

Laying of the Report Report No. 50 of the Director of Audit on the results of value for money audits was laid in the Legislative Council on 9 April 2008. The Committee's Report (Report No. 50) was subsequently tabled on 9 July 2008, thereby meeting the requirement of Rule 72 of the Rules of Procedure of the Legislative Council that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 50 was laid in the Legislative Council on 22 October 2008. A progress report on matters outstanding in the Government Minute was issued on 12 November 2009. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 6 below.

Commercialisation and utilisation of government properties
(Chapter 1 of Part 4 of P.A.C. Report No. 50)

3. The Committee was informed that:

Utilisation of entrance/exit areas that were originally reserved for the Mass Transit Railway ("MTR") in private developments

- the Government Property Agency ("GPA"), the Buildings Department, the Department of Justice and other relevant departments were exploring options to put the three government-owned entrance/exit areas originally reserved for the MTR in Buildings A, B and C to gainful uses; and
- the GPA had obtained legal advice on various issues relating to water seepage problems of premises in Buildings A and B and was following up with the Owners' Corporations concerned for the necessary repair works.

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

The Society for the Aid and Rehabilitation of Drug Abusers
(Chapter 2 of Part 4 of P.A.C. Report No. 50)

5. The Committee was informed that:

Management and control of government subvention

- the Department of Health ("DH") was finalising a Funding and Service Agreement ("FSA") with the Society for the Aid and Rehabilitation of Drug Abusers ("SARDA"). In the discussion, the DH had suitably taken into

account the aspiration of SARDA to develop services to cater for the changing drug scene;

- SARDA had set up a working group to examine the draft FSA. The working group would finalise and submit its views to SARDA's Executive Committee ("EC") for consideration;

Corporate governance

- the Efficiency Unit ("EU") completed a Corporate Governance Review on SARDA in June 2009. Its findings with respect to the role of government representatives in the EC were in line with the Administration's view, i.e. government representatives should serve on the EC as non-voting members. Moreover, the EU recommended that the Director of Health, as the Controlling Officer of major government subvention to SARDA, should have a representative serving on SARDA's Management Committee ("MC") as a non-voting member, and should nominate three persons (not being government officials or SARDA members) as the EC members with full voting rights. Another recommendation was a reduction in the number of elected EC members in view of the large membership size of the EC. In line with the recommendations of the EU's Review Report and the Social Welfare Department ("SWD")'s prevailing policy, the SWD would withdraw representation on SARDA's EC by the end of 2009;
- the EU's Review Report was being considered by SARDA. Meanwhile, the DH had reflected relevant findings and recommendations in the draft FSA;

Strategic management

- regarding SARDA's proposal to establish a Centre for Anti-drug Education and Disciplinary Training at Shek Kwu Chau for young psychotropic substance abusers, the Security Bureau ("SB") informed SARDA in March 2009 that the Administration had serious reservations about the proposed programme's financial viability. SARDA was encouraged to further explore the better use of its existing resources and facilities (especially in Shek Kwu Chau), including suitable re-engineering to provide services for psychotropic substance abusers, and possible partnership with other service agencies which had more extensive experience in the area;
- SARDA's EC set up a working group in February 2009 to work out and recommend a three-year Strategic Plan. To assist SARDA, the SB had commissioned the EU to undertake a study with a key objective of identifying and considering various options for SARDA to re-prioritise its existing resources and expand its treatment and rehabilitation programmes for psychotropic substance abusers;

Financial control and cash management

- SARDA had already issued a new set of comprehensive regulations governing controls on financial and accounting matters and had adopted regular review of its Standing Financial Instructions as an ongoing exercise. SARDA's MC had approved revised policies and procedures on management of surplus funds and the opening of fixed deposit accounts with different banks. Petty cash management had been strengthened and regular monitoring was ongoing;

Performance measurement and reporting

- on improvement to performance measurement and reporting, an accounting template would also be developed under the abovementioned EU's study to facilitate future reporting of the cost of each SARDA programme. This would supplement the existing performance indicators for SARDA's service programmes for more effective and efficient use of resources; and
- the current performance measures of SARDA included in the Controlling Officer's Report covered "completion rates of detoxification and rehabilitation programmes", "patients admitted" and "bed-days occupied". The DH and the SB would consider further improvements in the context of the EU's study.

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