

Home Affairs Bureau's funding schemes and programmes for youth exchange and internship

The Audit Commission ("Audit") conducted a review to examine the provision of youth exchange and internship activities by the Home Affairs Bureau ("HAB").

2. Hon Steven HO Chun-yin declared that he was Deputy Chairman of the Federation of New Territories Youth, and the Federation might have applied for sponsorship under the youth exchange and internship programmes run by HAB. Hon SHIU Ka-fai declared that he was a member of the Liberal Party and the Liberal Party Youth Committee had applied for sponsorship under the Funding Scheme for Youth Exchange in the Mainland ("YEFS").

3. HAB runs four funding schemes for youth exchange and internship ((a) YEFS; (b) Funding Scheme for Youth Internship in the Mainland ("YIFS"); (c) Funding Scheme for Exchange in Belt and Road Countries; and (d) Funding Scheme for International Youth Exchange ("IYEFS")) and three programmes of youth exchange ((a) International Youth Exchange Programme ("IYEP"); (b) Summer Exchange Programme ("SEP"); and (c) Guangdong-Hongkong-Macao Youth Cultural Exchange Programme ("CEP")). To implement the above funding schemes and programmes, HAB works closely with two non-statutory bodies established under its purview, namely the Commission on Youth ("CoY") and the Committee on the Promotion of Civic Education ("CPCE"). From 2012-2013 to 2016-2017, the number of projects, the number of participants, and the expenditure of exchange and internship activities had increased by 162% (from 137 in 2012-2013 to 359 in 2016-2017), 161% (from 8 774 in 2012-2013 to 22 893 in 2016-2017) and 384% (from \$26.4 million in 2012-2013 to \$127.7 million in 2016-2017) respectively.

4. The Committee noted the following findings from the Director of Audit's Report:

- of the 60 projects (for the period April 2012 to December 2017) examined by Audit, Audit found that:
 - (a) no assessment interviews had been conducted for YEFS and IYEFS projects. In one case in 2016-2017, YEFS sponsorship was granted to an organization whose tours had many places not taken up in 2014-2015 (i.e. 158 (35%) of 450 places) and 2015-2016 (i.e. 337 (75%) of 450 places) and which had delayed

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the submission of financial reports and activity reports of the projects¹ in 2015-2016;

- (b) complementary activities² expenses varied widely, accounting for 0% to 61% of the total sponsorship for a project. In 2017-2018, HAB imposed a sponsorship limit on the overall complementary activities of YIFS projects (i.e. 25% of the total sponsorship for a project or \$200,000, whichever was lower), while no limit had been set for projects under YEFS, Funding Scheme for Exchange in Belt and Road Countries and IYEFS;
 - (c) the guidelines laid down by HAB on application for and use of sponsorships (hereinafter collectively known as "funding guidelines") did not specify the circumstances for granting half-day sponsorship to cover transportation, hence causing inconsistency in the application of the daily sponsorship rate in two of the 60 projects; and
 - (d) in 2015-2016, a YIFS project was approved a sponsorship of \$1.4 million, which exceeded the sponsorship limit for a single project (i.e. \$700,000 in 2015-2016) in accordance with the funding guidelines;
- the funding guidelines had not set a requirement on the minimum actual number of participants for YEFS projects before 2018-2019. In 2015-2016, there was a YEFS project with only one participant against an intended number of 28;
 - in 22 (40%) of the 55 completed projects examined by Audit, there was delay in submission of activity reports/financial reports ranging from 10 days to 36 months, averaging 8.9 months;
 - Audit examined 30 projects cancelled in 2012-2013 to 2016-2017 and found that the main reasons for cancellation were low enrolment rate

¹ HAB has laid down guidelines on application for and use of sponsorship funding guidelines. According to these guidelines, organizations are required to submit activity reports and financial reports to HAB within three months after the completion of projects.

² These activities take place outside the destinations of exchange/internship and include those such as pre-trip team building and training activities, post-trip debriefing and learning reflection sessions, publicity, and the conduct of audit on the financial report of the project. Expenses for such activities are reimbursed on an actual basis, subject to the sponsorship limits of individual expenditure items/activities stipulated in the funding guidelines.

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- and inability to organize the tour within the approved time frame. In 12 (40%) of the 30 projects, the organizations informed HAB of the cancellation of projects after the scheduled tour departure dates;
- in 2012-2013 to 2016-2017, of the three exchange programmes, IYEP and SEP were 243% and 124% oversubscribed respectively. However, 7% (23 places) of the programme capacity of IYEP and 12% (22 places) of that of SEP had not been utilized. For projects under CEP, the number of nominations received and recruited had decreased by 43% from 42 in 2012-2013 to 24 in 2016-2017. In 2016-2017, 42% of the budgeted number of CEP places had not been utilized;
 - for the 35 exchange projects organized under the programmes of youth exchange in 2012-2013 to 2016-2017, manpower support of projects ranged widely from 1:3 (i.e. one official delegate attending to three youth delegates) to 1:25 (i.e. one official delegate attending to 25 youth delegates);
 - for the IYEP projects conducted in 2012-2013 to 2016-2017, only 103 (33.4%) of the 308 youth delegates reported that they had honoured their post-trip voluntary service commitment;³
 - from 2012-2013 to 2016-2017, HAB conducted 29 procurement exercises for outsourcing the logistic services which were required for the implementation of IYEP, SEP and CEP, but the overall response rate was only 9.4%. During the same period, 14 (87.5%) of the 16 quotations received for IYEP were submitted by a non-governmental organization, and this non-governmental organization was the sole contractor providing services for IYEP over the five-year period. The proportion of service charges in contractor fees for IYEP projects had increased from 24.7% in 2012-2013 to 38.7% in 2016-2017;
 - from 2014-2015 to 2016-2017, some members of CoY, CPCE and the working groups/sub-committees under these two organizations to administer the funding schemes did not attend any meetings, and the proportion of members who did not attend any meetings was as high as 17% for CoY's Working Group on Youth Exchange and Internship in the Mainland in 2014-2015;

³ Before 2017-2018, delegates of IYEP projects were required to perform at least 50 hours of post-trip voluntary services within one year upon returning from the overseas visit.

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- one CoY member had submitted an incomplete first-tier declaration⁴ form, and two CPCE members had not submitted the first-tier declaration forms in 2017-2018. Audit also examined the second-tier declaration forms submitted by 20 members of CoY/CPCE for the years 2014-2015 to 2017-2018 and discovered that in 21 cases (involving three members), the decisions on members' declared interests had not been documented in the minutes of meetings; and
- HAB's provision of youth exchange and internship activities had been mainly focused on projects in the Mainland. From 2012-2013 and 2015-2016, only 24 (3.3%) of the 726 projects of youth exchange and internship projects were conducted in other countries. In 2012-2013 to 2016-2017, there were no projects which provided international internship places.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the management of funding schemes for youth exchange and internship; and the measures to improve the implementation of youth exchange programmes as well as the governance of CoY and CPCE. The replies from **Secretary for Home Affairs** are in *Appendix 16*.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁴ CoY and CPCE have adopted a two-tier system for their members to declare personal interests.