planning had produced rigidity on some occasions;

- the Director of Broadcasting had held a one-day management retreat in each of the two years in 2004 and 2005 to establish a macro approach to planning the way ahead for the following financial year. Following the retreats, division heads had refined various elements at their own management meetings. Their plans had then been discussed and refined at weekly strategic meetings chaired by the Director. This alternative mode had offered flexibility in RTHK's programme planning;
- RTHK would be happy to promulgate appropriate elements of its programming plans on its website and was committed to achieving the targets set. The CITB had been kept informed of RTHK's actions, as RTHK held progress review meetings with the CITB on a quarterly basis; and
- having regard to the merits of the audit recommendation and after consultation with the staff concerned, RTHK decided to compile annual plans setting out the strategic directions for RTHK and, at the same time, continue with the current programme planning process. To allow flexibility, the annual plans would be revised from time to time according to the actual situation.

31. The **Permanent Secretary for Commerce, Industry and Technology (Communications and Technology)** supplemented that:

- compilation of annual plans was a common practice for well-developed publicly-funded broadcasters in overseas countries; and
- the CITB would, having regard to the rapidly changing media market and the need for flexibility, discuss with RTHK how the compilation of annual plans could be improved so that they could serve as a management tool to ensure effective strategic resource management.

32. The Committee noticed that the term "stakeholders" appeared many times in the Audit Report. For example, it was stated in paragraph 3.7(a) of the Audit Report that it was important for RTHK to make the best use of the annual planning process as a management tool to communicate its mission and objectives externally and internally to all stakeholders to ensure that all parties concerned understood and were committed to the mission and objectives. In reply to the Committee's question, the **Director of Broadcasting** advised that, in his opinion, the "stakeholders" of RTHK included many categories of persons, such as RTHK staff, while the major stakeholder was the general public.

33. The **Director of Audit** said that “stakeholders” covered many parties. Apart from those cited by the Director of Broadcasting, “stakeholders” also included the Legislative Council, relevant bureaux and government departments, and all users of RTHK’s services, etc.

34. According to paragraph 3.32(b) of the Audit Report, among the four local broadcasters (RTHK, two free-to-air TV stations and one pay TV station), RTHK was second in the average awareness level in terms of TV programmes. The Committee asked whether RTHK had communicated its target (e.g. the target awareness level of its programmes), mission and objectives to its major stakeholders in order to enable them to assess whether RTHK was successful in achieving its strategic goals, particularly in fulfilling the role as a public service broadcaster (PSB).

35. The **Director of Broadcasting** and the **Assistant Director of Broadcasting (Public Affairs Television)** responded that:

- RTHK had included TV programme appreciation index as a new key performance indicator (KPI) in the 2005-06 Controlling Officer’s Report (COR). In fact, RTHK had included many new KPIs in its CORs over the past few years to facilitate its stakeholders to evaluate its performance. In their opinion, apart from individual KPIs, the overall performance of a broadcaster should be taken into account when evaluating its success in fulfilling its role as a broadcaster;
- RTHK and the other three major local broadcasters had participated in the 2004 TV Programme Appreciation Index Survey. The survey result showed that RTHK’s average appreciation index was the highest. Besides, of the top 20 programmes according to the appreciation index, ten were RTHK programmes. Indeed, RTHK’s average appreciation index was the highest in the past eight years. These results gave a positive indication about the quality of RTHK’s TV programmes. As regards the average awareness level in terms of TV programmes, RTHK ranked the second among the four participating broadcasters in the past five years;
- the TV Programme Appreciation Index Survey (the Survey) aimed at gauging audience’s assessment of the quality of selected productions, as opposed to viewership ratings or audience reach, which were mainly a quantitative measure for commercial needs. “Awareness level” was only a means to the Survey and should in no way be interpreted as purely a measure of viewership ratings or audience reach. It was a proportion of a sample of audience who had watched the programme. Therefore, it might not be appropriate to quote awareness level as an independent quantitative indicator in a survey that focused on the quality of a programme; and

- the consultancy review commissioned in 2002 highlighted the need for RTHK to create “public value”. Being a PSB, RTHK was tasked to provide platforms for independent producers and to groom local talents. While special interests programmes with low appreciation index and low awareness level, which tapped creative talents, might not be a mainstream choice, it was RTHK’s mandate to continue to support this kind of productions that commercial broadcasters shunned. RTHK had to strike a balance between programmes for the mass, which commercial broadcasters were already providing, and programmes for the minority with specific interests or of special age groups, which might not be those widely popular programmes.

36. As stated in paragraph 3.26 of the Audit Report, Audit considered that, in the absence of a strategic plan to serve as a basis for systematic performance measurement and reporting, it was difficult for RTHK to demonstrate to all stakeholders its success in achieving its strategic goals, particularly in fulfilling the role as a PSB. The Committee sought clarification as to whether Audit considered that RTHK had difficulties in fulfilling the role as a PSB.

37. The **Director of Audit** advised that:

- Audit’s concern was that, without a strategic plan, RTHK would find it difficult to demonstrate to stakeholders whether it had fulfilled the role as a PSB. It should not be construed as RTHK finding it difficult to fulfill the role as a PSB; and
- in order that more meaningful evaluation of RTHK’s programmes could be made, different targets/benchmarks should be set for different categories of programmes. For example, for programmes that were intended to be “popular programmes”, a higher target/benchmark of awareness level should be set. For “minority programmes”, appreciation index might be more important, but a minimum awareness level should still be set as a benchmark for evaluation. It was not satisfactory for many TV programmes to be rated below the target awareness level, even if the viewers might appreciate the programmes.

## **D. Conclusions and recommendations**

38. The Committee:

### Compliance culture and internal control

- expresses serious dismay and finds it unacceptable that:
  - (a) as revealed by the latest audit review, a number of irregularities identified in previous audit reviews on Radio Television Hong Kong (RTHK) and other reviews, including those by the System Review Unit (SRU) of RTHK, the Independent Commission Against Corruption (ICAC) and the Civil Service Bureau, still exist. The issues raised in the reviews include:
    - (i) rationalisation of RTHK's departmental contract staff structure (covered in the audit review of February 1997);
    - (ii) overtime work performed under the Technical Services Agreement (covered in the audit review of March 1999);
    - (iii) overtime work performed by RTHK staff (covered in the audit review of October 2001);
    - (iv) procurement of goods and services by RTHK (covered in the audit review of October 2001);
    - (v) need for a sound budgetary control mechanism (covered in the audit review of October 2001); and
    - (vi) need for a systematic performance measurement and reporting system (covered in the audit review of October 2001);
  - (b) the cases of non-compliance and irregularities revealed by the latest audit review have highlighted the lack of a culture among RTHK staff to comply with applicable regulations, guidelines and procedures; and
  - (c) RTHK had not given sufficient priority to strengthening its internal control and risk management;
- notes that:
  - (a) the Secretary for Commerce, Industry and Technology agrees that it is imperative to put in place a corporate culture conducive to compliance in RTHK;

- (b) RTHK has recently taken positive actions to review internal audit effectiveness and to set up with the ICAC an ongoing Steering Committee;
- (c) RTHK is conducting staff consultation regarding the adoption of “compliance” as one of the core competencies under a proposed new staff appraisal system being developed; and
- (d) the Director of Broadcasting has set up a high-level internal audit team, headed by a Chief Treasury Accountant seconded to RTHK, to closely monitor the effectiveness of internal control measures and the full implementation of the audit recommendations, and to make recommendations to continue to foster a corporate culture of compliance;

#### Strategic planning and performance management

- expresses serious concern that:
  - (a) although inadequacies in RTHK’s budgetary control system had been identified in the audit review of October 2001, there were still significant budget variances observed in the SRU’s review in March 2005 and in the latest audit review; and
  - (b) without a formal strategic plan as a basis for systematic performance measurement and reporting, it is difficult for RTHK to demonstrate to all stakeholders its success in achieving its strategic goals, particularly in fulfilling the role as a public service broadcaster (PSB);
- expresses concern that:
  - (a) in the absence of a formal strategic plan/business plan framework to underpin resources management, an effective mechanism for aligning individual radio/TV programmes with RTHK’s strategic goals and objectives is lacking;
  - (b) unauthorised budget overruns might undermine the effectiveness of RTHK’s financial controls and resource management; and
  - (c) no systematic benchmarking of RTHK against overseas PSBs has yet been conducted and, in the absence of such benchmarking information, it is difficult for stakeholders to assess RTHK’s performance in isolation;

- notes that:
  - (a) the Secretary for Commerce, Industry and Technology agrees that the compilation of an annual plan by RTHK is a useful strategic planning tool and RTHK needs a formal strategic planning framework;
  - (b) RTHK has taken a number of improvement measures on budgetary control of TV programmes during 2005 and early 2006;
  - (c) actions are being taken to implement the SRU's recommendations to improve RTHK's budgetary control system on TV programmes as soon as possible;
  - (d) RTHK is actively considering adopting "management of resources" as one of the core competencies under a proposed new staff appraisal system being developed; and
  - (e) RTHK has agreed with the audit recommendations on systematic performance measurement and reporting in paragraph 3.35 of the Director of Audit's Report and is taking action to implement these recommendations; and

Follow-up action

- wishes to be kept informed of the progress made in implementing the various audit recommendations.