

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No.56**

of July 2011

19 October 2011

9. ~~The Liquidator issued a notice in the Gazette on 19 August 2011 for convening the Final Meeting of Members on 20 September 2011. The Liquidator also prepared the Final Report and Statement of Accounts of the EAG Company and filed them with the Companies Registry (CR) on 23 September 2011. Pursuant to the Companies Ordinance, the EAG Company will be dissolved at the expiration of three months after the filing of the relevant returns with the CR.~~

Admission ticketing arrangements

10. HAB and LCSD will draw on the experience of the 2009 EAG with a view to improving the ticketing arrangements, including the issue of guest admission tickets to sponsoring organisations, when staging similar sports events in future.

Conversion of squash courts into office accommodation

11. LCSD completed a review of the long-term use of the former EAG Office at the Hong Kong Squash Centre. After considering the technical, cost and usage factors, LCSD has decided to reconvert the office space back to the original six squash courts. The squash courts will be available for multi-purpose use to meet the public demand for facilities for different sport including squash, dancing, fitness training and table tennis. LCSD has consulted the relevant National Sports Association and the Central and Western District Council, and obtained their support for this proposal.

Promoting sport in Hong Kong

12. Hosting the EAG helped raise the community's interest in the development of sport in Hong Kong. SHA, in collaboration with the Director of Leisure and Cultural Services and other relevant stakeholders, will take into account the experience gained from hosting the 2009 EAG when drawing up and implementing further initiatives to promote the development of sport in Hong Kong.

Chapter 2 – Hong Kong Export Credit Insurance Corporation

13. Both the Administration and the Hong Kong Export Credit Insurance Corporation (ECIC) welcome and accept the observations and recommendations made by the Audit and the PAC regarding the governance and operation of the ECIC. The Administration considers that these observations and recommendations help further enhance the governance and operation of the ECIC.

14. Following the publication of the Reports of the Audit and the PAC on the ECIC, the Administration has been working with the ECIC to implement improvement measures and follow-up actions to enhance the latter's governance and operation. The progress made is reported below.

Corporate Governance

15. Pursuant to the recommendations of the Audit, the ECIC has put in place measures to strengthen its governance, including, among others, the drawing up of a rolling three-year strategic plan for annual updating, reviewing its performance indicators and establishing guidelines on the issues to be submitted to its Advisory Board and sub-committees. On-going efforts have also been made to implement all relevant best practices as promulgated in the Efficiency Unit (EU)'s "Guide to Corporate Governance for Subvented Organisations".

16. The PAC urged the Commerce and Economic Development Bureau (CEDB) to expeditiously conduct a review on the governance of the ECIC. The CEDB is doing so and will report to the Legislative Council Panel on Commerce and Industry on the review before the end of 2011. We will inform the PAC of the progress of the review in due course.

Capital and Reserves

17. The CEDB has discussed with the ECIC the use of its surplus and the refund of the Government's capital injection of \$20 million. The ECIC is reviewing its plan for the optimum use of surplus and the issue of capital refunding and will discuss its proposals with the CEDB. We will inform the PAC of progress in due course.

Claims and Recoveries of Export Credit Insurance

18. The ECIC has revised its internal manual, implemented new measures and strengthened its reminder system to ensure the timely processing of insurance claims. It has also set up regular recovery review meetings and formulated an action plan to expedite the write-off of outstanding recovery cases. In addition, the ECIC will enhance its computer system in 2011-12 to facilitate higher level scrutiny of policyholders with repeated breaches and closer monitoring of outstanding recovery cases. We will inform the PAC of progress in due course.

Human Resources Management

19. To address the Audit's recommendations regarding the issues of its staff turnover, staff recruitment and new staff remuneration system, the ECIC has engaged a consultant to review its staff remuneration scheme. It has also promulgated relevant internal recruitment procedures covering the shortlisting criteria, approving authority and documentation requirements. The ECIC will consider necessary measures to address its staff turnover problem and review its existing acting allowance arrangement in 2011-12. We will inform the PAC of progress in due course.

Financial and Administrative Issues

20. The CEDB has requested the ECIC to prepare more detailed budgets and oversee its strict compliance with the current control measures on duty visits. The ECIC has updated its internal guidelines to address irregularities relating to the tendering process and contract administration as identified by the Audit. As the CEDB and the ECIC have addressed the concerns of the Audit, we recommend deleting this part from the next progress report.

Progress made in implementing the Audit recommendations

21. Among the 50 Audit recommendations, actions have been duly completed to address 41 of them and the rest are being actively pursued. Details of the progress in implementing the various recommendations as stated in the Report No. 56 of the Director of Audit are set out at Enclosure 1.

Encl. 1

~~**Chapter 3 — Hong Kong Housing Authority: Management of commercial properties**~~

22. The Administration welcomes the views and recommendations made by the Audit and PAC on improving the management, letting and operational efficiency of the Hong Kong Housing Authority (HA)'s non-domestic properties. The Housing Department (HD) has generally accepted all recommendations made by the Audit and made necessary follow-up actions as appropriate to the recommendations concerned.

Management of Retail Premises

23. The Administration has taken note of the PAC's concern over HD's performance in day-to-day management of the HA's commercial facilities. The HD has recently conducted a comprehensive review on the relevant issues and identified areas for improvement on the day-to-day management and letting of commercial premises. The HD is reviewing its staffing resources deployed to manage commercial properties. In consultation with the HA's Commercial Properties Committee (CPC), the HD has formulated new measures and issued specific guidelines to front-line staff promulgating in detail actions to deter the improper use of retail facilities. These include –

- (i) The HD has investigated into individual suspected cases of improper use of storerooms identified in the Audit Report and taken prompt tenancy enforcement action. The two storerooms identified by the Audit as being used for mahjong playing and the one used as an office, were recovered in the first quarter of 2011. In line with Audit's recommendations, the HD has extended the unit-to-unit inspection exercise to cover all the 2 800 storerooms and issued a new

Hong Kong Export Credit Insurance Corporation (ECIC)

Audit Report Para. No.	Audit Recommendations	Progress To Date (as at 19 October 2011)
Part 2: Corporate Governance		
1.	2.7 (a)	<p>The Secretary for Commerce and Economic Development (SCED) should, in collaboration with the Commissioner, ECIC, regularly review the ECIC's governance and the CEDB's monitoring mechanism over the ECIC's work and performance.</p> <p>The Commerce and Economic Development Bureau (CEDB) is reviewing the governance of the ECIC and will report the outcome of the review to the Legislative Council Panel on Commerce and Industry before the end of 2011.</p>
2.	2.7 (b)	<p>The SCED should, in collaboration with the Commissioner, ECIC, consider how the CEDB should further evaluate the ECIC's performance (e.g. setting appropriate outcome-oriented performance indicators) to ensure that the latter has effectively discharged its public mission of supporting export trade.</p> <p>Action completed.</p> <p>We have further stepped up monitoring by requiring the ECIC to submit its annual corporate plan/budget to SCED for formal approval from 2011-12 onwards, after seeking the support of the Advisory Board. We have reviewed the performance indicators with the ECIC and will continue to review them with the ECIC on a half-yearly basis. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
3.	2.7 (c)	The SCED should, in collaboration with the Commissioner, ECIC, oversee the proper follow-through of the audit recommendations in this Report.	<p>Action completed.</p> <p>The CEDB will ensure that the audit recommendations will be properly followed up just as it did in following up the audit recommendations in the 1992 Audit Report. Given that on-going efforts will be made to address the issue, we recommend deleting this part from the next progress report.</p>
4.	2.11	The Commissioner, ECIC should consider drawing up a strategic plan covering a medium to long-term period to set out the ECIC's mission, vision, strategic objectives and key result areas to be achieved.	<p>Action completed.</p> <p>The Advisory Board discussed and endorsed the Strategic Plan for 2011-12 to 2013-14 at the meeting on 23 March 2011. A rolling three-year strategic plan would be updated and discussed at the Advisory Board meeting in March each year. We recommend deleting this part from the next progress report.</p>
5.	2.20 (a)	The Commissioner, ECIC should in consultation with the SCED, consider establishing guidelines for determining the types of issues (and the proper time frame) for submission to the Advisory Board (and its sub-committees) for endorsement,	<p>Action completed.</p> <p>The Advisory Board discussed and agreed at the meeting on 23 March 2011 the issues to be submitted to it for information or advice for all scheduled meetings in 2011-12.</p>

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		taking into account the outcome of the CEDB's review as mentioned in paragraph 2.7(a).	The Advisory Board further discussed and endorsed the guidelines for determining the types of issues (and the proper time frame) for submission to it (and its sub-committees) for information or advice at the meeting on 10 August 2011. The guidelines will be updated as appropriate having regard to the outcome of the review on the ECIC's governance. We recommend deleting this part from the next progress report.
6.	2.20 (b)	The Commissioner, ECIC should take measures to improve the attendance of members at Advisory Board/Investment Committee meetings.	<p>Action completed.</p> <p>As discussed and agreed at the Advisory Board meeting on 10 August 2011, the ECIC will (a) arrange phone-in facilities for conference calls during meetings to facilitate members' participation in case they are away for business travel or have other engagements; and (b) invite members who are away for business travel or have other engagements to submit written comments.</p> <p>In addition, for members who are absent for two consecutive meetings or have attendance below 50%, the ECIC will continue to follow the Rules and Procedures for Advisory Board Meetings and send them a written reminder. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
7.	2.20 (c)	The Commissioner, ECIC should ensure that the Rules and Procedures for Advisory Board and Investment Committee meetings promulgated in August and October 2010 respectively are properly complied with.	<p>Action completed.</p> <p>Starting from March 2012, annual reports on the compliance of the rules and procedure will be submitted to the Advisory Board, the Investment Committee and the Audit Committee for information. We recommend deleting this part from the next progress report.</p>
8.	2.20 (d)	The Commissioner, ECIC should ensure that Advisory Board/Investment Committee papers are submitted to members in good time before the meetings.	<p>Action completed.</p> <p>Revised and endorsed Rules and Procedures for the Advisory Board and Investment Committee incorporating the paper issued days and the arrangement on late papers were sent to Members for information on 22 February 2011 and 18 February 2011 respectively. Rules and Procedures for the newly set-up Audit Committee were distributed to Members on 18 March 2011 for information. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
9.	2.20 (e)	The Commissioner, ECIC should enhance the ECIC's corporate governance with reference to the best practices contained in the Efficiency Unit (EU)'s "Guide to Corporate Governance for Subvented Organisations".	<p>Action completed.</p> <p>The ECIC has been making reference to the EU's "Guide to Corporate Governance for Subvented Organisations" since May 2010. Out of the 65 best practices identified by the ECIC in the Guide, over 90% have been implemented. In fact, many of them have been the established practices of the ECIC for years. The ECIC will implement the remaining best practices in 2011-12. Given that on-going efforts will be made by the ECIC to address the issue, we recommend deleting this part from the next progress report.</p>
Part 3: Capital and Reserves			
10.	3.12 (a)	The SCED should, in consultation with the Commissioner, ECIC, review the plan on how best the surplus of the ECIC should be put into optimum use, including the use of the surplus to improve the ECIC's services provided to exporters.	<p>In 1996, the Government approved under section 12(1)(d) of the ECIC Ordinance that the statutory surplus of the ECIC should be applied in the first instance to meet the ECIC's other capital and reserve requirements which are not specified under section 12(3) of the Ordinance. As regards any remaining balance of the ECIC's statutory surplus, the ECIC should apply it to:</p> <p>(a) the provision of practical support for Hong Kong exporters, in the form of premium rates reduction and general</p>

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			<p>improvements in services;</p> <p>(b) the provision of new initiatives such as direct cover for bills discounting, tailor-made policies for various service industries, and the provision of medium term cover for exports in both goods and services; and</p> <p>(c) prudential investment either through the ECIC's fund managers or the ECIC itself.</p> <p>The ECIC is reviewing its plan for the optimum use of its surplus and will discuss its proposals with the CEDB in 2011.</p>
11.	3.12 (b)	The SCED should, in consultation with the Commissioner, ECIC, revisit in a timely manner the issue of refunding the Government's capital injections of \$20 million.	The ECIC is reviewing the issue of refunding the Government's capital injections of \$20 million and will submit the review result to the CEDB.

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Chapter 4: Export Credit Insurance		
12.	4.13 (a)	<p>The Commissioner, ECIC should ensure that quotations are accepted by prospective policyholders within the validity period. For cases involving acceptance of quotations after the validity period, proper documentation of the justifications should be kept.</p>
13.	4.13 (b)	<p>The Commissioner, ECIC should ensure that the policy commencement date is determined in accordance with the guidelines to properly reflect the ECIC's risk exposure.</p>

Action completed.

The ECIC has enhanced the computer system and built in a mechanism to ensure the quotations accepted by prospective policyholders are within the approved validity period. The computer system enhancement was launched on 1 June 2011. We recommend deleting this part from the next progress report.

Action completed.

The ECIC enhanced the existing policy processing system on 12 January 2011 so that the issuance of a policy with a commencement date earlier than the date of a proposal is not allowed. This is to ensure that the policy commencement date is determined in accordance with the guidelines to properly reflect the ECIC's risk exposure. We recommend deleting this part from the next progress report.

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14.	4.13 (c)	The Commissioner, ECIC should ensure that ECIC staff clarify with the prospective policyholders and document the results before making adjustments to the information provided in their proposals.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system and built in a control mechanism to ensure that the ECIC staff should clarify with the prospective policyholders and document the results before making adjustments to the information provided in their proposals. The computer system enhancement was launched on 1 July 2011. We recommend deleting this part from the next progress report.</p>
15.	4.13 (d)	The Commissioner, ECIC should ensure that the guidelines on the assessment of the factors for determining the premium loading for new policy or policy renewal are followed by ECIC staff.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system with built-in guidelines to ensure that its staff will comply with the guidelines on the assessment of the factors for determining the premium loading for new policy or policy renewal. The computer system enhancement was launched in August 2011. We recommend deleting this part from the next progress report.</p>

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16.	4.13 (e)	The Commissioner, ECIC should ensure that proper documentation is always kept to support the assessment to determine the premium loading.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system and built in a mechanism to guide the ECIC staff to complete the assessment process so that proper documentation will be kept to support the determination of premium loading. The computer system enhancement was launched in August 2011. We recommend deleting this part from the next progress report.</p>
17.	4.26 (a)	The Commissioner, ECIC should ensure that ECIC staff process Credit Limit Applications (CLAs) in a timely manner.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system with additional control and alert mechanisms to ensure timely processing of CLAs. The computer system enhancement was launched in September 2011. We recommend deleting this part from the next progress report.</p>
18.	4.26 (b)	The Commissioner, ECIC should ensure that process reviews of the CLAs are carried out independently by staff at the appropriate level.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system in May 2011 to ensure process reviews of the CLAs are carried out independently by staff</p>

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			at the appropriate level. We recommend deleting this part from the next progress report.
19.	4.26 (c)	The Commissioner, ECIC should ensure that the ECIC staff keep proper documentation for buyer reviews, including the justifications for not adjusting the credit limits.	<p>Action completed.</p> <p>The ECIC has enhanced the computer system with workflow control to ensure the buyer review process and justifications for adjusting/not adjusting the credit limits are documented. The computer system enhancement was launched in September 2011. We recommend deleting this part from the next progress report.</p>
20.	4.26 (d)	The Commissioner, ECIC should comply with the procurement guidelines to carry out open tendering for contracts with value exceeding \$1 million. If no open tendering is carried out, the case should be justified, properly documented and approved.	<p>Action completed.</p> <p>In order to enhance transparency, the ECIC would submit an annual report providing information on the tendering process and vendors (unnamed) awarded to the Advisory Board for information.</p> <p>An annual report on procurement exceeding \$0.50 million in value was discussed at the Advisory Board meeting on 23 March 2011. We recommend deleting this part from the next progress report.</p>

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21.	4.36 (a)	The Commissioner, ECIC should ensure that the guidelines for obtaining prior approval are followed before making any claims payments for dispute cases.	<p>Action completed.</p> <p>The internal manual was revised in March 2011 to ensure consistency in handling such cases. We recommend deleting this part from the next progress report.</p>
22.	4.36 (b)	The Commissioner, ECIC should take measures to ensure that policyholders report overdue payments according to the terms and conditions of the insurance policy (e.g. by rejecting their claims).	<p>Action completed.</p> <p>The ECIC has strengthened the reminder system. In addition to the current practice of reminding policyholders of the reporting requirement on various occasions such as periodic seminars and policy inception and renewals, starting from September 2011, policyholders are also reminded on (a) the reporting requirement and consequences of non-compliance through articles in the Corporation's newsletter Compass and e-news; and (b) the terms and conditions of the insurance policy through the EC-link platform for policy administration and documents at policy inception and upon renewal. We recommend deleting this part from the next progress report.</p>

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23.	4.36 (c)	The Commissioner, ECIC should ascertain whether there are repeated breaches of the policy's terms and conditions by the same policyholders before making claims payments.	The ECIC will enhance the computer system to identify policyholders with repeated breaches for higher level scrutiny. The enhancement is expected to be completed in 2011-12.
24.	4.36 (d)	The Commissioner, ECIC should take measures to ensure that policyholders declare all insurable transactions in a timely manner.	<p>Action completed.</p> <p>The ECIC has strengthened the reminder system. In addition to the current practice of reminding policyholders to declare all insurable transactions in a timely manner on various occasions such as periodic seminars and policy inception and renewals, starting from September 2011, policyholders are also reminded on (a) the requirement and the consequences of non-compliance through articles in the Corporation's newsletter Compass and e-news, credit limit application and declaration forms; and (b) the terms and conditions of the insurance policy through the EC-link platform for policy administration and documents at policy inception and renewal. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
25.	4.36 (e)	The Commissioner, ECIC should ensure that omitted shipments are subsequently declared (e.g. by withholding claims payments until the omitted shipments have been declared).	<p>Action completed.</p> <p>The ECIC has implemented new measures since January 2011 so that claims payment will be withheld until the omitted shipments, if any, are declared. We recommend deleting this part from the next progress report.</p>
26.	4.45 (a)	The Commissioner, ECIC should regularly review all outstanding recovery cases according to the guidelines.	The ECIC has further strengthened the recovery function by setting up regular recovery review meetings. A new committee for claims and recoveries has been set up to review outstanding recovery cases on a quarterly basis. The first meeting was held in October 2011.
27.	4.45 (b)	The Commissioner, ECIC should take prompt follow-up actions in pursuing recoveries.	The ECIC will enhance the computer system in 2011-12 to facilitate closer monitoring of outstanding recovery cases by the Head of Claims Unit.

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28.	4.45 (c)	The Commissioner, ECIC should closely follow up on the resale of distressed merchandise to avoid any possible loss in recoveries.	The computer system will be enhanced to highlight distressed merchandise cases for claim staff to handle them in 2011-12.
29.	4.45 (d)	The Commissioner, ECIC should write off cases as soon as practicable where the prospect of recovery is non-existent or too remote.	Action completed. The ECIC has formulated an action plan for reviewing the outstanding recovery cases. All the cases are now reviewed at least once every six months. 250 cases with remote recovery prospect have been written off. We recommend deleting this part from the next progress report.
30.	4.52 (a)	The Commissioner, ECIC should ensure that regular reviews of the optimum ceding ratio of reinsurance are conducted in accordance with the ECIC's guidelines, and the results are properly documented.	Action completed. The renewal of reinsurance treaty for 2011-12 has been completed and a review on the optimum ceding ratio of reinsurance was conducted in accordance with the guidelines. We recommend deleting this part from the next progress report.

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31.	4.52 (b)	The Commissioner, ECIC should ensure that major changes relating to the reinsurance treaty with reinsurers are reported to the Advisory Board.	<p>Action completed.</p> <p>At the Advisory Board meeting on 10 August 2011, the ECIC informed members of major terms of the 2011-12 treaty. The Advisory Board will thereafter be briefed on major terms of reinsurance treaty on an annual basis. We recommend deleting this part from the next progress report.</p>
32.	4.58 (a)	The SCED should assess, including seeking legal advice, the implications of section 9(3) of the ECIC Ordinance on the services currently provided by the ECIC.	<p>Action completed.</p> <p>The CEDB has sought legal advice which reconfirms that the services provided by the ECIC are consistent with the true intent, meaning and spirit of section 9(3) of the ECIC Ordinance. We recommend deleting this part from the next progress report.</p>
33.	4.58 (b)	The SCED should if necessary, take measures to rectify the situation to ensure that the scope of the ECIC's services complies with section 9(3) of the ECIC Ordinance.	<p>Action completed.</p> <p>The CEDB will continue to ensure that the ECIC Ordinance is complied with through regular monitoring. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.	Audit Recommendations	Progress To Date (as at 19 October 2011)
Chapter 5: Human Resource Management		
34.	5.5	<p>The Commissioner, ECIC should investigate the reasons for the high staff turnover and devise measures to address the problem.</p> <p>The ECIC reported the findings from the exit interviews to the Advisory Board at the meeting on 23 March 2011.</p> <p>The ECIC delinked its pay scale from the civil service pay scale in 2008. It has been an established practice to regularly review the remuneration scheme to ensure that staff compensation is in line with the market. In 2010-11, the ECIC engaged a consultant for this regular review. The ECIC is reviewing the recommendations. Having regard to the findings of the exit interviews, the ECIC will seek advice from the Advisory Board and the CEDB for necessary actions to be taken in 2011-12.</p>
35.	5.11 (a)	<p>The Commissioner, ECIC should promulgate guidelines for shortlisting of candidates in staff recruitment exercises. In particular, the guidelines should specify that, in each recruitment exercise the shortlisting criteria are clearly set out.</p> <p>Action completed.</p> <p>The ECIC has put in place internal recruitment procedures for compliance in all recruitment exercises. These include the documentation of shortlisting criteria, and the rank and post of the staff responsible for preparing and approving the shortlist. We recommend deleting this part from the next progress report.</p>
36.	5.11 (b)	<p>The Commissioner, ECIC should promulgate guidelines for shortlisting of</p>

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		<p>candidates in staff recruitment exercises. In particular, the guidelines should specify that, in each recruitment exercise the rank and post of the staff responsible for preparing and approving the shortlist are properly documented.</p>	
37.	5.17 (a)	<p>The Commissioner, ECIC should, in consultation with the SCED conduct a review of the payment of acting allowance, taking into account the market practice.</p>	<p>The existing acting allowance arrangement will be reviewed in 2011-12 taking into account market practices.</p>
38.	5.17 (b)	<p>The Commissioner, ECIC should, in consultation with the SCED review the practice of giving the Commissioner the free use of the ECIC's car for home-to-office return journeys.</p>	<p>Action completed.</p> <p>The Commissioner's Memorandum of Conditions of Service was reviewed and amended in March 2011, which gives him the free use of the ECIC's car for home-to-office journeys. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.	Audit Recommendations	Progress To Date (as at 19 October 2011)
Part 6: Financial and Administrative Issues		
39.	6.6 (a)	<p>The SCED should require the ECIC to provide the Advisory Board with more details of the components of the expenditure items included in the financial budget to facilitate its consideration and endorsement.</p> <p>Action completed.</p> <p>The CEDB has asked the ECIC to provide the ECIC Advisory Board with more details of expenditure in its Budget. We recommend deleting this part from the next progress report.</p>
40.	6.6 (b)	<p>The SCED should require the ECIC to obtain the endorsement of the Advisory Board for expenditures which exceed the budgeted amounts.</p> <p>Action completed.</p> <p>The CEDB has asked the ECIC to provide the ECIC Advisory Board with more details of expenditure in its Budget and requested it to obtain endorsement of the Advisory Board in case its actual expenditure exceeds budgeted amounts and contingencies set aside as previously approved by the Advisory Board. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
41.	6.11 (a)	The SCED should ensure that all measures to improve control over duty visits are relayed to the ECIC in a timely manner.	<p>Action completed.</p> <p>Since July 2008, the Commissioner or Acting Commissioner is required to seek the approval of the Permanent Secretary for Commerce and Economic Development (Commerce, Industry & Tourism) and inform the Chairman of the Advisory Board in advance for all duty visits regardless of the duration of the trips or whether acting appointments will be required. We recommend deleting this part from the next progress report.</p>
42.	6.11 (b)	The SCED should ensure that the control measures are strictly complied with.	<p>Action completed.</p> <p>The control measures currently in place over duty visits of the Commissioner and Acting Commissioner have been strictly complied with by the ECIC. We recommend deleting this part from the next progress report.</p>

Audit Report Para. No.		Audit Recommendations	Progress To Date (as at 19 October 2011)
43.	6.30 (a)	The Commissioner, ECIC should ensure that contracts are awarded through tendering exercises instead of selecting contractors simply based on vendor evaluations.	Action completed. The irregularities identified in paragraphs 6.13 to 6.29 of the Audit Report took place before 2008. Relevant requirements under paragraphs 6.30(a), (b), (d) to (h) have already been incorporated in the internal guidelines since July 2008.
44.	6.30 (b)	The Commissioner, ECIC should ensure that all factors that may affect the service quality of the contractors are taken into account in assessing their ability to provide the contract services.	For paragraph 6.30(c), the internal manual was updated in February 2011 to reflect the requirement. We recommend deleting these parts from the next progress report.
45.	6.30 (c)	The Commissioner, ECIC should ensure that if a third party's advice on the service quality or ability of the service providers is required, he should be an independent person and there should not be any conflicts of interest.	

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46.	6.30 (d)	The Commissioner, ECIC should ensure that contract commencement date is set in accordance with the date of contract signing and should not be backdated.	
47.	6.30 (e)	The Commissioner, ECIC should ensure that contracts are prepared with sufficient details and are properly vetted by legal professionals. In particular, standard elements (covering the scope of work, key deliverables, key project milestones and remedies for unsatisfactory contract performance, etc.) should be clearly specified in the contract documents.	
48.	6.30 (f)	The Commissioner, ECIC should ensure that contract payments are made based on services actually provided by the contractors and received by the ECIC.	

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49.	6.30 (g)	The Commissioner, ECIC should ensure that any changes to the terms and conditions of the contracts, such as contract payments, are fully justified and are properly supported by contract addendums.	
50.	6.30 (h)	The Commissioner, ECIC should ensure that service requirements are properly assessed before outsourcing contracts are awarded to avoid premature contract terminations.	
