

Laying of the Report Report No. 49 of the Director of Audit on the results of value for money audits was laid in the Legislative Council on 28 November 2007. The Committee's supplemental report (Report No. 49A) on Chapters 5 and 6 of the Director of Audit's Report was tabled on 30 April 2008.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 49A was laid in the Legislative Council on 9 July 2008. A progress report on matters outstanding in the Government Minute was issued on 29 October 2008. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 4 below.

**Hong Kong Tourism Board: Corporate governance and administrative issues, and
Hong Kong Tourism Board: Planning, execution and evaluation of marketing
activities**

(Paragraphs 1 to 293 of Part 4 of P.A.C. Report No. 49A)

3. The Committee was informed that:

Improvement measures in response to the Director of Audit's Report

- of the 75 improvement measures proposed by the Hong Kong Tourism Board ("HKTB") in response to the Director of Audit's Report, the HKTB had already implemented 67. Another eight improvement measures would be completed within the 2008-2009 financial year. Progress in implementing the audit recommendations was reported in the Government Minute tabled at the Legislative Council on 9 July 2008. Further progress on outstanding actions by the HKTB was set out in **Appendix 11**. Actions by the Administration had been completed as reported in **Appendix 12**. The Administration would continue to monitor the HKTB's operations and progress in implementing these improvement measures to ensure prudent use of public resources;

Corporate governance

- the Administration had asked the HKTB to formalise the mechanism whereby cases of violation of internal rules, if any, would be reported to the Board or the relevant committees. The HKTB was working on this mechanism, with a view to having it implemented by the end of the 2008-2009 financial year;

Review of the role and responsibility of the government officials sitting on the governing bodies and committees of publicly-funded statutory organisations

- the outcome of the review on the role and responsibility of government officials sitting on the governing bodies of publicly-funded statutory organisations as well as corporate governance and management in publicly-funded statutory organisations, which the Administration had undertaken in response to the recommendations contained in the Committee's Report Nos. 48 and 49A, was submitted to the Chairman of the Committee on 17 July 2008 (in *Appendix 13*);
- following the review, the Administration had promulgated a set of guidelines advising bureaux and departments on the broad principles of good governance, so as to facilitate Controlling Officers in the discharge of their funding control responsibilities over the publicly-funded statutory organisations. A General Circular (No. 8/2008) on "Governance of Government-owned or Funded Statutory Bodies", in *Appendix 14*, was issued on 12 December 2008 for reference by Directors of Bureaux and Controlling Officers;

The Committee's recommendation about ensuring that Controlling Officers for publicly-funded organisations effectively perform their roles and responsibilities

- the Administration had asked the HKTB to provide quarterly reports to the Controlling Officer on its work and use of the subvention. The HKTB submitted the first quarterly report covering July to September 2008 to the Controlling Officer in November 2008;

The Committee's recommendation about clearly stating the intended roles and responsibilities of government representatives and other members appointed to sit on the governing bodies of publicly-funded statutory organisations when appointing them

- the Administration had advised bureaux and departments, through the above General Circular No. 8/2008, to clearly spell out the intended roles and responsibilities of government representatives and other members appointed to sit on the governing bodies of these organisations when appointing them;
- the Administration had also invited the HKTB to review the operation of the four committees established under the Board with a view to strengthening corporate governance and the mechanism for the committees to advise the Board. The HKTB's Audit Committee revised its Terms of Reference in July 2008 to set out more clearly its authority and duties. The HKTB was reviewing the operation of the other three committees, namely the Staff and Finance Committee, the Product and Event Committee and the Marketing and Business Development Committee, and aimed to complete the review by the end of the 2008-2009 financial year;

Measures to ensure that members of governing bodies and the chief executive officers of publicly-funded statutory organisations effectively perform their roles and responsibilities

- the Tourism Commission conducted a briefing on 7 August 2008 to acquaint the senior management of the HKTB with relevant due processes/procedures governing the use of public funding and the Administration's expectation of compliance;
- on the Administration's recommendation, the HKTB would stipulate in the relevant human resources management policy and procedure for hiring senior staff at General Manager level or above, a requirement that candidates contending for such posts should have good reference on personal integrity and corporate governance from previous employers; and

Progress made by the HKTB in developing specific guidelines on the authority to enter into sponsorship agreements

- the HKTB had developed specific guidelines on the authority to enter into sponsorship agreements, in particular the arrangement for agreements which involved a substantial amount of money and spanned across more than one year.

4. The Committee wishes to be kept informed of further development on the subject.