

APPENDIX 12



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來函檔號 Your Ref.: CB(4)/PAC/R56

30 May 2011
(By fax 2840 0716)

Clerk, Public Accounts Committee,
Legislative Council,
Legislative Council Building,
8 Jackson Road,
Central, Hong Kong

(Attn: Ms Miranda HON)

Dear Ms HON,

The Director of Audit's Report on the results of value for money audits (Report No. 56)

Hong Kong 2009 East Asian Games (Chapter 5)

Thank you for your letter of 25 May 2011 inviting my comments on the new piece of information provided by the Secretary for Home Affairs in paragraph (g) and Annex D of his letter to the Public Accounts Committee of 24 May 2011 (the Letter) and, in particular, whether the information would affect Audit's observations and recommendations regarding the legacy project.

First of all, the new piece of information provided by the Secretary for Home Affairs that the legacy project was funded by a sponsorship of \$10 million received from **Sponsor B** in January 2010 (instead of the sponsorship of \$10 million received from **Sponsor A** in November 2009) does not affect Audit's observations and recommendations regarding the legacy project. Therefore, our views stated in paragraphs 3.19 and 3.26(d) of the Audit Report are still valid.

Secondly, we made reference to **Sponsor A's \$10 million sponsorship** in paragraph 3.17 and Appendix C (para. 1(a)) of the Audit Report based on the following information:

- (a) the minute submitted by the Leisure and Cultural Services Department (LCSD) to the Secretary for Home Affairs on 5 May 2010 on the disposal of the surplus fund, specifying the proposed legacy project and an alternative option of returning to Sponsor A his sponsorship of \$10 million in support of the EAG opening ceremony (see para. 11 of the LCSD's minute of 5 May 2010 — full text to be provided by the Secretary for Home Affairs as requested in the Public Accounts Committee's letter of 25 May 2011); and
- (b) the reference to Sponsor A's \$10 million sponsorship secured in November 2009 for enhancing the EAG opening ceremony in the correspondences in May and June 2010 between the LCSD and the Financial Services and the Treasury Bureau (FSTB) (see Appendices IV (para. 3) and V (para. 5) to Annex D of the Letter).

It is also worth pointing out that during the course of the audit review, we could not find records showing that the legacy project was financed by **Sponsor B's sponsorship**, and neither the Home Affairs Bureau nor the LCSD had informed us of this information.

Lastly, I would like to point out that we had indicated our concern about the proposed use of Sponsor A's \$10 million sponsorship to finance the legacy project, given that the sponsorship had already been used to enhance the opening ceremony held in December 2009 (see Note 13 to para. 3.17 of the Audit Report). The former Chief Executive Officer of the 2009 East Asian Games (Hong Kong) Limited (EAG Company) has a similar view (see para. 3.21(c) of the Audit Report). We also share the FSTB's view that any unallocated balance of resource should fall within the meaning of surplus fund as the EAG Company did not maintain separate accounts for the government subsidy and sponsorship (see para. 2(b) of Appendix C of the Audit Report).

Yours sincerely,

(Albert Wong)
for Director of Audit

c.c. Secretary for Home Affairs (fax no. 2840 1902 and 2519 7404)
 Secretary for Financial Services and the Treasury (fax no. 2147 5239)
 Director of Leisure and Cultural Services (fax no. 2606 1824)