

**Consideration of the Director of Audit’s Report tabled in the Legislative Council on 28 November 2007** As in previous years, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit’s Report. The Committee has therefore only selected those chapters in the Director of Audit’s Report No. 49 which, in its view, referred to more serious irregularities or shortcomings. It is the investigation of those chapters which constitutes the bulk of this Report.

2. **Meetings** The Committee held a total of 18 meetings and one public hearing in respect of the subjects covered in this Report. During the public hearing, the Committee heard evidence from a total of four witnesses, including one Head of Department. The names of the witnesses are listed in *Appendix 5* to this Report. A copy of the Chairman’s introductory remarks at the public hearing on 10 December 2007 is in *Appendix 6*.

3. **Arrangement of the Report** The evidence of the witnesses who appeared before the Committee, and the Committee’s specific conclusions and recommendations, based on the evidence and on its deliberations on the relevant chapters of the Director of Audit’s Report, are set out in Chapters 1 to 3 of Part 7 below.

4. The audio record of the proceedings of the Committee’s public hearing is available on the Legislative Council web site for the public to listen to.

5. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Reports, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.