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**FINANCIAL SERVICES AND THE
TREASURY BUREAU
(The Treasury Branch)**

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16 February 2009

Mr Raymond Tang
Chairperson
The Equal Opportunities Commission
19/F, CityPlaza Three
14 Taikoo Wan Road
Taikoo Shing
Hong Kong

Dear Mr Tang,

Audit review: Equal Opportunities Commission

The Director of Audit has sent you a draft value for money (VFM) audit report for comment. He will likely include this item in his Report No. 52 which is scheduled for tabling at Legislative Council (LegCo) in April 2009 subject to the agreement of the President, LegCo. I write to bring up for your reference the advice in Financial Circular No. 3/2005 on how such reports should be handled.

There had been extensive leakage of the Director of Audit's Report in the past. LegCo's Public Accounts Committee (PAC) considered that such leakage and the defensive publicity by some Departments prior to PAC's investigations would hamper their function and the effectiveness of the public hearings. To address this, the Administration has agreed to strengthen security of such reports before they are tabled in LegCo. The Chief Secretary for Administration (CS) also personally wrote to PAC Chairman on 11 May 2006, 2 January 2007 and 19 May 2008 respectively to reassure him of the Administration's commitment to maintain the draft VFM audit reports in confidence and give PAC full co-operation.

Paragraph 6 of Financial Circular No. 3/2005 stipulates that, until the VFM report is tabled in LegCo, the draft reports covering individual issues under investigation are confidential. Controlling Officers should restrict the circulation of these drafts on a need-to-know basis and under no circumstances should they disclose in public the issues under investigation. Even if their departments are tackled by the media, they should refrain from speaking or confirming the audit investigations before the tabling of the report. The same rule applies to subvented organisations. After tabling of the report at LegCo and before the public hearings of the PAC, you and your staff should refrain from initiating publicity with a view to countering the Audit findings. You may however respond to media enquiries seeking factual information. These guidelines are also applicable to those officers who are involved in the audit report but have left their posts by the time the Audit Report is tabled in the LegCo.

In view of the increasing concern of PAC on leakage incidents, CS has directed that control over access to audit reports ought to be strictly enforced. You are hence requested to keep a register showing the officers in your office who have been circulated the draft audit report. We have also compiled a checklist "Guidelines for handling draft audit reports" for your reference and action.

Yours sincerely,



(Ms Elsie Yuen)
for Secretary for Financial Services
and the Treasury

c.c. Secretary for Constitutional and Mainland Affairs	(Fax: 2523 4889)
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**Guidelines for handling
draft Director of Audit (D of A)’s Reports**

Draft D of A reports are of confidential nature until they are tabled in the Legislative Council. Unauthorised disclosure is strictly prohibited and their circulation should be restricted on a “**need-to-know basis**”.

Under no circumstances should the bureaux/departments/subvented organisations disclose in public the issues under investigation. Even if they are tackled by the media, they should refrain from speaking or confirming the audit investigations before the tabling of the report.

Upon receipt of the draft D of A reports, bureaux/departments/subvented organisations should keep a register to record the following details –

- (a) incoming date and office of origin;
- (b) subject officers in your bureau/department/subvented organisation who have been circulated the draft audit report; and
- (c) movements of the draft reports.

Subvented organizations should take the following action in safekeeping, transmission and filing of the draft audit reports -

- (a) the draft D of A reports must be kept in a steel cabinet fitted with locking bar and padlock. The subject officers must not leave the reports unattended and they must keep the reports in cabinet when not in use; and
- (b) apart from despatching by hand of an authorised officer, the draft D of A report should only be transmitted either electronically under encryption or manually inside a sealed single envelope.