

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No.58**

of July 2012

24 October 2012

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 58
DATED JULY 2012**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 58)**

Chapter 1 Hong Kong Council for Accreditation of Academic and Vocational Qualifications

Both the Administration and the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) consider that the recommendations by the Audit Commission (Audit) and the Public Accounts Committee (PAC) help enhance the governance and operation of HKCAAVQ. The Administration and HKCAAVQ have taken follow-up actions to implement the recommendations as appropriate.

Issues highlighted in the PAC Report

Declaration of conflict of interests

2. HKCAAVQ will continue to enforce the mandatory requirement of declaration of conflict of interest by chairpersons/members of accreditation panels and ensure proper documentation of all matters related to declaration of interest. HKCAAVQ has also completed the revision of the Code of Conduct for Panels to give more specific advice to enhance staff's understanding of what constitutes conflict of interests. Examples have also been developed into a database for reference.

Non-local Higher and Professional Education Courses

3. HKCAAVQ has thoroughly reviewed the assessment process and launched a series of measures to streamline the assessment procedures. These measures include working closely with the Non-local Courses Registry (NCR) of the Education Bureau to set out more clearly the required supporting information to facilitate the assessment process, streamlining the procedures for systematic and effective monitoring of progress, allowing flexible staff deployment during times of high demand for assessment, and implementing a standard procedure to inform NCR of late submissions by course operators for follow-up action by NCR.

Continuing Education Fund

4. HKCAAVQ has restructured the delivery of assessment of Continuing Education Fund courses to achieve greater focus and synergy with existing services. The assessment of all applications can now be completed within the service standard of eight weeks. Meetings have been held with the Labour and Welfare Bureau and the Office of Continuing Education Fund with a view to simplifying the application form and process for new operators, and streamlining the process for existing operators to make amendment to and request for reassessment of their courses.

Progress made in implementing the Audit recommendations

5. As at mid October 2012, among the 51 Audit recommendations, action has been duly completed or will be taken on an on-going basis to address 44 of them, and the rest are being actively pursued. Details of the progress in implementing the recommendations in Report No. 58 of the Director of Audit are set out at Enclosure 1.

Encl. 1

Chapter 2 – Unlawful occupation of government land

6. The Administration generally welcomes the views and accepts the recommendations made by the Audit and the PAC of the Legislative Council (LegCo) regarding the prevention, detection and rectification of unlawful occupation of government land. The Lands Department (LandsD) has taken follow-up actions as appropriate to implement necessary improvement measures. The progress made is reported below.

Expediting the Processing of Land Control Cases

7. The Administration has taken note of the PAC's concern over LandsD's priority and deployment of resources for tackling the problem of unlawful occupation of government land. LandsD has reviewed the relevant issues and identified areas for improvement. To expedite processing, the District Lands Offices (DLOs) will focus on the land control cases received in recent years while the New Territories Action Team in the Headquarters of LandsD will take over from the DLOs the outstanding cases received between July 2007 and December 2009. The DLOs will also step up the regular risk-based inspection programmes to protect government land, particularly the fenced-off and black-spot sites, from unlawful occupation.

Legislative Amendments to Increase the Penalties

8. As recommended by the Audit and the PAC, the Development Bureau (DEVB) and LandsD are reviewing the penalties against unlawful occupation of government land, including the possible introduction of a system of daily fine, with a view to achieving greater deterrent effects against such offence. DEVB and LandsD are formulating proposals to amend the Land (Miscellaneous Provisions) Ordinance (Cap. 28) and aim to consult the LegCo Panel on Development and other relevant stakeholders as soon as possible.

Preventing Abuse of the Arrangements of Short Term Tenancy

9. It is the Administration's stance that it is unacceptable for people to first occupy government land unlawfully and then apply for a Short Term Tenancy (STT) in an attempt to regularise the situation after being detected. LandsD has reminded DLOs that approval of STTs should continue to be under strict control. In handling the relevant applications for regularisation, DLOs will make clear to the applicants that the Government has no obligation to regularise the illegal occupations by means of STT or to suspend land control actions pending decisions on the STT applications. Relevant departments will be consulted on the applications and local consultation will be conducted by the relevant District Offices as appropriate. If DLOs consider it not justifiable to grant a STT, DLOs will reject the application as soon as possible. On public consultation for new country park designation, the Agriculture, Fisheries and Conservation Department will follow the procedures laid down in the Country Parks Ordinance (Cap. 208) and introduce improvements, where appropriate.

Enhancing the Land Control Information System

10. To strengthen the monitoring of land control cases, LandsD is working on the upgrading of the existing Land Control Information System (LCIS), with a view to completing the project in 2014. Prior to the completion of the LCIS revamping project, LandsD has taken measures to improve the effectiveness of the department's administration of government land, including issuing guidelines to all DLOs on the arrangement for inputting data accurately and in a timely manner in the existing LCIS, and requiring the LCIS case summaries and quarterly statistical reports submitted by DLOs to be signed and verified by the responsible officers and reviewing officers to ensure the accuracy and integrity of the data input. LandsD will also continue to prepare special analyses and case reports manually on a regular and ad-hoc basis as required.

Using Aerial Photographs to Speed Up Detection

11. LandsD will continue to use aerial photographs to detect unlawful occupation of government land by comparing photographs taken at different times and checking against land status plans. This approach is particularly useful for investigation into cases in remote or inaccessible areas. For black-spot sites and cases involving complicated issues, LandsD staff will also make reference to aerial photographs to supplement physical inspection on site as appropriate.

Strengthening Supervision on Case Progress by the Headquarters

12. LandsD completed in July 2012 a review on the target for completing the high priority (Category I) cases. While the four-month completion target is considered appropriate, LandsD has instructed all DLOs to report regularly the reasons and progress for any Category I cases not meeting the target. As regards the handling of medium priority (Category II) and low priority (Category III) cases, LandsD has instructed its DLOs to take land control actions according to the dates of receipt of the relevant complaints or referrals and the seriousness of the unlawful occupation, except for cases warranting a different priority due to special reasons, such as safety concern or interface with actions of other departments. LandsD will, in the light of re-distribution of work between the Headquarters and DLOs as set out in paragraph 7 above, consider setting realistic target completion time for these Category II and III cases.

Equipping Staff for Enforcement Actions

13. LandsD will continue to take resolute enforcement actions against every case of unlawful occupation of government land, while attaching importance to the safety of its staff in carrying out enforcement actions. LandsD will continue to provide its staff with appropriate outdoor equipment and suitable training to help them cope effectively with the difficulties encountered. Risk assessment will also be made on special cases and, where necessary, assistance from other departments such as the Hong Kong Police Force and the Home Affairs Department will be sought.

Progress Made in Implementing the Audit Recommendations

14. LandsD is determined to duly discharge its land control duty against unlawful occupation of government land and to implement the Audit recommendations as far as practicable. A summary of progress in implementing the Audit recommendations is set out at Enclosure 2.

Encl. 2

Chapter 3 Youth Square

15. The Administration welcomes the observations and recommendations made by the Audit and the PAC of LegCo on the operation, performance, planning and implementation of the Youth Square (YS).

16. The Government is committed to nurturing young people for the future of Hong Kong and attaches great importance to the promotion of youth development. Youth development is a long-term and sustained investment which cannot be expected to yield swift and immediate return. Nonetheless, we will continue our efforts in improving the operation of the YS.

Need for review and improvement in future contract and mechanism

17. As noted by the PAC, Home Affairs Bureau (HAB) has informed the LegCo that it would conduct a review on the management and operation mode of the YS in 2013. In the review, HAB will take into account the views and recommendations of the PAC and the Audit as well as relevant parties and stakeholders in the youth sector with a view to better enabling the YS to achieve its function in promoting youth development. The 2013 review will cover the positioning of the YS with a view to striking a proper balance between the objectives of facilitating youth development on the one hand, and achieving full-cost recovery of the YS as a whole on the other. As the full-cost recovery objective may not be in line with the policy of offering venues and facilities at affordable prices to the youth groups, HAB will review the rental strategy, in collaboration with the Financial Services and the Treasury Bureau (FSTB), with a view to striking a proper balance between the two objectives. HAB plans to engage an independent consultant for conducting the review. The review is expected to be completed in the third quarter of 2013. We will update the PAC of the progress and result of the review in due course.

18. HAB has noted the other concerns expressed by the PAC regarding the inadequacies in designing the terms and conditions of the YS management contract, as well as the suggestion to engage various stakeholders in drawing up the contract terms and performance standards. HAB will take into account such concerns in designing the contracts of the YS and similar projects in future.

19. Regarding PAC's recommendation in respect of monitoring of estimated cost and the awarded tender price of a project, FSTB has reminded all bureaux/departments in September 2012 that project and cost monitoring is an important on-going process. Bureaux should consider keeping LegCo posted of developments where the provision approved by the Finance Committee (FC) or the awarded tender price of core components of the approved provision has changed significantly since the FC approval, even though no supplementary provision has to be sought from FC.

Measures to improve operation and performance

20. HAB has been attempting various means to improve the usage of facilities and youth patronage at the YS. For instance, in collaboration with the Management Contractor, HAB has continued to pro-actively promote the YS to youth groups and to boost their patronage through launching of the Venue Subsidy Scheme in June 2012 in order to establish a partner relationship with the youth groups; and stepping up of the interactive platform of the YS Facebook with a view to building members' sense of belonging. As a youth-friendly measure, HAB will further provide a fact sheet summarizing the major terms of the standard tenancy agreements for offices and retail shops in Chinese for easy comprehension of young entrepreneurs. Moreover, HAB will promulgate the details of the relevant concessionary rates offered to youth groups, including that of hotel rooms, on the YS website.

21. The Management Contractor will continue to promote the YS and collaborate with stakeholders to organise attractive youth programmes at the YS. HAB will continue to foster co-operation with youth organisations to attract target users. HAB will also continue to explore and adopt more measures to attract young entrepreneurs and young people to use the YS facilities, including reviewing the existing concessionary packages, exploring the possibility of converting some lesser used areas of the YS into more gainful uses and of formulating focal theme(s) to attract youth patronage.

22. Following the recommendation of the Audit and having consulted the Youth Square Management Advisory Committee (MAC), HAB has started to gradually collect more categories of statistics to assess the popularity of the YS in meeting the youth development objective, e.g. the number of youth events held at the YS, the number of participants of these events, the satisfaction level of the event participants, etc. The data would support the 2013 review and provide a basis for considering further qualitative and quantitative performance targets to measure the extent of the YS in meeting the youth development objectives.

23. The MAC, responsible for advising HAB on the overall strategy and operation of the YS, is chaired by Permanent Secretary for Home Affairs and meets every three months. A standing item in the MAC meetings is to report the progress of follow-up actions taken in response to the views and suggestions made by MAC members. In addition, HAB holds regular management meetings as well as operations meetings with the Management Contractor to discuss operational issues relating to the YS. The management meetings are attended by HAB officer(s) at directorate level and the operations meetings by officers of the Youth Square Management Unit of the HAB which oversees the daily operation and services provided by the Management Contractor. Taking into account the PAC's comments, HAB has shortened the interval of these meetings and has improved the documentation of such meetings.

Planning and implementation

24. HAB is actively exploring proposals to put some of the less utilised areas of the YS to more gainful uses and to set focal theme(s) to distinguish the YS from other youth related facilities and to attract youth patronage.

25. Having noted the PAC's recommendations, HAB will examine in the 2013 review the composition of the membership of the MAC to ensure sufficient representation of youth organisations. HAB has started to publish the operating results of the YS on its website regularly. HAB will keep the LegCo informed of the operating results of the YS through reporting to the LegCo Panel on Home Affairs.

Progress made in implementing the Audit's recommendations

Encl. 3 26. A summary of progress in implementing the Audit's recommendations is at Enclosure 3.

**Hong Kong Council for Accreditation of Academic and Vocational Qualifications
Progress in Implementing Audit's recommendations**

Para. No.	Audit's recommendation	Progress to date
	<u>PART 2: CORPORATE GOVERNANCE</u>	
	<u>Governance framework</u>	
2.6	<p>The Secretary for Education (SED) should, in collaboration with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), consider devising an appropriate overarching governance instrument setting out the relationship between the Government and HKCAAVQ, and defining the roles and responsibilities of each party.</p>	<p>SED considers that an overarching governance instrument such as a Memorandum of Administrative Arrangement is primarily applicable to subvented organisations. HKCAAVQ is not a subvented organisation, but a statutory body with clearly defined functions and objectives. Furthermore, it enjoys operational autonomy in discharging the roles and responsibilities set out in the statute. The Education Bureau (EDB) has, in consultation with HKCAAVQ, revisited existing instruments and considered them appropriate. Nevertheless, EDB has stepped up its monitoring role with a view to further enhancing the governance of HKCAAVQ.</p> <p>Since follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
	<u>Submissions to SED</u>	
2.11	<p>HKCAAVQ should submit in a timely manner the programme of proposed activities and statement of fee charging policy to SED for his approval.</p>	<p>The programme of proposed activities, statement of fee charging policy and fee schedule for 2012-13 have been resubmitted as separate documents and approved by the Permanent Secretary for Education under delegated authority in March 2012.</p> <p>HKCAAVQ will continue to submit the programme of proposed activities and statement of fee charging policy to EDB each year before October. As such, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's recommendation	Progress to date
<u>Grants for development and implementation of Qualifications Framework</u>		
2.16	HKCAAVQ should comply with the terms and conditions of the grants for the development and implementation of the Qualifications Framework by reporting the progress and expenditure position to the EDB in a timely manner.	Since April 2012, HKCAAVQ has reported the progress and expenditure position of the few outstanding activities to EDB on a half-yearly basis in accordance with the terms and conditions of the grants approved in 2007. HKCAAVQ will continue to report the progress and expenditure position to EDB in a timely manner in accordance with the terms and conditions of the grants during the remaining tenure of the activities. The same will be done for the only outstanding task under the grants approved in 2006 (activities under the grants approved in 2005 have been completed). As such, we recommend deleting this part from the next progress report.
<u>Council and Committees</u>		
2.25(a)	HKCAAVQ should review the validity of the resolution passed by circulation as mentioned in paragraph 2.20 of Report No. 58 of the Director of Audit (the Audit Report) and, if necessary, take remedial action.	With the legal advice from the legal consultant of HKCAAVQ, the resolution was submitted to the HKCAAVQ Council (the Council) again and approved on 2 March 2012. Since follow-up action has been completed, we recommend deleting this part from the next progress report.
2.25(b)	HKCAAVQ should ensure that draft minutes of Council/Committee meetings are issued in a timely manner and consider setting a target time for their issue.	Starting from March 2012, all draft minutes of the Council and Committees have been issued within one month after the meetings. Since the target time has been set and will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
2.25(c)	HKCAAVQ should take necessary action to ensure that all Council/Committee members submit their declaration of interests forms in a timely manner.	HKCAAVQ will remind Council/Committee members before the deadline for submitting the declaration of interests forms and ensure they submit the forms in a timely manner. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.

Para. No.	Audit's recommendation	Progress to date
2.25(d)	HKCAAVQ should consider making Council/Committee members' declarations of interests available for public inspection.	HKCAAVQ has studied the practices of other statutory bodies and public organisations on how to make members' declarations of interests available for public inspection and decided to make members' declarations of interests available for public inspection upon request. Since follow-up action has been completed, we recommend deleting this part from the next progress report.
<u>PART 3: ACCREDITATION SERVICES</u>		
<u>Specialists</u>		
3.8(a)	HKCAAVQ should take effective measures to expedite the integration of the specialist databases.	The integrated database has been in use since August 2012. Since follow-up action has been completed, we recommend deleting this part from the next progress report.
3.8(b)	HKCAAVQ should ensure that information on the performance of specialists is properly maintained in the new integrated database.	In considering whether the detailed descriptions of the performance of specialists should be included in the new integrated database, there was legal concern about violating the Personal Data (Privacy) Ordinance in keeping such information in the database. As a result, HKCAAVQ decided that such information would not be kept in the integrated database. Since follow-up action has been completed, we recommend deleting this part from the next progress report.
<u>Accreditation panels</u>		
3.17(a)	HKCAAVQ should ensure that the lists of panel members are approved according to the requirements stipulated in the guidelines.	HKCAAVQ will ensure that the established procedures will continue to be closely followed in appointing panel members. As such, we recommend deleting this part from the next progress report.
3.17(b)	HKCAAVQ should ensure that all panel members submit their declaration of interests forms.	HKCAAVQ has strengthened the monitoring process for proper documentation of actions taken in each step of the accreditation process, including the return of declaration of interests forms by

Para. No.	Audit's recommendation	Progress to date
		<p>panel chairpersons and members. As the strengthened mechanism will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
3.17(c)	<p>HKCAAVQ should ensure that specialists who have potential conflicts of interest with the operators are not appointed as panel members.</p>	<p>HKCAAVQ will not appoint specialists with conflict of interests as panel chairpersons or members. The appointment of all panels is approved by the Deputy Executive Director. Before formal appointment, HKCAAVQ requires prospective panel chairpersons and members to complete declaration forms, declaring that they do not foresee any potential conflict of interests in engaging in the accreditation exercise and have read the Code of Conduct for Panels. Prospective panel chairpersons and members must return the declaration forms to HKCAAVQ before their appointment.</p> <p>HKCAAVQ has completed revising the Code of Conduct for Panels to give more specific advice to enhance staff's understanding of what constitutes conflict of interests. Examples have also been developed into a database for reference.</p> <p>Since follow-up actions have been completed and HKCAAVQ will continue with existing practice not to appoint specialists with conflict of interests to the panels, we recommend deleting this part from the next progress report.</p>
3.17(d) 3.17(e)	<p>HKCAAVQ should ensure that approvals from the Director of Accreditation and Assessment and the Deputy Executive Director are obtained for all accreditation reports.</p> <p>HKCAAVQ should ensure that all accreditation reports are sent to panel members</p>	<p>HKCAAVQ has already revised the guidelines on approval of accreditation reports so that the reports can be approved either by the Deputy Executive Director or the Director of Accreditation and Assessment. HKCAAVQ will also ensure that proper approval is obtained for all draft accreditation reports according to the revised guidelines, and the draft accreditation reports are sent to panel members for comments and to operators for checking the</p>

Para. No.	Audit's recommendation	Progress to date
	for comments, and to operators for checking the accuracy of the facts in the reports.	<p>accuracy of the facts in the reports.</p> <p>Besides, HKCAAVQ has strengthened the monitoring process for proper documentation of actions taken in each step of the accreditation process, including the correspondences to panel chairpersons and members and client institutions on the draft accreditation reports.</p> <p>As the above will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<u>PART 4: ASSESSMENT SERVICES</u>		
<u>Non-local higher and professional education courses</u>		
4.10(a)	HKCAAVQ should take effective measures to streamline the assessment procedures with a view to meeting the required completion time.	<p>HKCAAVQ has thoroughly reviewed the assessment process and launched a series of measures to streamline the assessment procedures, including:</p> <ul style="list-style-type: none"> (i) working closely with the Non-local Course Registry (NCR) to revise the application forms for registration of non-local courses to set out more clearly the required supporting information for assessment with a view to reducing rounds of clarification with operators; (ii) streamlining the procedures for systematic and effective monitoring of progress; and (iii) allowing flexible staff deployment during times of high demand for assessment. <p>Since the above improvement measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.10(b)	HKCAAVQ should, for each case of late submission of	HKCAAVQ has followed up the issue with NCR and put in place standard procedures to

Para. No.	Audit's recommendation	Progress to date
	annual return or notification of changes, inform the EDB that the operator concerned had breached the related condition of registration.	inform NCR of the late submission of annual returns or notification of changes by operators for follow-up action by NCR. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.
<u>Continuing Education Fund courses</u>		
4.19(a)	HKCAAVQ should take necessary action to ensure that assessments of Continuing Education Fund (CEF) courses are completed within the service standard of eight weeks as far as possible.	<p>HKCAAVQ has implemented improvement measures since May 2011 to reduce the time for assessment. As a result, the average assessment time has been reduced to 6.7 weeks for the applications received during the period from April 2011 to mid-January 2012. Between September 2011 and February 2012, 93% of the total cases received were completed within eight weeks as pledged. The assessment of all applications can now be completed within the service standard of eight weeks.</p> <p>Since the improvement measures will be implemented on an on-going basis to help HKCAAVQ meet the service standard as far as possible, we recommend deleting this part from the next progress report.</p>
4.19(b) 4.19(c)	<p>HKCAAVQ should take effective measures to avoid conducting futile inspections on operators who are not open at the time of the inspections.</p> <p>HKCAAVQ should review whether it is justified to conduct inspections on inactive operators.</p>	<p>HKCAAVQ has enhanced the internal procedures to minimise the probability of conducting futile visits and visits to inactive operators. In particular, HKCAAVQ has revised the internal guidelines to ensure that surprise audit visits are only undertaken following closer checking of the status of the operators with the following measures:</p> <p>(i) ascertaining with the Office of the Continuing Education Fund (OCEF) if the operators have any recent records of their students seeking course fee reimbursement under CEF;</p> <p>(ii) verifying the operating hours and status of activities of the operators through anonymous telephone/email checking with the operators and Internet search on</p>

Para. No.	Audit's recommendation	Progress to date
		<p>the information of the courses being considered;</p> <p>(iii) reaffirming the status of the operators and the courses against the information on the OCEF's website; and</p> <p>(iv) checking whether warning letter(s) has/have been issued by OCEF to the operators recently (implying that the operators are in operation).</p> <p>HKCAAVQ has promulgated and implemented these procedures and will continue to keep them under review in consultation with the Labour and Welfare Bureau (LWB) and OCEF. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.19(d)	HKCAAVQ should conduct follow-up inspections in a timely manner to ensure that irregularities identified are rectified.	HKCAAVQ has conducted follow-up inspections of the ten cases mentioned in paragraph 4.15(c) of the Audit Report (i.e. the ten inspections conducted in the period December 2008 to March 2011 requiring follow-up inspections). Among them, three operators have been found inactive and the remaining seven have all been inspected. It is confirmed that irregularities identified in previous inspections have been rectified and improvement measures have been taken by the concerned operators. Since follow-up action has been completed, we recommend deleting this part from the next progress report.
4.19(e)	HKCAAVQ should regularly update the list of operators requiring special attention.	The list of operators requiring special attention will be updated in consultation with LWB and the OCEF on a half-yearly basis. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.
4.19(f)	HKCAAVQ should consider conducting more inspections	The feasibility of inspecting more operators requiring special attention will be considered

Para. No.	Audit's recommendation	Progress to date
	on operators requiring special attention.	at least once a year. For 2012-13, HKCAAVQ has decided to conduct more inspections on operators requiring special attention. As follow-up action will be taken on an on-going basis, we recommend deleting this part from the next progress report.
<u>Continuing Professional Development (CPD) programmes</u>		
4.23	HKCAAVQ should discuss with the Insurance Authority and the Estate Agents Authority the need to conduct surprise inspections on the operators of CPD programmes and to require them to submit the activity schedules to HKCAAVQ before the delivery of the activities.	HKCAAVQ has brought the issue to the attention of the Insurance Authority and Estate Agents Authority for their consideration. The Insurance Authority has confirmed that they have started conducting surprise inspections. The Estate Agents Authority advised that they would study the proposal for conducting surprise inspections, especially on the cost and benefit, before a decision is made. HKCAAVQ will require the operators to submit the activity schedule before the delivery of the activities. HKCAAVQ will continue to follow up with the Estate Agents Authority on the proposal for conducting surprise inspections.
<u>Non-local qualifications of individuals</u>		
4.28(a)	HKCAAVQ should stipulate in the assessment guidelines that for assessments conducted by experienced Assistant Registrars, it is not necessary for the Registrar to review the assessment results before approving the assessment reports, and keep proper record of the Assistant Registrars to whom such an arrangement applies.	HKCAAVQ has updated the assessment guidelines to stipulate that for assessments conducted by experienced Assistant Registrars, it is not necessary for the Registrar to review the assessment results before approving the assessment reports. HKCAAVQ will keep proper records of the Assistant Registrars to whom such an arrangement applies. Since the above will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
4.28(b)	HKCAAVQ should ensure that assessments of non-local qualifications are conducted according to the assessment guidelines.	HKCAAVQ will ensure that assessments of non-local qualifications are conducted according to the assessment guidelines. It has also enhanced the mechanism for documentation to ensure that evidence of review of assessment reports and inspection

Para. No.	Audit's recommendation	Progress to date
		of original documents are adequately recorded. This mechanism has been included in the internal staff training manual of HKCAAVQ. As the above will be done on an on-going basis, we recommend deleting this part from the next progress report.
<u>PART 5: HUMAN RESOURCE MANAGEMENT</u>		
<u>Staff remuneration</u>		
5.7(a)	HKCAAVQ should ensure that in future, Council's prior approval is obtained before implementing any revisions in the remuneration of staff.	HKCAAVQ would ensure better record keeping of the Council's decisions. Checklists of decisions requiring approval by the Council will be provided by secretaries of the Council Committees to the Council Secretary prior to Council meetings. Draft minutes of Council meetings will also be circulated to secretaries of the Committees to ensure that all items discussed and approved by the Council are properly documented. As the above will be done on an on-going basis, we recommend deleting this part from the next progress report.
5.7(b)	HKCAAVQ should seek the Council's covering approval for the salary ranges for the Principal Registrar and the Deputy Executive Director, and ensure that in future the Council's approval is obtained for all salary ranges.	The salary ranges for the posts of Principal Registrar and the Deputy Executive Director were approved by the Council in March 2012. HKCAAVQ will ensure that in future, the Council's approval is obtained for all salary ranges. Since follow-up action has been completed, we recommend deleting this part from the next progress report.

Para. No.	Audit's recommendation	Progress to date
<u>Home Financing Allowance (HFA)</u>		
5.15(a)	HKCAAVQ should take action to recover from Staff A the overpaid HFA of \$849,783 (see paragraph 5.12 of the Audit Report).	HKCAAVQ has sought legal advice and agreed with Staff A on a repayment schedule of the overpaid HFA. As follow-up action has been taken, we recommend deleting this part from the next progress report.
5.15(b)	HKCAAVQ should carry out a comprehensive review of HFA payments in past years to ascertain whether any staff, including Staff B, C and D, had been overpaid HFA in excess of their entitlement.	The comprehensive review is in progress. An update of the progress of the review will be provided to the Council by December 2012.
<u>Payment of salary in excess of salary range</u>		
5.20	As both the Council and the then Secretary for Education and Manpower had not approved the arrangement since April 2006 to pay Staff A salaries in excess of the relevant salary ranges, Audit has recommended that HKCAAVQ should take necessary action to rectify the situation.	Staff A has retired upon completion of the contract on 10 April 2012 and no further action is necessary on this specific case. Nevertheless, HKCAAVQ has reviewed the current contracts of all appointments and no abnormalities have been identified. It will also ensure that all other appointments will be made within the respective salary ranges and with approval from the Council in future. As no further action can be taken on the case, we recommend deleting this part from the next progress report.
<u>Performance appraisal</u>		
5.24	HKCAAVQ should conduct formal performance appraisal for the Executive Director annually as required by the Staff Manual.	HKCAAVQ will ensure that formal performance appraisal for the Executive Director is conducted annually as required by the Staff Manual. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.

Para. No.	Audit's recommendation	Progress to date
<u>Staff recruitment</u>		
5.32(a)	HKCAAVQ should ensure that shortlisting criteria for selecting candidates for interview are drawn up and documented.	HKCAAVQ has revised the shortlisting and interview system and procedures in April 2012 in accordance with Audit's recommendations. As such, we recommend deleting this part from the next progress report.
5.32(b)	HKCAAVQ should include the corresponding marks or weightings for each attribute in the assessment forms.	
5.32(c)	HKCAAVQ should require selection panel members to record the scores and the comments for each candidate after the interview.	
<u>Staff turnover</u>		
5.39(a)	HKCAAVQ should closely monitor the problem of high staff turnover.	The Personnel and Administration Committee of the HKCAAVQ will closely monitor the problem of high staff turnover and regularly report to the Council the turnover rate and major reasons for staff departure. The Personnel and Administration Committee will also make recommendations to the Council on how to reduce the turnover rate. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.
5.39(b)	<p>HKCAAVQ should take measures to collect more precise information about the reasons for resignation during exit interviews, including for example:</p> <p>(i) revising the design of the interview form; and</p> <p>(ii) obtaining more detailed information about the</p>	HKCAAVQ is revising the exit interview form so as to collect more precise information from leaving staff. The revision will be completed by December 2012.

Para. No.	Audit's recommendation	Progress to date
	reasons for resignation with the staff concerned.	
5.39(c)	HKCAAVQ should, in the light of the results of the forthcoming staff opinion survey and review of the remuneration structure, and the detailed information collected during exit interviews, take timely measures to address the staff turnover problem.	HKCAAVQ has implemented a number of strategies and taken actions to retain staff. It has conducted a mid-term review of the remuneration structure and the results were reported to the Personnel and Administration Committee and the Council in March 2012. In light of the review results, HKCAAVQ has adjusted the salary range of the ranks with high turnover rate and increased the annual leave entitlement of one rank as a means to retain staff. Meanwhile, HKCAAVQ now considers a staff opinion survey not necessary as there are regular channels to collect staff feedback. As follow-up action has been completed, we recommend deleting this part from the next progress report.
<u>PART 6: FINANCIAL AND ADMINISTRATIVE MATTERS</u>		
<u>Management of investment</u>		
6.8(a)	HKCAAVQ should develop a set of investment guidelines and an operational manual, with reference to the Treasury's Investment Guide, setting out the investment objectives, policies and strategies, responsibilities of staff, and operational procedures for investment dealing.	HKCAAVQ is updating the investment guidelines and the operational manual with an aim to presenting them to the Finance Committee of the Council by December 2012.
6.8(b)	HKCAAVQ should, before placing or renewing fixed deposits, obtain quotations of interest rates from several banks and take into account the interest rates in determining the most suitable bank for placing the deposits.	Starting from January 2012, before every term deposit, HKCAAVQ obtains quotations of interest rates from several banks and the quotations together with the deposit decision are recorded. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.

Para. No.	Audit's recommendation	Progress to date
6.8(c)	HKCAAVQ should prepare cash flow forecast with a view to maximising interest income by placing fixed deposits for optimal tenures.	Starting from January 2012, before every term deposit, HKCAAVQ checks the budgeted cash inflow and outflow for the coming months before making a proposal on the time deposit tenure. As this will be done on an on-going basis, we recommend deleting this part from the next progress report.
<u>Monitoring of staff time spent on projects</u>		
6.12	HKCAAVQ should consider upgrading the Management Information System or developing a new system so that accurate information on staff time spent on projects is available and fees are charged at appropriate levels according to the fee charging policy of HKCAAVQ.	HKCAAVQ would consider the costs and benefits of upgrading or developing a new Management Information System to capture such data for fee review purposes as part of an office-wide review of information technology systems following the relocation to the new office in September 2012.
<u>Air passages</u>		
6.19(a)	HKCAAVQ should ensure that air passage claims made by non-local panel members and non-local Council members comply with the requirements.	The policy of providing air passages to non-local Council members has been strictly enforced since the commencement of the new term of office of the Council in October 2011. HKCAAVQ has informed staff and Council members that the previous practice of claiming reimbursement for more than one economy class tickets in place of one business class ticket, even though the amount involved does not exceed members' entitlement, was no longer applicable. Council members were reminded of the current policy at the Special Council Meeting on 20 February 2012.
6.19(b)	HKCAAVQ should ensure that both non-local Council members and staff of HKCAAVQ are fully aware of the latest requirements relating to reimbursement of air passages.	

Para. No.	Audit's recommendation	Progress to date
6.19(c)	<p>HKCAAVQ should consider requiring non-local Council members claiming air passages for attending Council meetings to:</p> <p>(i) take the most direct route; and</p> <p>(ii) obtain quotations from two airlines and send the itineraries and quotations to HKCAAVQ for approval.</p>	<p>HKCAAVQ has already aligned the requirement of non-local Council members claiming air passages with that of non-local panel members. Non-local Council members are also requested to take the most direct route and obtain quotations from two airlines and send the itineraries and quotation to HKCAAVQ for approval.</p> <p>HKCAAVQ will ensure that air passage claims made by non-local panel members and non-local Council members comply with the requirements.</p> <p>Since follow-up actions have been taken, we recommend deleting this part from the next progress report.</p>
<u>Entertainment expenses</u>		
6.26(a)	HKCAAVQ should ensure that the requirements set out in the guidelines on entertainment expenses are complied with.	<p>HKCAAVQ has reviewed and revised its guidelines on entertainment expenses taking into account Audit's recommendations and with reference to the Government's rules and practices, and will ensure that the requirements set out in the revised guidelines are complied with. As such, we recommend deleting this part from the next progress report.</p>
6.26(b)	HKCAAVQ should set appropriate ceiling per person for all entertainment expenses.	
6.26(c)	HKCAAVQ should require the claimants of entertainment expenses to provide the names of the persons attending the function.	
<u>Procurement of goods and services</u>		
6.31(a)	HKCAAVQ should obtain sufficient number of quotations in accordance with its guidelines on procurement of goods and services.	HKCAAVQ has revised its guidelines on procurement of goods and services with reference to the Government's rules and practices and will follow the guidelines when procuring goods and services. As such, we recommend deleting this part from the next progress report.

Para. No.	Audit's recommendation	Progress to date
6.31(b)	HKCAAVQ should evaluate the responses to Expression of Interest invitation according to the pre-determined evaluation criteria.	HKCAAVQ will ensure that future procurement exercises would comply with the guidelines, including evaluation of the responses to Expression of Interest invitation according to the pre-determined evaluation criteria. As such, we recommend deleting this part from the next progress report.
<u>PART 7: PERFORMANCE MANAGEMENT AND REPORTING</u>		
<u>Performance pledges</u>		
7.4(a)	HKCAAVQ should put in place a mechanism to collect information and measure achievements for its performance pledges.	HKCAAVQ is currently reviewing the appropriateness of the existing set of performance pledges and the current mechanism for determining, measuring and reporting achievements against them in 2012. A working group has been set up in August 2012 to conduct the review and the outcome of the review is expected to be submitted to the Council for approval by December 2012.
7.4(b)	HKCAAVQ should report the achievements of its performance pledges to the Council and the relevant Committees regularly.	

**Unlawful Occupation of Government Land
Progress in Implementing Audit's recommendations**

Para. No.	Audit's recommendation	Progress to date
1.15	Audit has recommended that the Director of Lands should conduct an overall review of the LandsD's strategy, priority and resource allocation on management of unleased and unallocated government land.	<p>LandsD has reviewed its work on the management of unleased and unallocated government land, and has implemented the following improvement measures:</p> <ul style="list-style-type: none"> (i) to expedite the processing of land control cases, the New Territories Action Team of LandsD will take over from the District Lands Offices (DLOs) in October 2012 the outstanding land control cases received from July 2007 to December 2009, while the DLOs will focus on the handling of the cases received in recent years; (ii) for government land prone to unlawful occupation (i.e. fenced-off and black-spot sites), LandsD has requested DLOs to step up regular risk-based inspection programmes to protect the land against unlawful occupation; (iii) to enhance land control actions, guidelines were issued to DLOs in May 2012 on improving the priorities in the handling of land control cases; (iv) to strengthen the monitoring of land control cases, LandsD has commenced the upgrading of the Land Control Information System. It is expected that the project will be completed in 2014; (v) monitoring of "squatter structures" will continue. LandsD has issued technical memorandum to its Squatter Control Unit staff on ways to strengthen inspection procedures, with the aim to identify breaches as early as possible and to take appropriate

Para. No.	Audit's recommendation	Progress to date
		<p>squatter control actions to control and alleviate the problem effectively;</p> <p>(vi) follow up actions on standardising and streamlining the relevant procedures will continue to be conducted through an established dedicated team in LandsD; and</p> <p>(vii) case conferences and other special meetings are convened to discuss complicated cases, formulate effective strategies and enhance the capabilities of staff of various grades to take effective and timely actions in handling land control issues.</p> <p>LandsD has adjusted its strategy, priority and resource allocation and implemented the recommendations in the Audit's Report as far as practicable in respect of (a) prevention and detection action; (b) enforcement action; (c) Audit's case studies; (d) Land Control Information System; and (e) performance reporting, with a view to improving the handling of issues relating to unlawful occupation of government land.</p> <p>LandsD will continue to review the land control situation from time to time and carry out its land control work proactively and pragmatically by utilising available resources and deploying manpower flexibly.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the subsequent progress report.</p>
2.9	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) ascertain the magnitude of the land control problem, and take necessary preventive measures</p>	<p>(a) LandsD has taken a number of measures as mentioned in the above response to the recommendation in paragraph 1.15</p>

Para. No.	Audit's recommendation	Progress to date
	<p>to reduce the number of land control cases as far as possible;</p> <p>(b) strengthen the Lands Department's (LandsD's) publicity campaigns on prevention of unlawful occupation of government land;</p> <p>(c) require the DLOs to strengthen and document their risk-based inspection programmes;</p> <p>(d) require the DLOs to periodically submit their inspection programmes to the LandsD Headquarters for monitoring; and</p> <p>(e) require the DLOs to systematically document the results of site inspections and the follow-up action taken.</p>	<p>of the Audit's Report to reduce the number of land control cases as far as possible.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting part (a) from the next progress report.</p> <p>(b) LandsD will consider preparing a publicity pamphlet to remind the public not to occupy government land illegally. LandsD will also continue to adopt a prudent approach in responding to media reports to convey clear messages to the public that the department will take resolute and prompt land control actions against cases of unlawful occupation of government land, including possible prosecution action against the relevant occupiers, with a view to demonstrating the Government's determination to protect government land from being unlawfully occupied.</p> <p>(c) - (e) The recommendations have been implemented.</p> <p>LandsD requested the DLOs in July 2012 to step up the regular risk-based inspection programmes for government land prone to unlawful occupation (i.e. fenced-off and black-spot sites) for the protection of the relevant sites. The DLOs were also required to systematically document site inspection findings and the follow-up action taken, and to submit inspection programme records to the LandsD Headquarters periodically for monitoring.</p> <p>As follow-up actions have been taken, we recommend deleting parts (c) to (e) from the next progress report.</p>

Para. No.	Audit's recommendation	Progress to date
2.15	<p>Audit has recommended that the Director of Lands should take measures to step up the LandsD's monitoring and control of surveyed structures and licensed structures.</p>	<p>The recommendation has been implemented.</p> <p>LandsD issued a technical memorandum in May 2012 to staff of the Squatter Control Unit providing advice on how to handle situations where squatter structures are enclosed unlawfully by fences/gates or entry is refused for inspection and on ways to further improve the existing inspection procedures. LandsD also issued a memo in May 2012 to require the DLOs to take prompt follow-up action once warning letters against unauthorised building works on government land have been issued, to process applications for modifying Government Land Licence (GLL) conditions in a timely manner, and to take timely action to cancel the GLLs found to be in serious breach of the GLL conditions. Furthermore, LandsD will include problematic sites into DLOs' regular risk-based inspection programmes.</p> <p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p>
3.14	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) require the DLOs to:</p> <p>(i) ascertain the reasons for cases remaining outstanding for a long time and expedite action to rectify them;</p> <p>(ii) take measures to ensure Category I cases meet the four-month target as far as possible; and</p> <p>(iii) document and report the reasons for each Category I case not</p>	<p>(a) and (b)</p> <p>The recommendations have been implemented. LandsD gave instructions in April and July 2012 to require the DLOs to ascertain the reasons for cases remaining outstanding for a long time and expedite action to rectify them; to take measures to ensure Category I cases meet the four-month target as far as possible; to document and report regularly the reasons and progress for each Category I case not meeting the four-month target; and to take measures to compile periodically exception reports on land control cases outstanding for a long time.</p>

Para. No.	Audit's recommendation	Progress to date
	<p>meeting the four-month target; and</p> <p>(b) take measures to compile periodic exception reports on long outstanding land control cases.</p>	<p>On the other hand, the New Territories Action Team will take over from the DLOs in October 2012 the outstanding land control cases received from July 2007 to December 2009, so as to enable the DLOs to expedite the processing of other land control cases.</p> <p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p>
3.30	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) strengthen staff training by implementing regular training programmes on conducting investigation of land control cases and evidence collection, and organising experience-sharing sessions of prosecution cases;</p> <p>(b) expedite action to rectify the unlawful land occupation in Case 1;</p> <p>(c) require the DLOs to take prompt clearance action for cases of continued unlawful land occupation after court conviction;</p>	<p>(a) The recommendation has been implemented. LandsD organised seminars in May and October 2012 to strengthen staff training on land control and prosecution work and to promote experience sharing. LandsD will continue to provide its staff with more training on these aspects.</p> <p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p> <p>(b) A meeting was held among DLO/Yuen Long, Yuen Long District Office and the representatives of the owners and operators on 25 May 2012. The representatives subsequently removed the unauthorised bridge on 4 June.</p> <p>As processing of Case 1 has been completed, we recommend deleting this part from the next progress report.</p> <p>(c) The recommendation has been implemented. LandsD directed the DLOs in April 2012 to take prompt land control action for cases of continued occupation of government land unlawfully after court conviction.</p> <p>As follow-up action has been taken, we</p>

Para. No.	Audit's recommendation	Progress to date
	<p>(d) review the levels of penalty for pertinent offences with a view to providing an effective deterrent; and</p> <p>(e) consider introducing legislative provisions to the effect that a fine will be imposed for each day during which a pertinent offence has continued, with reference to similar provisions under the Buildings Ordinance.</p>	<p>recommend deleting this part from the next progress report.</p> <p>(d) and (e) The Development Bureau and LandsD are reviewing the relevant penalties and formulating a proposal to amend the Land (Miscellaneous Provisions) Ordinance (Cap. 28) for consultation with the Panel on Development in this Legislative Council session.</p>
4.7	<p>Audit has recommended that the Director of Lands should take steps to ensure that the regularisation of unlawful occupation of government land by the granting of short term tenancys (STTs) is always under strict control to avoid possible abuse.</p>	<p>The recommendation has been implemented.</p> <p>LandsD has reminded the DLOs that the processing of STT applications should always be under strict control to avoid possible abuse. In handling applications for regularisation, DLOs will make clear to the applicants that Government has no obligation to regularise the illegal occupation by means of STT.</p> <p>Upon approval of an STT application, it will be stated clearly in the approval letter that approval of STT is at the sole discretion of LandsD and that the applicant should not have any expectation that future applications would also be approved.</p> <p>As follow-up actions as set out above will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.13	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) formulate and implement a risk-based inspection programme for detecting unauthorised modifications or re-building of licensed structures;</p>	<p>(a) - (c) Please refer to LandsD's response to the recommendation in paragraph 2.15 of the Audit's Report above.</p>

Para. No.	Audit's recommendation	Progress to date
	<p>(b) require the Squatter Control Unit to strengthen its inspections of surveyed structures; and</p> <p>(c) require the DLOs to:</p> <p>(i) take prompt follow-up action after the issue of warning letters relating to unauthorised building works on government land;</p> <p>(ii) process applications for changes in land licence conditions in a timely manner; and</p> <p>(iii) take action to cancel land licences in a timely manner upon detection of serious breaches of licence conditions.</p>	<p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p>
4.23	<p>Audit has recommended that the Director of Lands should expedite, in collaboration with the Director of Agriculture, Fisheries and Conservation, effective enforcement action to rectify the unlawful occupation of government land in Case 4.</p>	<p>Enforcement action was taken by the Administration in late May 2012 to rectify the unlawful occupation of government land in question and demolish the unauthorised structures. The Agriculture, Fisheries and Conservation Department (AFCD) will continue to monitor the situations in the Tai Lam Country Park. If unlawful structures are discovered again, AFCD would request the relevant departments to take enforcement actions.</p> <p>As processing of Case 4 has been completed, we recommend deleting this part from the next progress report.</p>
4.24	<p>Audit has recommended that the Director of Food and Environmental Hygiene should conduct investigations on the recreational park in Case 4 to ensure its compliance with the Food Business Regulation and the</p>	<p>The Food and Environmental Hygiene Department has put the place under close surveillance and found that the unlicensed public entertainment business and the unlicensed restaurant business have ceased since January and May 2012 respectively.</p>

Para. No.	Audit's recommendation	Progress to date
	Places of Public Entertainment Ordinance, and take necessary enforcement action upon collection of sufficient evidence for any breach of the statutory requirements.	As follow-up actions have been completed, we recommend deleting this part from the next progress report.
4.25	Audit has recommended that the Director of Agriculture, Fisheries and Conservation should closely monitor the bird-exhibition places of the recreational park in Case 4 for the prevention of infectious diseases of wild birds.	<p>The recommendation has been implemented. AFCD conducted several inspections to the bird-exhibition place of the recreational park during the period between May and August 2012 and offered advice and assistance to the owner pertaining to animal welfare, animal health improvement and infectious diseases prevention. AFCD will continue to carry out routine inspections to the premises as appropriate.</p> <p>As follow-up actions have been completed, we recommend deleting this part from the next progress report.</p>
4.31	Audit has recommended that the Director of Lands should require the DLOs to take more effective enforcement action in cases involving intermittent occupation of government land, including taking prosecution action in warranted cases with sufficient evidence.	<p>The recommendation has been implemented. LandsD instructed the DLOs in April 2012 to take proper preventive measures (such as erection of fences, bollards and notice boards) against cases involving intermittent unlawful occupation of government land. LandsD will also take prosecution action in warranted cases with sufficient evidence.</p> <p>As follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.40	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) in collaboration with the Geotechnical Engineering Office (GEO), take measures to ensure the safety of the unauthorised platform built on the government slope in Case 6; and</p>	<p>(a) The consultant commissioned by the party concerned completed the stability analysis of the subject slope in mid-July 2012 and has submitted a Geotechnical Assessment Report on site stability to DLO/Tuen Mun. The report has been forwarded to the GEO for advice. DLO/Tuen Mun is now waiting for GEO's reply.</p>

Para. No.	Audit's recommendation	Progress to date
	(b) require the DLOs to consult the GEO before granting temporary government land occupation permits for carrying out site investigations and slope works in future.	(b) The recommendation has been implemented. LandsD has reminded the DLOs to consult GEO before granting temporary land occupation permits for carrying out site investigations and slope works in future to ensure public safety. As follow-up action has been taken, we recommend deleting this part (b) from the next progress report.
4.44	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) conduct a review to identify other long outstanding cases of unlawful government land occupation and take prompt and effective action to rectify and prevent such unlawful occupation; and</p> <p>(b) require the DLOs to take prompt and effective enforcement action on other land control cases.</p>	<p>(a) and (b) The recommendations have been implemented. LandsD gave instructions in May 2012 to the DLOs advising that except for special reasons, such as safety concern or the need to cope with the actions of other departments, land control actions should be taken against such cases principally according to the order of dates of receipt of the relevant complaints and referrals and the seriousness of the cases. LandsD has also requested the District Review Boards of respective DLOs to regularly review all cases being handled by them, with a view to expediting or initiating land control actions according to the circumstances of the cases.</p> <p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p>
5.17	<p>Audit has recommended that the Director of Lands should:</p> <p>(a) take measures to ensure the accuracy and completeness of the Land Control Information System LCIS as far as possible;</p>	<p>(a) To ensure the accuracy and integrity of the LCIS, LandsD issued a memorandum in February 2012 advising the DLOs to adopt a uniform approach in counting the number of cases and to submit statistical reports in a timely manner. The land control staff has been reminded of the requirements during training courses and seminars. Such requirements are also included in the induction training for</p>

Para. No.	Audit's recommendation	Progress to date
	<p>(b) consider making use of mobile devices to facilitate the Land Control Teams' inspections;</p> <p>(c) require the DLOs to strengthen their supervisory checks to ensure that accurate data are input into the LCIS in a timely manner; and</p> <p>(d) review the propriety of the existing LandsD arrangement of marking a land control case in the LCIS as "completed" once the occupier has submitted an STT application, and creating a new case if the STT application is subsequently cancelled or not approved.</p>	<p>newly recruited staff.</p> <p>As this recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) The LCIS upgrading programme in progress includes exploring the feasibility of using mobile devices to facilitate inspection by the Land Control Teams.</p> <p>(c) The recommendation has been implemented. LandsD issued guidelines in May 2012 requiring the DLOs and the New Territories Action Team to strengthen supervisory checks to ensure that accurate data are input into the LCIS in a timely manner. LandsD also required that quarterly statistical reports and the LCIS case summaries submitted by DLOs would be signed and verified by the responsible officers and reviewing officers to ensure the accuracy and integrity of the data input.</p> <p>As follow-up actions have been taken, we recommend deleting this part from the next progress report.</p> <p>(d) The recommendation has been implemented. LandsD issued a memo to the DLOs and the New Territories Action Team in May 2012 providing guidelines on the arrangement for data input of the LCIS with respect to those cases pending outcome of the STT applications. Generally speaking, land control cases will be marked as "cases suspended" in the LCIS record if suspension of land control action is warranted pending decision on the STT applications. These records will be updated to "cases completed" only if the</p>

Para. No.	Audit's recommendation	Progress to date
		<p>STT applications are accepted with the relevant rents and fees fully paid. Once the STT applications are rejected or withdrawn, timely land control action should be taken and the cases will be marked as “under processing” in the LCIS record.</p> <p>As follow-up action has been taken, we recommend deleting this part from the next progress report.</p>
5.22	Audit has recommended that the Director of Lands should revamp the LCIS as early as possible.	LandsD deployed resources to re-launch the LCIS upgrading project in February 2012 with a view to completing the project in 2014.
6.9	<p>Audit has recommended that the Director of Lands should, in respect of land control action:</p> <p>(a) publish on the LandsD’s website the number of new land control cases in a year and the number of outstanding land control cases at year end; and</p> <p>(b) in publishing performance information, adopt a consistent basis over different time periods and provide explanatory notes for any change in the basis and its impact.</p>	<p>(a) LandsD will upload the relevant information on its website at the end of 2012. Such information will thereafter be updated annually.</p> <p>(b) LandsD will adopt a consistent approach in publishing performance information, and footnotes will be included for explanation where necessary.</p> <p>As the recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

**Youth Square
Progress in Implementing Audit's recommendations**

Para. No.	Audit's recommendations	Progress to date
Part 1: Introduction		
1.14	<p>Audit has recommended that the Secretary for Home Affairs (SHA) should take into account, in the 2013 review, the audit observations and recommendations in the Audit Report and consult, where appropriate, various stakeholders, namely the Commission on Youth (COY), the Youth Square Management Advisory Committee (MAC), the management and operation contractor of Youth Square (the Management Contractor), the youth-related NGOs, and relevant government bureaux and departments involved in youth development. In view of the fact that the youth development objective for the Youth Square (YS) might be conflicting with the full-cost-recovery objective that HAB aims to achieve, the Secretary may wish to critically consider, in the 2013 review, how the YS should be positioned to strike a proper balance between the two objectives.</p>	<p>Home Affairs Bureau (HAB) will review the management and operation mode of the YS in 2013. The 2013 review will cover, inter alia, the positioning of the YS with a view to striking a proper balance between the objectives of facilitating youth development on the one hand, and full-cost recovery of the YS as a whole on the other, and prioritizing such objectives as and when necessary. In the review, HAB will take into account the observations and recommendations of the Audit Commission and the Public Accounts Committee and consult, where appropriate, relevant parties and stakeholders in the youth sector.</p> <p>HAB plans to engage an independent consultant for conducting the review in late 2012.</p>
Part 2: Operation and Performance		
2.19	<p>Audit has recommended that SHA should:</p> <p><i>Need to formulate qualitative and quantitative performance targets</i></p> <p>(a) set qualitative and quantitative performance targets, as far as possible, to measure the extent of the YS in contributing to youth development;</p>	<p>(a) Following the recommendation of the Audit Commission and having consulted the MAC, HAB has started</p>

Para. No.	Audit's recommendations	Progress to date
	<p data-bbox="320 869 858 947"><i>Need to improve hostel usage by youth organisations</i></p> <p data-bbox="320 987 858 1182">(b) continue making vigorous efforts to improve the hostel usage by youth organisations, such as stepping up promotion efforts for the YS;</p> <p data-bbox="320 1227 858 1422">(c) assess the demand of youth organisations for hostel accommodation and set an optimal target-user mix in the long term for the YS;</p> <p data-bbox="320 1507 858 1585"><i>Need to increase the number of youth programmes</i></p> <p data-bbox="320 1626 858 1821">(d) continue making vigorous efforts to organise, in close collaboration with stakeholders, more meaningful and attractive youth programmes at the YS;</p>	<p data-bbox="898 275 1441 864">to gradually collect more meaningful statistics to assess the popularity of YS in meeting the youth development objective, e.g. the number of youth events held at YS, the number of participants of youth events, and satisfaction level of the event participants. The compilation of these data would be conducive to the 2013 review and partly forms the basis for consideration of further qualitative and quantitative performance targets to measure the extent of the YS in meeting the youth development objectives.</p> <p data-bbox="898 947 1441 2018">(b), (d) and (g) HAB has been attempting and will continue to explore various means to improve the usage of the facilities and youth patronage at the YS. For instance, in collaboration with the Management Contractor, HAB has continued to pro-actively promote the YS to youth groups and to boost their patronage through launching of the Venue Subsidy Scheme in June 2012 in order to establish a partner relationship with the youth groups; and stepping up of the interactive platform of the YS Facebook with a view to building members' sense of belonging. As a youth-friendly measure, HAB will further provide a fact sheet summarizing the major terms of the standard tenancy agreements for offices and retail shops in Chinese for easy comprehension of young entrepreneurs. Moreover, HAB will promulgate the details of the relevant concessionary rates offered to youth groups, including hotel rooms, on the</p>

Para. No.	Audit's recommendations	Progress to date
	<p><i>Need to improve usage of facilities by youth organisations</i></p> <p>(e) continue taking measures to enhance the gainful use of the offices at the YS for the intended purposes, such as introducing appropriate tenancy requirements on office use in future;</p> <p>(f) consider imposing tenancy requirements in future for office tenants to organise youth programmes at the YS; and</p> <p>(g) continue making efforts to invite more “high-priority” tenants to hire retail shops at the YS as far as possible.</p>	<p>YS website.</p> <p>Separately, the Management Contractor will be exerting continued efforts to promote the YS and collaborate with the stakeholders to organise attractive youth programmes at the YS. HAB will continue to foster co-operation with youth organisations to attract target users. HAB will continue to explore more youth-friendly measures to attract young entrepreneurs and young people to use the YS facilities, including reviewing the existing concessionary packages, exploring the possibility of converting some less utilised areas into more gainful uses and of formulating focal theme(s) to attract young patronage.</p> <p>(c) The target youth penetration rate for hostel occupancy is currently set at 40%. HAB will review the optimal target-user mix for hostel in the longer run and assess the demand of youth organisations for hostel accommodation in the 2013 review.</p> <p>(e) and (f) Starting from mid-2012, new contract terms have been added to the office tenancy agreement (TA) to require the tenants to strictly comply with the business nature and operation hours as stipulated in their original rental applications. HAB will continue to take measures to enhance the gainful use of the offices at the YS, and to promote leasing of the offices by the target users, such as NGOs focusing on youths.</p>

Para. No.	Audit's recommendations	Progress to date
2.33	<p>Audit has recommended that SHA should:</p> <p><i>Need to improve usage of facilities</i></p> <p>(a) regarding the low-usage facilities at the YS for audio recording, video recording and editing, photographic production, fashion and design, dancing and exhibition:</p> <p>(i) ascertain the reasons for their low utilisation;</p> <p>(ii) take measures to improve their utilisation; and</p> <p>(iii) in the event of continued low demand, consider converting some of the pertinent areas into other gainful use;</p> <p><i>Need to improve recording of visitors</i></p> <p>(b) take measures to compile more meaningful statistics to assess the popularity of the YS in meeting the youth development objective;</p> <p>(c) continue stepping up efforts to promote the YS, particularly to youths; and</p>	<p>(a) HAB is exploring the feasibility of converting some of the less utilised areas to more gainful uses. HAB will continue to explore various means to encourage the use of YS facilities, including exploring partnership with youth organizations and reviewing the rental policy.</p> <p>(b) In consultation with the MAC, and in addition to the prevailing collection of visitor flow figures, HAB will be collecting further meaningful statistics conducive to the assessment of the popularity of the YS, e.g. the number of youth events held at the YS, the number of participants of these youth events, and satisfaction level of the event participants.</p> <p>(c) In collaboration with the Management Contractor, HAB continues to pro-actively promote the YS to youth groups and to boost their patronage through –</p> <p>(i) launching of the Venue Subsidy Scheme in June 2012 in order to establish a partner relationship with the youth groups; and</p>

Para. No.	Audit's recommendations	Progress to date
	<p><i>Need to ensure proper use of self-study areas</i></p> <p>(d) impose and display appropriate house rules to ensure the proper use of the self-study areas at the YS.</p>	<p>(ii) stepping up of the interactive platform of the YS Facebook members with a view to building a sense of belonging.</p> <p>(d) Appropriate house rules have been introduced to ensure the proper use of the self-study areas at the YS.</p>
2.46	<p>Audit has recommended that SHA should:</p> <p><i>Need to review justifications for the costs incurred</i></p> <p>(a) consider whether the operating costs of the YS are justified by its contribution to youth development;</p> <p>(b) make more accurate financial estimates as far as possible for similar projects in future;</p> <p><i>Need to review rental strategy</i></p> <p>(c) review the rental strategy, in collaboration with the FSTB, with a view to offering the venues and facilities of the YS at affordable prices to the youths and, at the same time, achieving the full-cost-recovery objective as far as possible; and</p> <p>(d) if a proper balance between the two objectives in (c) above cannot be achieved, critically</p>	<p>(a) HAB will consider whether the operating costs are justified by its contribution to youth development in the context of the 2013 review.</p> <p>(b) HAB will endeavor to provide more accurate financial estimates for similar projects in future.</p> <p>(c) and (d) HAB is reviewing the rental strategy, in collaboration with the FSTB, with a view to offering the venues and facilities of the YS at prices affordable to the youths. HAB will review the positioning of the YS with a view to striking a proper balance between the two objectives in the context of the 2013 review, which is expected to be completed in the third quarter of 2013.</p>

Para. No.	Audit's recommendations	Progress to date
	consider in HAB's 2013 review how the YS should be positioned.	
Part 3: Planning and Implementation		
3.21	<p>Audit has recommended that SHA should, in implementing a similar project in future:</p> <ul style="list-style-type: none"> (a) take effective measures to minimise the project risks during the planning and implementation stages; (b) critically consider the location which may affect the success or otherwise of the project; and (c) endeavour to complete the project by the target completion date as far as possible. 	<p>(a), (b) and (c) HAB will take into account the recommendations in implementing a similar project in future.</p>
3.28	<p>Audit has recommended that SHA should, in implementing a similar project in future, ensure that a proper management and supervision structure is in place, including the oversight by a steering committee and close collaboration with major stakeholders from time to time.</p>	<p>HAB will take into account the recommendation in implementing a similar project in future.</p>
3.33	<p>Audit has recommended that SHA should publish at regular intervals the operating results of the YS, including the financial results and achievement of the objective of youth development.</p>	<p>HAB has started to publish the operating results of YS at its website regularly.</p>
Part 4: Way Forward		
4.4	<p>As mentioned in paragraph 1.14, Audit has recommended that SHA should take into account the audit observations and recommendations in the Audit Report in his 2013 review</p>	<p>HAB has noted the views of the youth-related organisations and will take into account their views in conducting the 2013 review.</p>

Para. No.	Audit's recommendations	Progress to date
	of the YS. In his review, the Secretary should also take into account the views of the youth-related NGOs summarized in paragraph 4.3.	
