

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 69A and No. 70**

of May and July 2018

31 October 2018

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 69A
DATED MAY 2018**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 69)**

Administration of lump sum grants by the Social Welfare Department

The Government accepts the views and recommendations of the Audit Commission (Audit) and the Public Accounts Committee (PAC) regarding the administration of lump sum grants by the Social Welfare Department (SWD), with follow-up actions taken as appropriate. The progress made is reported below.

Financial monitoring

2. In respect of the monitoring of the financial position of non-governmental organisations (NGOs) subvented by SWD, SWD will continue to monitor their compliance with the relevant requirements stipulated in the Lump Sum Grant (LSG) Manual and the Best Practice Manual (BPM) and facilitate them to share, adopt and implement the good practices on the use of reserves, disclosure of the status of reserves and determination of the appropriate level of reserves. SWD will also review the Annual Financial Reports (AFRs) and annual audited financial statements submitted by NGOs to ascertain the soundness of their financial position.

3. For NGOs incurring persistent and huge deficits or utilising large sums of their reserves in service operation, SWD will continue to ascertain with them the underlying reasons, including NGOs' overall income situation in addition to subventions received from SWD, and give appropriate advice and conduct reviews, so that the NGOs concerned could maintain a healthy financial position and ensure sustainability and stability in the provision of the required subvented services.

4. Regarding the cost apportionment arrangements, SWD will continue to discuss the matter through the Lump Sum Grant Steering Committee (LSGSC) or other suitable channels, and draw up a set of cost apportionment guidelines on the use of LSG subvention, including the apportionment arrangement of operation costs between Funding and Service Agreement (FSA) activities and non-FSA activities, for NGOs' reference.

5. SWD issued the “Notification Letter on Social Welfare Subventions for 2018-19” on 21 March 2018 to remind all subvented NGOs to adopt measures to follow up on relevant recommendations in the Audit Report. Members of the LSGSC were also briefed on the Audit Report and the PAC Report No. 69A at its 44th meeting held on 12 July 2018 for facilitating the implementation of the recommendations.

Monitoring of the remuneration of senior executives of subvented NGOs

6. The Government attaches great importance to transparency and public accountability in the use of public money. Under the Lump Sum Grant Subvention System (LSGSS), the accountability of NGOs and the monitoring requirements have been specified in the LSG Manual, including disclosing to the public their AFRs containing information of expenditure in personal emoluments and allowing SWD to collect information on the personal emoluments of staff in the top three tiers. The public can access the relevant information on SWD’s website.

7. As regards the follow-up on the guidelines for the control and monitoring of remuneration practices in respect of senior executives in subvented bodies promulgated by the Circular Memorandum issued by the Administration Wing in March 2003, the Administration Wing issued the updated set of guidelines on 27 August 2018 under which policy bureaux are required to request subvented bodies that are not exempted from the requirements to submit their review reports on remuneration packages and disclose them to the public. SWD is currently discussing with NGOs on revising the requirements concerning the monitoring of remunerations of senior staff of subvented NGOs in the LSG Manual, and will inform NGOs within 2018 the updated guidelines and the specific arrangements and details for the submission of Review Reports on Remuneration Packages for Staff in the Top Three Tiers in accordance with those guidelines.

Self-assessment of service quality by NGOs

8. At present, SWD monitors subvented services of NGOs through the Service Performance Monitoring System (SPMS). Under the SPMS, SWD and NGOs jointly draw up FSAs on the subvented services to formulate service standards and assess service performance. Various requirements (including Essential Service Requirements (ESRs) and Output/Outcome Standards (OS/OCs)) and the 16 Service Quality Standards (SQSs) that NGOs are obliged to meet are clearly stipulated in individual FSAs jointly signed by SWD and NGOs. NGOs are required to properly manage their service units to ensure compliance with the FSA requirements.

9. In accordance with the SPMS, NGOs are required to submit on a regular basis statistical reports and self-assessment reports in respect of their service units (including a half-yearly report in October each year on variance on OS/OCs of the service units and a report in April each year on the full-year performance on ESRs, SQSs and OS/OCs of the service units).

10. SWD also writes to all NGOs twice a year, reminding their heads to submit the aforementioned self-assessment reports. Where there is non-compliance, NGOs are required to submit action plans for improvement at the same time and implement the relevant measures. The self-assessment report should be completed in a format prescribed by SWD. Forms relating to the self-assessment report, which are sent together with the letters issued to NGOs, have been uploaded onto SWD's website.

11. SWD has published the "Service Performance Monitoring System Performance Assessment Manual", which sets out in detail the workflow of conducting performance assessment under the SPMS. SWD has also produced self-assessment guidelines and tools, including Implementation Handbook, Assessment Matrix and Self-assessment Checklist for SQSs; Assessment Form for ESRs; and the form on Action Plan for improvement action. The Performance Assessment Manual and various self-assessment guidelines and tools have been uploaded onto SWD's website for NGOs' reference and use in the self-assessment process.

12. If inaccuracies are found in NGOs' self-assessment, SWD will require the concerned NGOs to make rectification, and will also issue management letters to advise the heads of the NGOs concerned to critically examine their self-assessment mechanisms and take appropriate actions to ensure due and accurate reporting.

13. As recommended by Audit, SWD issued on 20 March 2018 a management letter to remind NGOs of the need for accurate reporting and computing of the OS/OCs as well as conducting the self-assessment on compliance with ESRs and SQSs. SWD also encourages NGOs to make use of the ESR Assessment Form and Self-assessment Checklist for 16 SQSs for self-assessment and to exercise due care in completing the concerned form and checklist, which can be downloaded from SWD's website with the respective hyperlinks provided in the letter. Similar letters will be issued to NGO heads in March every year in future.

14. Moreover, SWD will conduct a briefing session for NGOs to share the good practices identified in NGOs' conduct of self-assessment of OC achievements. SWD will also encourage NGOs, having regard to their own circumstances, to put in place an internal service inspection mechanism with a view to enhancing their internal controls and monitoring of service performance.

Monitoring of service delivery by SWD

15. Under the existing monitoring system, apart from requesting NGOs to submit statistical reports and self-assessment reports on a regular basis, SWD would also conduct visits to all subvented NGOs in every monitoring cycle (one cycle every three years), and conduct review or surprise visits to selected subvented service units in order to assess and monitor their service performance. If non-compliance is identified during the visit, a “Record on Area of Improvement” would be issued on-site. The NGO concerned would be required to submit an action plan for improvement within four weeks from the date of visit for rectification and implementation of the improvement measure(s).

16. According to the current practice, SWD’s assessors would request the unit being visited to provide relevant policy and procedural documents and implementation records for assessment. The assessors would, having regard to the different items and areas of assessment, decide on the different volumes of records to be requested from the units. Some of the records would be selected by the assessors while some would be provided by the units.

17. During service performance visits, SWD’s assessors would collect the feedback of service users systematically by the following means –

- (a) conducting interviews with service users as arranged by the unit being visited so as to learn about its implementation of ESRs and SQSs;
- (b) selecting service users of the unit being visited for completing questionnaires; and
- (c) requesting the unit being visited to make arrangement if service users in the unit cannot be selected for completing questionnaires for various reasons, such as the absence of drop-in services/unit-based services, or communication difficulties of service users.

18. To strengthen the monitoring of service performance, SWD has been implementing the Special Visitation Programme (SVP) since 2016-17 to conduct visits within five years to all units not having been visited. As it is necessary for SWD to accord priority to the units selected for visits during the 2015-18 cycle in 2016-17 and 2017-18, the number of SVP visits for those two years is relatively smaller. Most of the SVP visits are arranged to be conducted from 2018-19 to 2020-21.

19. According to the current progress, the SVP visits for 2016-17 and 2017-18 were carried out on schedule. For the remaining three years (i.e. from 2018-19 to 2020-21), SWD will continue to closely monitor the progress to ensure that the remaining SVP visits are conducted on schedule as well.

20. As recommended by Audit, SWD has reviewed the approach to conducting service performance visits for the monitoring cycle of 2018-21, and assessed the manpower needs to ensure that adequate manpower will be available to conduct the performance visits upon the implementation of the recommended enhancements. SWD has also formulated enhanced measures for its assessors to select, as far as possible, service users for interviews or completing questionnaires and samples for examination. The approach to conducting service performance visits for the monitoring cycle of 2018-21 and the enhanced measures have been discussed at the meetings of the LSGSC. SWD conducted a briefing session on 26 September 2018 and issued a management letter on 5 October 2018 to brief all NGOs on the relevant details before the implementation of the enhanced measures.

21. Under the current monitoring system, most of the service units have achieved the required performance standards. To enhance efforts in handling service units with persistent underperformance, SWD set up in July 2017 a Service Performance Monitoring Committee to closely monitor the services with persistent underperformance and discuss appropriate measures with a view to taking timely follow-up actions.

22. Besides, as recommended by Audit, SWD has included the attainment of ESRs and SQSs in the annual summary reports starting from the 2017-18 cycle. The reports will be renamed “Summary Reports on Performance on ESRs/SQSs/OSs/OCs”, which will be uploaded to SWD’s Intranet for the attention of directorate officers.

Governance and management matters

Enhance the implementation of the Best Practice Manual

23. The Government agrees with the recommendations of the Director of Audit and the PAC to assist NGOs in enhancing the implementation of the BPM, which include carrying out on-site assessments in nine NGOs in the form of a pilot scheme between January and March of 2018 to evaluate the actual implementation of Level One guidelines and inspect the implementation records of NGOs concerned; requesting NGOs to list out information relating to the implementation of the relevant criteria and procedures on their Self-assessment Checklists for Level One guidelines starting from 2018-19 to ensure accurate reporting, such as the dates of board meetings, the date and method of dissemination of information to stakeholders, etc.

24. SWD hosted a sharing session on the BPM in September 2018 and invited NGOs to share their experiences and good practices identified in the implementation of Level Two guidelines, so as to encourage NGOs to adopt the good practices and enhance the promotion of Level Two guidelines to them.

25. SWD has, through the Working Group on the Implementation Details of BPM (BPM Working Group) (meetings held on 12 December 2017 and 31 May 2018) and the LSGSC (meeting on 12 July 2018), agreed with the management and staff side of NGOs on three items of the BPM relating to human resource management. SWD will, through the BPM Working Group, continue its efforts to forge agreement between the management and staff side of NGOs on the final outstanding item relating to staff remuneration policy.

Problem of staff turnover

26. Human resource management, including recruitment and staff turnover, as well as the formulation of pay structure and benefits, etc., is in the realm of corporate governance of NGOs. SWD is very concerned about the manpower requirements in the sector. Staff turnover is subject to many factors, including other employment opportunities and personal development, etc. Remuneration package also has an impact on manpower and service performance. SWD shall continue with the existing practice to collect and collate employment data regularly for the sector's reference. Meanwhile, issues relating to pay structure, staff turnover rate and vacancies will be examined in detail in the ongoing Review on Enhancement of LSGSS.

Review of the Lump Sum Grant Subvention System

27. The Government recognises that different stakeholders of the sector including NGO management, frontline staff and service users have various views on how to improve the LSGSS. We agreed that this system, which has been implemented for nearly 18 years, needs to keep pace with the times, and that the system can be continuously optimised. The Task Force for Review on Enhancement of Lump Sum Grant Subvention System (Task Force) was set up in November 2017 to conduct a comprehensive review on how to optimise the LSGSS. The Task Force comprises a wide range of representatives, including Members of the Legislative Council; representatives from the Hong Kong Council of Social Service, NGO management, staff side, service users, LSGSS-related committees, independent parties from the community, Labour and Welfare Bureau and SWD, so as to collect the views from different stakeholders. The Task Force agreed that the review should be comprehensive and thorough, and in June 2018, the following eight areas were formally established as the scope of the review –

- (a) Operating environment of NGOs under the LSGSS;
- (b) Review of staffing establishment and subvention benchmarks;
- (c) Use of LSG/Provident Fund reserve and financial planning;
- (d) Pay structures, staff turnover rate and vacancies;
- (e) FSA-related activities and flexibility provided for NGOs;
- (f) Mechanisms for reviewing FSAs and NGOs' service performance assessment;
- (g) Transparency and public accountability; and
- (h) Communication and participation of stakeholders.

28. To carry out the review of the scope set out above, the Task Force will collect relevant information and data from NGOs for analysis and as a basis for detailed deliberation in future. Apart from sending out questionnaires to NGOs, SWD has also hired a consultancy firm to assist in the exercise. In addition to discussion at the meetings, the Task Force will also conduct a number of sector consultation sessions and focus groups during the review process to listen to and collect the views of the stakeholders. The first round of sector consultation sessions and focus group meetings were held in August and September 2018. The entire review is expected to be completed by mid-2020.

Progress made in implementing Audit's and PAC's recommendations

29. A summary of the latest progress in the implementation of the specific recommendations of Audit and PAC is at Enclosure 1.

Encl. 1

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 70
DATED JULY 2018**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 70)**

**Chapter 2 – Consumer protection against unfair trade practices, unsafe goods,
and short weights and measures**

30. The Government generally agrees with the recommendations made by the Audit. The Commerce and Economic Development Bureau (CEDB), the Customs and Excise Department (C&ED), the Office of the Communications Authority (OFCA) and the Consumer Council (CC) have taken follow-up actions to address the recommendations as appropriate. The progress made is reported below.

Enforcement work against unfair trade practices

31. In the light of the observations and recommendations of the Audit, C&ED and OFCA have, in consultation with CEDB, conducted a comprehensive review of enforcement issues of the Trade Descriptions Ordinance (TDO) to further enhance enforcement effectiveness in protecting consumers.

32. On the enforcement work against unfair trade practices, C&ED has implemented measures to strengthen the control mechanism on supervisory oversight of investigation progress and fieldwork, as well as the monitoring mechanism to meet internal time standards in handling investigation cases. In order to improve complaint handling mechanisms and ensure the accuracy of reporting achievement of key enforcement targets in Controlling Officer's Report (COR), C&ED has promulgated revised guidelines. Following Audit's recommendation, C&ED has made use of exception reports generated from computer system to monitor progress of investigation cases. On the other hand, OFCA has promulgated a performance pledge for TDO enforcement to enhance transparency and accountability.

33. In order to facilitate case referral, C&ED and the CC have enhanced their system interface as recommended by the Audit. OFCA and the CC have also agreed to share unfair trade practice information in relation to telecommunications and broadcasting services on a monthly basis via electronic means.

Enforcement work against unsafe goods, and short weights and measures

34. C&ED has reviewed the enforcement work on the Consumer Goods Safety Ordinance (CGSO), Toys and Children's Products Safety Ordinance (TCPSO), and the Weights and Measures Ordinance (WMO), and implemented improvement measures in light of the recommendations of the Audit. For instance, C&ED has set out clearer instructions for frontline officers to increase the effectiveness of CGSO and TCPSO-related spot checks and stepped up spot checks on online sales. In order to enhance WMO enforcement work, C&ED conducted more test purchases to increase detection rate of spot checks, revised guidelines to ensure timely approval of WMO-related work plans and ensured adequate spot checks would be conducted for target trades. C&ED has revised the guidelines on complaint handling to improve complaint classification and strengthened checking of key enforcement targets in the COR. The monitoring of the progress of investigation cases has been improved by making use of exception reports generated from computer system as recommended by the Audit.

Other Consumer Protection Measures

35. With a view to enhancing its complaint handling work, the CC has provided more guidance to staff in taking follow-up actions. For the long-outstanding complaint cases identified during the audit process, the CC has ensured that they have all been handled or closed as appropriate. In addition, the CC has implemented guidelines on monitoring traders for service improvement as recommended by the Audit. Since April 2018, the CC has commenced the revamp project of CHOICE Magazine. Moreover, the CC plans to enhance the functions of its Complaints Case Management System (CCMS) so as to enhance the accuracy of its reporting of the performance targets in the COR, improve complaint follow-up actions, and enhance the CCMS's analytical capability. The CC is in the process of analysing the appropriate increase in target levels of two performance targets.

36. On the implementation of the Customer Complaint Settlement Scheme (CCSS), OFCA has relaxed the eligibility criteria and strengthened publicity to promote the public awareness and usage of the CCSS, and has also raised the target level of two performance indicators.

37. In order to promote consumers' understanding of the scope of the TDO and encourage their cooperation in investigations, C&ED and OFCA have jointly conducted relevant consumer education and publicity programmes. They will continue to collaborate on such efforts in the future.

Progress made in implementing the Audit's recommendation

38. A summary of progress in implementing the Audit's recommendations is at Enclosure 2.

Chapter 3 – Integrated education

39. The Government accepts the views and recommendations made by the Audit and the PAC on integrated education (IE). The Education Bureau (EDB) has taken follow-up actions as appropriate. The progress made is reported below.

Enhancing the Identification Mechanism for Students with Special Educational Needs

40. There is an established mechanism among the EDB, the Department of Health (DH) and the Hospital Authority (HA) to transfer assessment information of upcoming Primary 1 (P1) children with special needs to their recipient public sector primary schools or Direct Subsidy Scheme (DSS) primary schools. Starting from the 2018/19 school year, the specialists and special child care workers of the On-site Pre-school Rehabilitation Services under the SWD will, subject to parental consent, forward the progress reports of the upcoming P1 children with special needs to the recipient public sector primary schools or DSS primary schools via the EDB for early arrangement of appropriate support services for the students in primary schools.

41. In addition, the EDB re-issued a circular entitled “Early Identification and Intervention for Students with Learning Difficulties or Special Educational Needs” in August 2018, and conducted briefings in September and October 2018 to remind primary schools to implement the early identification and intervention policy and practices and to provide updates on the latest arrangements to support students with special needs during their transition from kindergartens to primary schools. Starting from the 2018/19 school year, EDB staff will visit the primary schools concerned within six to eight weeks upon commencement of a new school year to understand their planning and implementation of support services for the respective students and offer professional advice.

42. The EDB will continue to review the early identification and support mechanism, enhance the Early Identification and Intervention Programme for P1 Students with Learning Difficulties and remind schools to collaborate closely with school-based educational psychologists to ensure that P1 students with learning difficulties or special educational needs (SEN) are provided with early identification and support services, including appropriate follow-ups for those students already obtained assessment information from DH/HA and/or progress reports from SWD.

43. Schools should abide by the Personal Data (Privacy) Ordinance in processing personal information of students (including information pertaining to SEN). The EDB is seeking views from relevant parent groups and the Privacy Commissioner for Personal Data on adopting an “opt-out mechanism” to obtain parental consent in transferring their children’s SEN information from primary schools to secondary schools, or inter-school transfer of such information when students change schools.

Improving the Arrangement for Learning Support Grant and Intensive Remedial Teaching Programme

44. In the 2019/20 school year, the EDB will re-structure the Learning Support Grant (LSG), Intensive Remedial Teaching Programme and IE Programme. Under the restructured LSG, the grant rate will be enhanced. Additional permanent teaching post(s) will also be provided to schools with a larger number of students with SEN. With the enhancement, schools will have a more stable teaching force and additional resources for flexible deployment to support their students with SEN.

Enhancing Self-Evaluation Mechanism of Schools and Monitoring Effectiveness of Implementing Support Measures

45. The EDB will review the existing mechanism for analysing self-evaluation data of schools to better understand the effectiveness of support measures. We will improve the tools provided to schools for self-evaluation, including the “Year-end Evaluation Form at School Level on Whole School Approach to Catering for Students with Special Educational Needs” and the “Year-end Evaluation Form for Individual Students” to help schools identify areas for further enhancement of support for students with SEN, and review the performance and progress of individual students with SEN. The EDB will also explore ways to enhance the Special Education Management Information System (SEMIS) to help the EDB and schools grasp a better picture on the implementation of IE and take appropriate follow-up actions promptly.

46. The EDB will state more explicitly the support levels under the 3-Tier Intervention Model generally required by students with different types of SEN in the “Operation Guide on the Whole School Approach to Integrated Education” (IE Operation Guide). The IE Operation Guide will stress that schools should timely adjust the level of support of individual students with SEN according to their response to intervention and the consolidated views of major stakeholders (e.g. teachers, parents and professionals) on the intensity of support.

Enhancing the Support for Students with Mental Illness

47. The EDB has been encouraging schools to promote mental health. The “Joyful@School” campaign which enhances students’ awareness and understanding of mental health and strengthens students’ ability to cope with environmental changes will continue in the 2018/19 school year. Schools (or in collaboration with NGOs) may continue to submit proposals for Quality Education Fund to organise activities related to the campaign. The EDB will also increase training places of the “Professional Development Programme for Mental Health” for teachers with a view to improving their awareness on mental health and

enhancing their professional knowledge and capability in identifying and supporting students with mental health needs. In addition, the number of participating schools of the “Student Mental Health Support Scheme” launched by the Food and Health Bureau (FHB), in collaboration with the EDB, the HA and the SWD, will increase from 17 in the 2017/18 school year to about 40 in the 2018/19 school year.

Enhancing School-based Educational Psychology Service

48. The School-based Educational Psychology Service (SBEPS) covers all public sector primary and secondary schools. For schools with a great number of students with SEN, the EDB has been gradually improving the ratio of educational psychologist (EP) to school from 1:6-10 to 1:4 under the Enhanced SBEPS. In the 2018/19 school year, the EDB extended the Enhanced SBEPS to about 120 primary and secondary schools. The EDB will continue to progressively extend the Enhanced SBEPS to more schools to cater for their need for professional support. In relation to this, the EDB is liaising with the local tertiary institutions on feasible plans to increase the number of EP training places in order to meet the long-term manpower needs.

49. The EDB has also aligned the requirement on the number of school visit days of SBEPS provided by the EDB and school sponsoring bodies (SSBs) to the same service level. The EDB will ensure that EPs will meet the requirement on the number of visit days. From the 2018/19 school year, the dates of issuance of assessment summaries and assessment reports by EPs, and the date of conducting the post-assessment meeting by schools are recorded in the SEMIS.

50. The EDB is strengthening the monitoring of SBEPS provided by the SSBs. Amongst others, the EDB has required the SSBs to keep records of qualifications of EP supervisors and report to the EDB that their qualifications meet the requirements set out in the SBEPS Guide. The EDB will review the mode and conditions of the supervision service to ensure quality and effectiveness.

Processing Lift Installation Applications from Aided Schools

51. The EDB is assessing the situation of schools which have requested lift installation and actively taking forward the tendering of the consultancy services for the programme on expediting lift installations. We expect that the newly appointed consultants will arrange designated teams to carry out preliminary technical feasibility studies and assessment for the aided schools confirmed with such need from the first quarter of 2019 onwards with a view to completing the work in a year. The EDB will, based on the results and actual circumstances of individual schools, formulate an installation timetable and commence the related works as soon as practicable.

52. With regard to the maintenance of lifts at school premises, schools should arrange annual examinations pursuant to the statutory requirements to ensure safety. According to the prevailing mechanism for handling school facilities maintenance, aided schools may make use of the Operating Expenses Block Grant or the Expanded Operating Expenses Block Grant (EOEBG) to procure services for the annual examinations and maintenance of lifts installed by the Government. Schools may also apply to the EDB through the annual Major Repair or Emergency Repair mechanisms for larger-scale repairs. Schools are responsible for examinations and maintenance of the lifts installed with their own funding. They may utilise EOEBG surplus to subsidise the recurrent cost in accordance with the guideline promulgated by the EDB. If EDB's consultant confirms it beyond economical repair, the EDB will help replace the lift under the programme on expediting lift installations depending on the situation (including the availability of manpower and resources).

Allocating Resources to Non-public Sector schools to Cater for Students with SEN

53. Regarding PAC's suggestion that the EDB should consider allocating dedicated resources to non-public sector schools to cater for students with SEN, the EDB has all along subsumed the resources for implementing IE into the recurrent DSS unit subsidy to provide DSS schools with additional resources to cater for the students with SEN. The EDB will optimise the arrangement of resources allocation for DSS schools to implement IE and the related monitoring and support mechanism.

Progress of Implementing Audit's and PAC's Recommendations

Encl. 3 54. A summary of the progress of implementing Audit's and PAC's recommendations is set out at Enclosure 3.

Chapter 4 – Government's efforts in managing excavation works on public roads

55. The Government accepts the recommendations made by the Audit and the PAC regarding the Government's efforts in managing excavation works on public roads. The relevant bureau and departments have taken appropriate follow-up actions. The progress made is reported below.

Management and Monitoring of Road Excavation Works

Managing road excavation works

56. Highways Department (HyD) exercises control over excavations on streets maintained by HyD through a permit system whereby a road excavation promoter is required to obtain an excavation permit (XP) from HyD prior to commencement of excavation works. A computer system, namely the Excavation Permit Management System (XPMS), has been developed for processing XP applications. As one of the control measures to reduce repeated road openings, applicants for excavation works in the same road section or in close vicinity within the same period (i.e. three to six months) are required to coordinate among each other through the XPMS platform.

57. In response to Audit's recommendation, HyD will review and revise relevant guidelines with an aim to improve the identification of conflicting plans for coordination. HyD will review the database of XPMS to clear long-outstanding obsolete/abandoned plans in XPMS at appropriate timing. HyD will also identify those XP applicants who do not adopt a common trench approach and have not provided reasons, and then request them to provide explanation of such act. HyD will regularly compile statistical data for different types of coordination cases for assessing the effectiveness of the coordination of road excavation works.

Monitoring compliance with excavation permit conditions

58. HyD inspects the Normal XP and Capital works XP sites as far as possible and the overall inspection coverage for these sites has reached 89%. The permit sites that have not been covered are generally permits with short construction durations. The works might have been completed before inspection could be arranged. The XP condition requires the permittees to submit an Advance Notification (AN) to HyD not less than two working days before their intended commencement date of works so that audit inspections could be timely arranged. Random inspections are arranged for permit sites to ascertain if permittees have failed to submit AN before commencement of works. In an effort to further improve the inspection coverage, HyD has conducted a review on the inspection mechanism for permit sites without AN submission. The Audit Inspection Management System (AIMS) has been enhanced so that any permit site without AN submission but the permit period has elapsed by 50% would be scheduled for inspection.

59. HyD will step up publicity efforts to emphasise to permittees, particularly to infrequent applicants, the importance of complying with XP conditions and relevant requirements, particularly on the avoidance of the common non-compliant items. This will be done together with the issue of XPs.

60. HyD has been regularly urging utility undertakings (UUs) in the monthly meeting of the Road Opening Co-ordinating Committee to improve the quality of reinstatement works. HyD implemented an enhanced Demerit Point System (DPS) in September 2017 which included strengthening the control on road excavation against the long-outstanding rectification works and tightening the sanction mechanism. HyD would keep monitoring the effectiveness of the above enhancement measures and further review and revise the relevant DPS as necessary.

61. HyD has been regularly compiling relevant statistical data to keep close monitoring of the situation of Completion Notice (CN) processing and UUs' submission of site photographs and test reports. Besides, demerit points have been assigned to those UUs with overdue submissions in the current DPS. The situation of overdue CN inspections has improved.

62. HyD has been closely monitoring the overall performance of handling these tasks, and expediting the processing of site photographs and test reports and the situation has improved.

Enforcement actions

63. HyD has been regularly reviewing the case referral mechanism so that cases involving serious and repeated non-compliance with XP conditions will be followed up. Should there be sufficient evidence after investigation, prosecution action will be considered.

64. To expedite the referral actions from the Audit Inspection Team (AIT) to the Enforcement Team (ET), the referral procedures have been revised so that ET is promptly notified of any suspected breaches of provisions under Section 10T of the Land (Miscellaneous Provisions) Ordinance (Cap. 28) (LMPO) identified by AIT. AIMS is being enhanced to further automate this process.

Control of Underground Utility Installation and Space Occupation

Control of underground utility installation

65. Various authorities are responsible for issuing licences and permits for the installation and operation of underground facilities. Under the LMPO, HyD is responsible for issuing XPs for public roads which control road excavation works to ensure that permittees comply with the XP conditions on opening and reinstatement of such roads.

66. All non-compliant cases of minimum-depth requirement as mentioned in Case F in paragraph 3.9 of the Audit Report have been closely followed up. Among the three outstanding cases, two were already completed in May 2018 and the rectification of the remaining case is under scrutiny and is making progress.

67. In order to detect unauthorised works, the guidelines on the checking of completed works under Small Scale Works Excavation Permit stipulated in the Excavation Permit Processing Manual are being reviewed and will be revised as appropriate. In addition, HyD is considering enhancing the procedures and requirements on checking the alignment and disposition of underground services.

68. To further strengthen the checking and control of road excavation works, HyD is exploring with Lands Department (LandsD), Development Bureau (DEVB), Electrical and Mechanical Services Department and OFCA on the need and the implementation plan to require UUs to submit a standardised format of as-built records and updated master plans of installed services at strategic locations. Other bureaux/departments (B/Ds) with responsibilities on utilities will be consulted if and when necessary.

Management and control of underground space occupation

69. The effectiveness of the management and control of underground space occupation depends on the accuracy of underground utility records kept by UUs. HyD will collaborate with LandsD and the relevant bureaux with policy responsibilities on utilities to explore the possibility to obtain the utility records of UUs and develop an effective management and monitoring system on underground space occupation by utilities.

70. The computerised modelling system, namely Consolidated Utility Installation Modelling System (CUIMS), is developed by HyD with an aim to allow UUs to visualise the existing underground space condition, and assist them in identifying and planning a viable route to accommodate their proposed utility services especially under congested road sections. Taking into consideration of the trial results on CUIMS and Audit's recommendation, HyD will seek LandsD's assistance to review the data sharing, spatial analysis application and visualisation aspects for the development of CUIMS for better utilisation of limited underground space.

Exploring the use of Common Utility Enclosures

71. The Government adopts a positive attitude on any proposed use of Common Utility Enclosures (CUEs) in new development areas where it is cost-effective and justified to do so. HyD's consultancy study to review the implementation of CUEs commenced in June 2018. HyD will closely monitor the progress of the study in response to Audit's recommendation. Upon its completion, HyD will take timely follow-up actions on its findings and recommendations. The major objectives of the study are to review the applicability of CUEs in new development areas and to address the construction, management, maintenance, operation, security, safety and legal liability issues for recommending a practical implementation framework of CUEs in new development areas for DEVB's consideration.

72. After the completion of the study, HyD will assist DEVB in establishing procedures for identifying suitable locations to construct CUEs to dovetail with the construction programme of new development areas, and establishing procedures and requirements in maintaining records of the implementation of the trial CUEs for the evaluation of their effectiveness.

Progress made in implementing Audit's recommendations

Encl. 4 73. A summary of the progress of implementing Audit's recommendations is at Enclosure 4.

Chapter 5 – Department of Health's efforts in smoking control

74. The FHB and the DH have taken appropriate follow-up actions to take forward the recommendations made by the Audit where feasible. The progress made is reported below.

Enforcement Work of the Tobacco Control Office

75. The information system of the Tobacco Control Office (TCO) of DH has been launched. The TCO will make use of the newly developed information system to facilitate the input of enforcement data in a timely and complete manner for the monitoring of performance in complaints handling.

76. Besides, the TCO has mobilised manpower resources, including setting up a task force with retired policemen to conduct more inspections at venues where there are higher incidences of smoking offences, especially during the night time and public holidays. The TCO has updated the guidelines for facilitating Executive Officers to conduct surprise checks, and has also updated/enriched guidelines to facilitate Tobacco Control Inspectors to determine the frequency of inspections and conduct inspections in plain clothes in the third quarter of 2018.

77. Moreover, the TCO has already disseminated to other government departments the TCO's practice of issuing amendment notices for rectifying omissions or errors in fixed penalty notices (FPNs) issued to offenders, and liaised with the Treasury to explore the feasibility of settling FPNs at convenience stores.

78. Furthermore, the TCO has issued a letter to remind the tobacco companies and retailers of the provisions of the Smoking (Public Health) Ordinance (Cap 371) related to the banning of tobacco advertising in the third quarter of 2018.

Facilitating the Work of Venue Managers

79. To facilitate the work of venue managers to maintain a smoke-free environment at premises under their management, the TCO has updated the implementation guides and added new guidelines with a view to assisting venue managers of no smoking areas in implementing and enforcing smoke-free measures.

Smoking Cessation Services and Other Management Matters

80. Periodic inspection plan of the organisations subvented by DH for providing smoking cessation services has been formulated. Inspections are to be conducted accordingly. DH has reviewed its clinic's smoking cessation services and considered that it is desirable to continue to give smokers the choice of receiving services in a DH clinic.

Operation of the Hong Kong Council on Smoking and Health

81. DH has discussed with the Hong Kong Council on Smoking and Health (COSH) the format of publishing the remuneration review report of the top three tier staff at COSH's website and they have agreed to publish the relevant details upon the completion of next remuneration review of the relevant staff in 2019. As regards the operation of COSH, a reminder system will be set up to remind COSH members to attend the meetings. Besides, meeting procedures have also been drawn up to formalise the meeting practices. Efforts will also be made to enhance the participation of schools and district organisations in COSH's programmes.

Progress made in implementing Audit's recommendations

Encl. 5 82. A summary of the latest progress of implementing the Audit's recommendations is at Enclosure 5.

Chapter 6 – OGCIO's programmes and projects in promoting the wider use of IT in the community

83. The Government accepts all recommendations in the Director of Audit's Report No. 70 regarding the Office of the Government Chief Information Officer (OGCIO)'s programmes and projects in promoting the wider use of IT in the community. The Innovation and Technology Bureau (ITB) and OGCIO have taken appropriate follow-up actions to take forward the Audit's recommendations. The relevant progress is set out below.

Digital inclusion initiatives

84. The Internet Learning Support Programme (ILSP) ended officially by the end of August 2018. OGCIO will conduct a review on the mode of operation and cost-effectiveness of the ILSP services. The review is expected to be completed by the second quarter of 2019, the outcome of which will be taken into account when implementing similar programmes in future.

85. OGCIO will enhance the Information and Communications Technology (ICT) Outreach Programme for the Elderly and add training elements. It is envisaged that the percentage of the elderly using the Internet and electronic services in their daily life will increase to 70% in the coming five years.

86. OGCIO is currently reviewing the response rates and numbers of downloads of digital inclusion mobile apps. The review is expected to be completed by the fourth quarter of 2018, the outcome of which will be taken into account when launching similar schemes in future.

87. To enhance the promotion of the baseline web accessibility criteria, OGCIO issued a circular in April 2018 to government B/Ds announcing the mandatory requirement of all government mobile apps to conform to the “Baseline Accessibility Criteria for Government Mobile App” by July 2019 and the setup of a hotline to provide technical support. OGCIO has also engaged the Hong Kong Internet Registration Corporation Limited to further promote web/mobile app accessibility to different sectors of the community.

88. As OGCIO has taken forward the Audit's recommendations, we recommend deleting this part from the next progress report.

Free public Wi-Fi services

89. OGCIO is upgrading all GovWiFi equipment to conform to the latest standards, and using fibre links where feasible to improve data transmission speed and stability. OGCIO will continue to monitor the usage of the GovWiFi services, conduct regular reviews and adjust the bandwidth, number and location of hotspots at these venues, as well as set up high speed access points at some major tourist spots for members of the public and tourists to enjoy faster Internet services.

90. To expedite the expansion of coverage of the Wi-Fi.HK services, OGCIO has streamlined procedures for and provided greater flexibility in joining the Wi-Fi.HK brand and strengthened brand promotion.

91. OGCIO has completed the review of the public-private collaboration (PPC) pilot project and enhanced the PPC project details and contract provisions. OGCIO commenced a full rollout of the project in April 2018, and invited the industry to provide Wi-Fi services under the PPC model at government venues.

92. As at end-September 2018, all but one approved venues are providing free public Wi-Fi services. OGCIO will continue to actively follow up with the study room concerned to ensure Wi-Fi.HK services will be provided as soon as possible. We will report progress to the PAC in this connection.

Other initiatives in promoting the wider use of information technology (IT)

93. The Government plans to make available the data centre development sites for disposal by open tender in the fourth quarter of 2018. OGCIO will review the concessionary measures for facilitating data centre development in industrial buildings and industrial lots by the end of 2018.

94. OGCIO has completed a review on opening up more data by B/Ds and promulgated the new open data policy and measures in end September 2018.

95. OGCIO has enhanced the adjudication and assessment arrangements for the Hong Kong ICT Awards, and will conduct briefing sessions and strengthen the dissemination of related information on the Awards' website to encourage more organisations to serve as Leading Organisers.

96. We will report to the PAC the progress of the review on concessionary measures for facilitating data centre development.

Way forward

97. ITB and its departments (including OGCIO) will continue to promulgate new and revised initiatives on the policy directives and strategies on innovation and technology, including strategies and work programmes on promoting the wider use of IT in the community (such as the Smart City Blueprint for Hong Kong). OGCIO will update its departmental website timely.

98. After the ILSP ended, the two implementers continue to provide services to students from low-income families. OGCIO will also continue to liaise with the two organisations and other non-profit-making organisations and assist them in developing more solutions to support Internet learning for low-income families by leveraging innovative technologies.

99. OGCIO has formulated strategies for providing free public Wi-Fi services, including enhancing the quality of Wi-Fi services at government venues and providing Wi-Fi services at more suitable government venues; introducing high speed Wi-Fi zones at tourist spots to facilitate the public and tourists accessing the Internet; continue with the PPC project; and actively promoting the Wi-Fi.HK brand to attract more public and private organisations to join.

100. As OGCIO has taken forward the Audit's recommendations, we recommend deleting this part from the next progress report.

Progress in implementing Audit's recommendations

101. As at October 2018, except for those items relating to the roll-out of free Wi-Fi in approved study rooms and youth service centres and review on concessionary measures for facilitating data centre development, we have addressed all concerns of the Audit. Details of the progress in implementing Audit's recommendations are set out at Enclosure 6.

Encl. 6

Chapter 7 – Home Affairs Bureau's funding schemes and programmes for youth exchange and internship

102. The Home Affairs Bureau (HAB) accepts the recommendations of the Director of Audit's Report No. 70 regarding its funding schemes and programmes for youth exchange and internship, and has taken appropriate follow-up actions to take forward the recommendations. The progress made is reported below.

Management of funding schemes for youth exchange and internship

103. HAB, in conjunction with the Youth Development Commission (YDC), will continue to support NGOs to provide exchange and internship opportunities in the Mainland and overseas to our young people through the implementation of various funding schemes, with a view to exposing them to the prevailing economic, social and cultural landscape at both the national and international levels, and enhancing their understanding of different cultures through exchanges with young people outside Hong Kong. HAB and YDC will continue to keep under review the management and implementation of the funding schemes, covering various aspects such as the assessment mechanism and criteria, sponsorship limits, and funding guidelines and conditions. In doing so, HAB and YDC will pay due regard to the feedback from NGOs and youth participants, the actual experience gained from implementation, as well as all other relevant factors.

104. HAB has stepped up the monitoring of the large number of funded projects through deployment of additional manpower and resources. Besides, it has enhanced its internal guidelines and computer system used for project management, both of which could help ensure accuracy and consistency in the calculation of sponsorship and application of relevant funding rules and conditions.

Provision of youth exchange programmes

105. Apart from the implementation of various funding schemes, HAB and YDC also directly organise various youth exchange projects to provide more diverse opportunities for our young people. For example, in view of the successful experience of the 20th Anniversary of the HKSAR Youth Ambassadors Scheme, YDC at its meeting in June 2018 decided to regularise the scheme and recruit 100 young people each year. Under the Scheme, participants will have opportunities to take part in a wide range of programmes, including international youth exchanges. Meanwhile, HAB has stepped up efforts in promoting the Guangdong-Hongkong-Macao Youth Cultural Exchange Programme through inviting more institutions to nominate participants, as well as publicising the Programme via HAB's webpage and the One-Stop-Information Platform on Internship and Exchange Opportunities. The number of participants has increased from 35 in 2017 to 45 in 2018.

Governance matters

106. HAB has enhanced measures to remind members of YDC and the Committee on Promotion of Civic Education (CPCE) about the importance of attending meetings, e.g. sending written reminders, providing attendance records to members three times a year, fixing the schedule of meetings in advance to allow sufficient time for members to reserve time for the meetings, etc. When considering the case for re-appointment of members, the appointment authority will consider all relevant factors in a comprehensive manner, e.g. attendance rate, reasons for low attendance (if applicable), other contributions of the members, etc.

107. HAB has been reminding members of the importance of submission of duly completed declaration of interest forms in a timely manner through various measures, and has been making use of electronic means to manage the database of interests declared by members. Since the introduction of the enhanced measures, all members of YDC and CPCE have submitted their duly completed declaration of interest forms to the secretariat in a timely manner.

Way forward

108. The Government is committed to expanding exchange and internship opportunities both in the Mainland and overseas to enable young people to better understand the prevailing economic, social and cultural landscape at the national and international levels, as well as the work culture and career prospects in different places. Looking ahead, the Government will, in consultation with YDC, continue to explore additional internship and exchange opportunities for our young people, and keep under review the arrangements and practices of the various funding schemes and programmes for youth exchange and internship.

Progress of implementing Audit's recommendations

Encl. 7 109. A summary of the latest progress made in implementing Audit's recommendations is at Enclosure 7. As HAB has taken forward Audit's recommendations and the follow-up actions and improvement measures have either been completed or are being implemented on an ongoing basis, we recommend deleting this part from the next progress report.

**Administration of lump sum grants by the Social Welfare Department
Progress in implementing the Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Financial Monitoring		
Para 2.16 of the Audit Report	Audit has recommended that Director of Social Welfare (DSW) should –	
	(a) take further measures to facilitate non-governmental organisations (NGOs) to share, adopt and implement the good practices relating to the use of reserves (i.e. Lump Sum Grant (LSG) Reserves, Holding Account balances and Provident Fund (PF) Reserves) and disclose the use of reserves according to the Best Practice Manual (BPM);	<p>SWD issued the “Notification Letter on Social Welfare Subventions for 2018-19” on 21 March 2018 to all subvented NGOs to encourage them to follow up on the recommendations in the Audit Report No. 69, including further sharing, adopting and implementing the good practices relating to the use of reserves (i.e. LSG Reserves, Holding Account balances and PF Reserves).</p> <p>SWD has collated, from the BPM self-assessment checklists submitted by NGOs and the on-site assessments conducted in the form of a pilot scheme between January and March 2018, the NGOs’ good practices relating to the use of reserves and will conduct a sharing session in November 2018 to share the relevant good practices of NGOs and encourage other NGOs to adopt and implement them.</p>
	(b) in circumstances where NGOs are unable to comply with the BPM guidelines, ensure that the NGOs provide strong justifications and the SWD gives consent for exemption where appropriate;	All NGOs were capable of implementing all Level One guidelines within the first three years of the implementation of the BPM (i.e. by 30 June 2017). As such, it was not necessary for any NGO to apply for exemption.
	(c) keep in view NGOs’ balances of reserves and, where necessary, remind NGOs to take further measures to maximise the use of the reserves as required by the BPM guidelines for enhancing Funding and Service Agreement (FSA) activities and FSA related activities to better the provision of welfare services to the public;	SWD issued the “Notification Letter on Social Welfare Subventions for 2018-19” on 21 March 2018 to all subvented NGOs to encourage them to follow up on the relevant recommendations in the Audit Report No. 69, including compliance with the BPM guidelines, adopting the good practices of managing reserves and taking further measures to maximise the use of reserves as required by the BPM guidelines, for enhancing FSA services and FSA-related activities to better the provision of welfare services to the

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>public.</p> <p>SWD conducted a sharing session in September 2018 for NGOs to share their experience and good management practices in implementing the BPM guidelines and encourage other NGOs to adopt these good practices.</p> <p>SWD will continue to review the financial position of NGOs (including the balances of their reserves) based on the Annual Financial Reports (AFRs) and annual audited financial statements submitted by NGOs to ascertain their continued financial soundness. SWD issued a letter in May 2018 to remind NGOs to prepare AFRs and submit them on time as required by the LSG Manual, with "Points to Note on Preparation of AFR and Analysis Schedules" attached for NGOs' reference in order to help NGOs complete the AFRs promptly and properly for review by SWD.</p>
	(d) ascertain the reasons for some NGOs having incurred large or persistent LSG operating deficits and offer advice where warranted; and	SWD will continue to review NGOs' LSG Reserve and their financial position based on the AFRs and annual audited financial statements submitted by NGOs to ascertain their continued financial soundness.
	(e) keep under review the operation of NGOs in deficits for possible financial viability issues and offer advice to NGOs where warranted.	As recommendations (d) and (e) have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.
Para. 95 of the PAC Report (p.59) (Room for enhancement on the use of reserves) (4th bullet)	PAC urges SWD to take measures to facilitate NGOs to optimally manage and utilise their reserves in compliance with the guidelines of the BPM and to review the financial reports and discuss with the NGOs concerned to ensure LSG deficits of NGOs would not affect the provision of quality services for the public.	<p>SWD will continue to review the financial position of NGOs (including their operation and status of reserves under the Lump Sum Grant Subvention System (LSGSS) as well as their overall financial position) based on the AFRs and annual audited financial statements submitted by NGOs to ascertain their continued financial soundness.</p> <p>For NGOs incurring persistent and huge deficits or utilising large sums of their reserves in service operation, SWD will ascertain with them the underlying reasons, including their overall income situation in addition to</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>subventions received from SWD, and give appropriate advice and conduct reviews where necessary, so that the NGOs could ensure the sustainability and stability in the provision of subvented services as required in their FSAs while maintaining a healthy financial position.</p> <p>Regarding the persistent deficits of NGO 5, SWD had analysed its AFR and discovered irregularities. SWD had issued a letter requiring the NGO to provide supplementary information, for understanding whether the relevant expenditure was in compliance with the services stipulated in the FSA and other relevant requirements.</p> <p>SWD issued the "Notification Letter on Social Welfare Subventions for 2018-19" on 21 March 2018 to all subvented NGOs to encourage them to follow up on the recommendations in the Audit Report No. 69, including further sharing, adopting and implementing the good practices relating to the use of reserves and disclosure on the use of reserves.</p> <p>SWD conducted a sharing session in September 2018 and invited NGOs to share their experience and good management practices in implementing the BPM guidelines and encourage other NGOs to adopt these good practices.</p> <p>SWD reminds NGOs by email in every September to submit their self-assessment checklists as required by the BPM in order to review the implementation of the BPM by NGOs.</p> <p>In the ongoing Review on Enhancement of Lump Sum Grant Subvention System (the Review), the NGOs' use of LSG reserves and their financial planning for the early identification of financial risks (e.g. persistent deficits in the LSG Reserve) is among one of the areas in the scope of the Review. The Task Force for Enhancement of Lump Sum Grant Subvention System (Task Force) will listen to and collect the views of various stakeholders</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		during the upcoming sector consultation sessions and focus groups, and will consider the views in detail in its future meetings. The Review is expected to be completed in mid-2020.
Para. 96 of the PAC Report (p.69) (Financial Monitoring) (Item (a))	<p>PAC expresses serious concern that –</p> <p>(a) total amount of reserves retained by some NGOs was high. Overall reserves retained by one NGO for 2016-2017 amounted to \$3.6 billion. SWD should ensure that reserves kept by NGOs are put into gainful use at opportune times;</p>	<p>The LSG Reserve of the NGO concerned, i.e. NGO 11, in 2016-17 was \$16 million, accounting for only 0.45% of its overall reserves (\$3.6 billion) in 2016-17.</p> <p>SWD will continue to review the financial position and level of balances of NGOs based on the AFRs and annual audited financial statements submitted by NGOs and examine the BPM self-assessment checklists to monitor NGOs' compliance with the relevant requirements in the LSG Manual and the BPM guidelines.</p> <p>SWD issued the "Notification Letter on Social Welfare Subventions for 2018-19" on 21 March 2018 to encourage NGOs to follow the BPM guidelines and take further measures to maximise the use of their reserves for enhancing FSA services and FSA-related activities to better the provision of welfare services to the public.</p>
Para. 2.27 of the Audit Report	Audit has recommended that DSW should –	
	(a) take immediate action to obtain covering approval, from the Secretary for Labour and Welfare, for deferring the implementation of the requirement for the review and disclosure of emoluments of NGOs' staff in top three tiers; and	<p>SWD obtained the covering approval from the Secretary for Labour and Welfare on 20 October 2017 for deferring to 2009-10 the implementation of the requirement for the review and disclosure of emoluments of NGOs' top three-tier staff in the guidelines issued by the Administration Wing in 2003.</p> <p>As the recommendation has been completed, we recommend that this part be deleted from the next progress report.</p>
	(b) take necessary follow-up action on the advice of the Director of Administration (see para 2.24).	The Administration Wing issued the updated set of guidelines on 27 August 2018, under which policy bureaux are required to request subvented bodies that are not exempted to submit their Review Reports on Remuneration

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Packages and disclose them to the public. SWD is currently discussing with NGOs on revising the requirements concerning the monitoring of remunerations of senior staff of subvented NGOs in the LSG Manual, and will inform NGOs within 2018 the updated Guidelines and the specific arrangements and details for the submission of Review Reports on Remuneration Packages for Staff in the Top Three Tiers in accordance with those guidelines.</p>
<p>Para. 2.34 of the Audit Report</p>	<p>Audit has recommended that DSW should –</p>	
	<p>(a) ascertain the reasons why the accounting inspections at some NGOs have not been conducted as scheduled and take measures to ensure that the inspections are conducted as planned in the future;</p>	<p>The accounting inspections for some NGOs were postponed from 2016-17 to 2017-18 mainly due to the complexities of the accounting inspections and the follow-up work with the NGOs concerned which required longer time than expected to process. SWD will deploy sufficient resources to conduct accounting inspections as planned in the future.</p> <p>As the accounting inspections for the six NGOs concerned have been completed and the improvement measures will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	<p>(b) take measures (e.g. arranging training seminars and experience sharing sessions on good accounting practices of NGOs) to assist NGOs to improve their internal controls and minimise occurrence (especially repeated occurrence) of irregularities;</p>	<p>SWD has taken necessary measures including issuing reminders to NGOs to remind them of their responsibility to ensure that adequate internal controls are in place, and would consider taking follow-up actions where warranted.</p> <p>For NGOs with similar internal control findings identified in previous accounting inspections, SWD will remind those NGOs to implement the agreed recommendations as soon as possible.</p>
	<p>(c) for those NGOs that made no improvement in their internal controls or minimising the occurrence of irregularities (as shown in Table 13), consider the need for issuing a warning letter informing them that in accordance with the LSG</p>	<p>As recommendations (b) and (c) have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>Manual, the SWD may withhold or terminate LSG subventions if an NGO fails to exercise reasonable and prudent financial management or comply with the LSG requirements as laid down in the LSG Manual; and</p> <p>(d) consider taking into account other risk factors (e.g. NGOs operated in deficits with possible ongoing financial viability issues and NGOs whose accounts have been given qualified opinions by external auditors) in formulating plans for accounting inspections.</p>	<p>SWD will review the accounting inspection plan and take into account various risk factors in formulating the plan.</p>
<p>Para. 96 of the PAC Report (p.69) (Financial Monitoring) (Item (d))</p>	<p>PAC expresses serious concern that –</p> <p>(d) there are other risk factors that SWD should consider in formulating its risk-based inspections (e.g. NGOs with persistent operating deficits).</p>	<p>Progress to date is the same as that for paragraph 2.34 (d) of the Audit Report above.</p>
<p>Para. 2.41 of the Audit Report</p>	<p>Audit has recommended that DSW should –</p> <p>(a) request the three NGOs (i.e. NGOs I, J and K — see para. 2.39), which have not apportioned the head office overheads between FSA activities and non-FSA activities, to apportion such overheads;</p>	<p>On 29 November 2017, SWD requested NGOs I, J and K to apportion their head office overheads between FSA services and non-FSA services.</p> <p>While NGOs I and J recognised the need to apportion the overheads between FSA and non-FSA services, they had reservations about Audit's recommendation about adopting NGOs' sources of income as the basis for apportioning head office overheads between FSA and non-FSA services. NGO K maintained that it has been using its established method to apportion head office overheads all along, and had strong reservations about Audit's recommendation. SWD will continue to discuss with NGOs I, J and K to follow up on Audit's recommendation and formulate an appropriate basis for cost apportionment.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Regarding the cost apportionment arrangements, SWD will continue to discuss the matter through the Lump Sum Grant Steering Committee (LSGSC) or other suitable channels, and draw up a set of cost apportionment guidelines on the use of LSG subvention, including the apportionment arrangement of costs between FSA and non-FSA activities, for NGOs' reference.</p>
	<p>(b) remind NGOs of the need to apportion head office overheads between FSA activities and non-FSA activities;</p>	<p>It is stipulated in paragraph 2.37 of the LSG Manual that LSG and LSG Reserves are intended to cover operating expenditure for FSA services or FSA-related activities. According to paragraph 3.3 of the LSG Manual, NGOs must ensure that transactions must be separately identified into FSA services and relevant support services (including central administration and supervisory support), and non-FSA services.</p> <p>SWD will require NGOs found to be non-compliant to take rectification actions and submit a written reply to SWD as soon as possible.</p> <p>SWD issued the "Notification Letter on Social Welfare Subventions for 2018-19" on 21 March 2018 to encourage NGOs of adopting the recommendations in the Audit Report No. 69, including the need to apportion common expenses incurred (e.g. head office overheads) between FSA services and non-FSA services.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	<p>(c) request the two NGOs that have anomalies in apportioning the overheads between FSA activities and non-FSA activities (i.e. NGOs H and G — see Cases 1 and 2 in para. 2.40) to review their bases of apportionment and properly apportion the costs; and</p>	<p>SWD is reviewing a proposal from NGO H about revising the principles and basis of calculation for apportionment of overheads between FSA services and non-FSA services.</p> <p>SWD has also requested NGO G to review its existing basis for apportioning head office overheads between FSA services and non-FSA services, and propose a plan to reflect as appropriate the actual cost apportionment between subvented and non-subvented</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(d) take measures to help NGOs adopt an appropriate basis for apportioning overheads between FSA activities and non-FSA activities.</p>	<p>services.</p> <p>SWD has been answering NGOs' enquiries and offering advice and support to NGOs in relation to cost apportionment through designated liaison officers of the Subventions Branch, specified contact persons of the Finance Branch and the helpline. SWD will clarify the principles of cost apportionment and discuss suitable apportionment options with every enquiring NGO based on its individual circumstances.</p> <p>The review on the parameters for assessing FSA-related activities is among one of the areas in the scope of the Review. The Task Force will consider in detail in its future meetings the views of various stakeholders expressed in sector consultation sessions, focus groups and the questionnaire. The Review is expected to be completed in mid-2020.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Para. 95 of the PAC Report (p.62) (Apportioning of head office overheads by NGOs) (4th bullet)</p>	<p>PAC urges SWD to consider formulating a set of fair, effective and practical criteria on cost apportionment and providing guidelines for NGOs to follow.</p>	<p>SWD has been answering NGOs' enquiries and offering advice and support NGOs in relation to cost apportionment through designated liaison officers of the Subventions Branch, specified contact persons of the Finance Branch and the helpline. SWD had also arranged meetings with the top management of all subvented NGOs in batches between June and October 2016, and deliberated on matters including handling of cost apportionment issues.</p> <p>The review on the parameters for assessing FSA-related activities is among one of the areas in the scope of the Review, including elucidation of the principle of cost apportionment between FSA services and non-FSA services. The Task Force will consider in detail in its future meetings the views of various stakeholders expressed in sector consultation sessions, focus groups and the questionnaire. SWD will also draw up a</p>

Para. No.	Audit's/PAC's Recommendations		Progress to Date
			set of relevant guidelines for NGOs to follow.
Para. 2.45 of the Audit Report	Audit has recommended that DSW should –		
	(a)	take measures to assist NGOs to properly follow the internal control procedures set out in the LSG Manual; and	SWD has taken measures including issuing reminders to NGOs to remind them of their responsibility to ensure that adequate internal controls are in place, and would provide advice to NGOs where required.
	(b)	require NGOs to step up their internal controls (e.g. conducting supervisory checks to ensure the accuracy of fixed asset registers).	For NGOs with similar internal control findings identified in previous accounting inspections, SWD will remind them to implement the agreed recommendations as soon as possible. As recommendations (a) and (b) have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.
Para. 2.52 of the Audit Report	Audit has recommended that DSW should –		
	(a)	based on the response from the Labour and Welfare Bureau (LWB) and the Financial Services and the Treasury Bureau (FSTB) on the proposed fees adjustment for subvented welfare services in 2018-19, take necessary action accordingly;	Having obtained the approval from LWB on 20 October 2017 and advice from FSTB, SWD has resumed the arrangement of annual fees adjustment for subvented welfare services in 2018-19, which would be implemented in three groups as follows – (i) Group One on adjustment in membership fees with effect from 1 April 2018; (ii) Group Two on adjustment in service fees, including those for various day services (except residential care services and services with paired-up residential care services) with effect from 1 July 2018; and (iii) Group Three on adjustment in fees for services including residential care services and for services with paired-up residential care services with effect from 1 October 2018.

Para. No.	Audit's/PAC's Recommendations		Progress to Date
			<p>SWD met with the representatives of the Hong Kong Council of Social Service (HKCSS) and subvented NGOs on 30 January 2018 to brief them on the fees adjustment arrangement and answer their questions. Both HKCSS and the NGOs considered the proposed fees adjustment approach and implementation schedule acceptable.</p> <p>An information paper was issued on 15 March 2018 to the Legislative Council (LegCo) Panel on Welfare Services for Members' information. SWD also issued a notification letter to all subvented NGOs on the same day to explain the arrangement of fees adjustment for subvented welfare services in 2018-19.</p> <p>As the recommendation has been implemented, we recommend that this part be deleted from the next progress report.</p>
	(b)	review regularly fees and charges for subvented welfare services; and	SWD will convene a working group meeting in the fourth quarter of 2018 to deliberate on and prepare for the review of fees adjustment in 2019-20, and also to explore the way forward of making cumulative fees adjustment.
	(c)	deliberate on the way forward of making cumulative fees adjustment for subvented welfare services.	
Part 3: Self-assessment of Service Quality by Non-governmental Organisations			
Para. 3.8 of the Audit Report	Audit has recommended that DSW should –		
	(a)	remind NGOs of the importance of accurate reporting of their Output/Outcome Standards (OS/OCs) and of the need to exercise due care in computing the Standards;	<p>In accordance with the existing service performance monitoring mechanism, SWD issues a management letter to NGO heads every March to require NGOs to submit their annual Self-assessment Reports.</p> <p>For the monitoring cycle of 2017-18, SWD issued a management letter on 20 March 2018 to remind NGOs of the need for accurate reporting and computing of the OS/OCs as well as conducting the self-assessment on compliance with Essential Service Requirements (ESRs) and Service Quality Standards (SQSs). SWD has also encouraged</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>NGOs to make use of the ESR Assessment Form and Self-assessment Checklist for 16 SQSs for self-assessment and to exercise due care in completing the concerned form and checklist, which can be downloaded from SWD's website with the respective hyperlinks provided in the letter. Similar letters will be issued to NGO heads every March in future.</p> <p>Under existing practice, if inaccuracies are found in NGOs' self-assessment of OS/OCs in their annual reports, SWD will issue management letters to advise heads of the NGOs concerned to critically examine their self-assessment mechanism and take appropriate actions to ensure due and accurate reporting.</p> <p>Whenever there are wrong calculations spotted in the statistical returns on OS/OCs during service performance visits, SWD will advise NGOs to review their quality checking mechanisms.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(b) provide more guidelines to NGOs to facilitate and enhance their conduct of measurement of Outcome Standards; and	SWD will draw up guidelines for NGOs to enhance their conduct of measurement of Outcome Standards (OCs).
	(c) in conducting review visits to NGOs (see para. 4.40(a)), identify and disseminate NGOs' good practices in the conduct of their self-assessment of the achievement of Outcome Standards.	SWD will conduct a briefing session in the fourth quarter of 2018 to share among NGOs the good practices identified in NGOs' conduct of self-assessment of OC achievements.
Para. 95 of the PAC Report (p.62) (Self-assessment by NGOs) (3rd bullet)	PAC strongly urges SWD to follow up on cases with anomalies and provide guidelines to facilitate and enhance the conduct of self-assessment by NGOs, disseminate NGOs' good practices of self-assessment and ensure that	<p>SWD reminded and clarified with the service operators related to Cases 3 and 4 through a meeting on 30 November 2017 on the requirement for accurate calculation of OS/OCs.</p> <p>In order to establish a clear service monitoring</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>NGOs observe the requirements laid down in their SQS manuals in the implementation of SQSs.</p>	<p>system and maintain consistency of service provision, SWD will draw up relevant guidelines for NGOs to enhance their conduct of measurement of OCs where necessary.</p> <p>SWD will conduct a briefing session in the fourth quarter of 2018 to share among NGOs the good practices identified in NGOs' conduct of self-assessment of OC achievements.</p>
Para. 3.13 of the Audit Report	Audit has recommended that DSW should –	
	(a) urge NGOs to take measures to ensure that their Agreement Service Units (ASUs) observe the requirements laid down in their own SQS manuals in the implementation of SQSs;	<p>SWD plans to conduct a briefing session in the fourth quarter of 2018 to urge NGOs to take measures to ensure that their ASUs observe the requirements laid down in their own SQS manuals in the implementation of SQSs.</p> <p>SWD will issue a management letter to all NGOs recapping Audit's and PAC's recommendations after the briefing session.</p>
	(b) encourage NGOs to make use of the self-assessment checklist, which is available on the SWD's website, in conducting self-assessment on SQSs; and	In accordance with the existing service performance monitoring mechanism, SWD issues a management letter to NGO heads every March to require NGOs to submit their annual Self-assessment Reports.
	(c) remind NGOs to exercise due care in completing the self-assessment checklist (see para. 3.12).	<p>For the monitoring cycle of 2017-18, SWD issued a management letter on 20 March 2018 to encourage NGOs to make use of the ESR Assessment Form and Self-assessment Checklist for 16 SQSs for self-assessment, which can be downloaded from SWD's website with the respective hyperlinks provided in the letter. Similar letters will be issued to NGO heads every March in future.</p> <p>Under existing practice, if inaccuracies are found in NGOs' self-assessment of OS/OCs in their annual reports, SWD will issue management letters to advise heads of the NGOs concerned to critically examine their self-assessment mechanism and take appropriate actions to ensure due and accurate reporting.</p> <p>Whenever there are wrong calculations spotted</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>in the statistical returns on OS/OCs during service performance visits, SWD will advise NGOs to review their quality checking mechanisms.</p> <p>As recommendations (b) and (c) have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
Para. 3.17 of the Audit Report	Audit has recommended that DSW should encourage NGOs to put in place an internal service inspection mechanism, having regard to the need for laying down inspection programmes, conducting surprise inspection, and following up non-compliance cases.	<p>SWD plans to conduct a briefing session for NGOs in the fourth quarter of 2018 to encourage them, having regard to their individual circumstances, to put in place an internal service inspection mechanism with a view to enhancing their internal controls and monitoring of service performance.</p> <p>SWD will issue a management letter to all NGOs recapping Audit's and PAC's recommendations after the briefing session.</p>

Part 4: Monitoring of Service Delivery by Social Welfare Department

Para. 4.4 of the Audit Report	Audit has recommended that DSW should –		
	(a)	closely monitor those ASUs of NGOs which have had persistent underperformance (say, underperformance in a number of consecutive years) in the provision of services;	<p>SWD set up in July 2017 the Service Performance Monitoring Committee (SPMC) to closely monitor services with persistent underperformance and deliberate appropriate follow-up measures with a view to taking timely follow-up actions. Meetings will be held on a half-yearly basis.</p> <p>For those ASUs with persistent underperformance, SWD has discussed with the respective ASUs concerned and met with their management as necessary to formulate appropriate improvement plans; and has been monitoring the implementation of the improvement measures.</p> <p>With regard to inter-country adoption service, SWD conducted a review with the relevant service operator in April 2018 on the progress of its achievement of the revised OSs. SWD will continue to follow up on the service operator's performance and monitor the</p>
	(b)	in cases where full subventions are paid to the ASUs with persistent underperformance, critically review whether the payments are fully justified; and	
	(c)	instigate timely action, where warranted, to tackle cases of persistent underperformance of ASUs in accordance with provisions in the LSG Manual.	
Para. 95 of the PAC Report	PAC strongly urges SWD to –		
	(a)	closely review those ASUs with	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
(p.63) (Monitoring of service delivery by SWD) (2nd bullet – item (a))	persistent underperformance and devise with them appropriate follow-up measures;	trend of the inter-country adoption service for formulating the long-term service development. As recommendations (a) to (c) of the Audit Report and the recommendation of the PAC report have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.
Para. 4.24 of the Audit Report	Audit has recommended that DSW should–	
	(a) ascertain the reasons for the significant underperformance in the provision of the Home Care Service for Persons with Severe Disabilities (HCS) and the Integrated Support Service for Persons with Severe Physical Disabilities (ISS) and determine the way forward for the two services;	SWD continues to collaborate with the operators of HCS and ISS to identify improvement measures for the underperformance of the services. Apart from meetings held on 24 November 2017 and 22 February 2018 with all service operators concerned to look into the reasons for underperformance and the improvement measures, SWD also held a working group meeting with the service operators on 10 July 2018 to further review the applicability and suitability of the existing OCs. As the improvement measures will have implications for the subvention calculation mentioned in paragraph 4.24(f), SWD needs more time to continue to collaborate with the service operators to improve the performance of the two services.
	(b) follow up with the ASUs to align their understanding and practices regarding the counting of HCS and ISS cases into the caseloads reportable to the SWD;	During the meeting of 24 November 2017 with NGOs, SWD clarified with the operators of the two types of services on the counting of cases. In order to establish a clear service monitoring system and maintain consistency of service provision, SWD has drafted related guidelines and will study the feasibility of the guidelines with the service operators.
	(c) remind case managers of the HCS and the ISS to ensure that necessary support services are provided to service users as far as possible;	During the meeting of 24 November 2017 with NGOs, SWD reminded the operators of the two types of services on the significance of support services (including personal care, rehabilitation training and nursing care service) and the requirement for regular review of cases without support service so as to ensure

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		that service needs of service users would be fulfilled. In order to establish a clear service monitoring system and maintain consistency of service provision, SWD has drafted related guidelines and will study the feasibility of the guidelines with the service operators.
	(d) provide to the ASUs more guidelines on discharging service users;	During the meeting of 24 November 2017 with NGOs, SWD reminded the operators of the two types of services to close cases without service needs timely, or transfer cases with service needs to other service units for timely follow-up if there are substantial grounds. In order to establish a clear service monitoring system and maintain consistency of service provision, SWD has drafted related guidelines and will study the feasibility of the guidelines with the service operators.
	(e) take measures to address the issue of service users receiving both the HCS and the ISS; and	<p>During the meeting of 24 November 2017 with NGOs, SWD set up a case cross-checking mechanism among the service operators of the two types of services to avoid duplication of support services received by the same service users. SWD has already reached an agreement with the NGO operators that the applicants, who may be the service users, family members or carers, should make consent and authorisation to allow the staff of the service units to liaise with service units providing similar service in the district when they apply for the service, so that the staff can check and prevent the service users from using service of the same nature at the same time. Besides, the applicants need to declare upon application that they are not using any services of the same nature. This administrative measure has been put in place since December 2017. SWD will closely monitor the progress.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(f) with a view to optimising the use of public money, explore the feasibility of fine-tuning the existing arrangements for	During the meetings of 24 November 2017 and 22 February 2018, SWD discussed with the service operators of the two types of services on some preliminary proposals for

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	calculating subventions to the ASUs providing the HCS and the ISS.	improvement measures, including the extension of service scope and principles of subvention calculation. SWD will deliberate on the proposals comprehensively. As the improvement measures will be related to the service performance mentioned in paragraph 4.24(a), SWD needs some more time to continue to collaborate with the service operators to improve the principles of subvention calculation.
Para. 95 of the PAC Report (p.63) (Monitoring of service delivery by SWD) (2nd bullet – item (b))	PAC strongly urges SWD to – (b) review underperformance of HCS and ISS services and improve their service delivery, especially on the provision of support services and the procedures on discharging patients;	Progress to date is the same as those for paragraph 4.24 (a) – (f) of the Audit Report above.
Para. 4.28 of the Audit Report	Audit has recommended that DSW should, to properly monitor the effectiveness of services provided by ASUs, step up efforts to set Outcome Standards with ASUs and incorporate such standards into the pertinent FSAs.	SWD has started to set OCs for new ASUs and add appropriate OCs for the existing ASUs upon review. By end June 2018, there has been an increase of 64.1% in the number of ASUs with OCs (i.e. from 482 to 791). When comparing with the figures in the Audit Report, the percentage of ASUs with OCs has also increased from 17.9% to 28.7% of the total number of ASUs. As deliberated in the SPMC, for all existing ASUs, including both the time-defined and non-time-defined ASUs, OCs will be added either upon their contract renewal or review in the coming five years in consultation with NGOs concerned, as appropriate.
Para. 95 of the PAC Report (p.64) (Monitoring of service delivery by SWD) (2nd bullet – item (c))	PAC strongly urges SWD to – (c) discuss with the relevant NGOs on a timetable to set Outcome Standards for all existing ASUs; and	Progress to date is the same as that for paragraph 4.28 of the Audit Report above.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 4.32 of the Audit Report	Audit has recommended that DSW should –	
	(a) determine whether the activities provided by ASU J to children under six and retired men are FSA-related activities and instigate remedial action where necessary;	<p>After clarification with the NGO operating ASU J, the programme provided for the retired men group should properly be named as “Cross Generation Project for Young People and their Retired Fathers”. The service scope was to promote inter-generational engagement through a platform of different activities, such as drama, workshop or exhibition and etc., for enhancing mutual understanding between retired men and young people and increasing self-reflection towards their roles in families. As the programme was in line with the service objectives of Children and Youth Centre (CYC) as stipulated in the FSA, it is regarded as a FSA-related activity.</p> <p>As for the programmes for children aged under six, the children in this age range are not the target service users (aged 6-24) or affiliated family members of the CYC. As such, those programmes are not regarded as FSA-related activities. Nonetheless, some LegCo Members advised during the public hearing of Director of Audit's Report No. 69 that SWD should exercise more flexibility after considering the purpose and rationality of the services provided by ASU J. In view that ASU J is providing early intervention to needy children in response to community needs, and the Task Force is reviewing the principle to elucidate cost apportionment guidelines between FSA services (inclusive of FSA-related activities) and other non-FSA services, SWD is considering to exercise discretion in handling ASU J's case for providing activities for children aged under six.</p>
	(b) remind NGOs that the SWD should be consulted prior to the conduct of activities which they regard as FSA related activities but not stipulated in FSAs;	<p>Paragraph 2.37 of the LSG Manual stipulates that both LSG and LSG Reserve are intended for operating expenditure for FSA or FSA-related activities.</p> <p>SWD will require NGOs found to be non-compliant to take rectification actions and submit a written reply to SWD as soon as possible.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Paragraph 4.9 of the LSG Manual stipulates that it is the responsibility of NGOs' board and management to maintain proper control of LSG and ensure that the use of LSG meets the requirements and objectives set out in the FSAs. To avoid misunderstanding, NGOs should consult SWD in a timely manner as to what constitutes "FSA-related" activities before conducting such activities.</p> <p>SWD issued the "Notification Letter on Social Welfare Subventions for 2018-19" on 21 March 2018 to remind NGOs of the aforementioned requirements.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(c) communicate with the NGO of ASU S on how best to handle the cases of children occupying the emergency places longer than the stipulated periods, bearing in mind that there may be other children in need of the places;	<p>After discussion with SWD, NGO of ASU S has revised the duration of stay for emergency placement from six weeks to three months so as to tally with other services of the same nature with effect from 1 December 2017; and ensured that applications for extension of stay would be processed in accordance with the established mechanism including requiring prior approval from the supervisors of the referring social workers.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(d) remind the NGO of ASU S of the need to require social workers of referring units of NGOs to work out long-term welfare plans for all children occupying the emergency places in a timely manner; and	<p>NGO of ASU S has reviewed the existing arrangement and required the referring social workers to obtain the parents' consent and formulate the long-term welfare plans for the children concerned for the application/extension of stay for the emergency placement.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(e) urge the NGO of ASU S to admit cases requiring urgent placement at the earliest possible time, and set a reasonable timeframe for social workers of referring units to complete the admission procedures.	<p>SWD has reviewed with NGO of ASU S on the work flow and time required for the applications of emergency placement. The NGO has implemented enhanced measures, which include requiring the referring social workers to complete the admission procedures at the earliest possible time within 14 working days upon confirmation of availability of placement. If the referring social workers cannot complete the admission procedures within the required timeframe, the application for the emergency placement will be cancelled unless with agreement from the NGO for extending the processing time.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Para. 95 of the PAC Report (p.64) (Monitoring of service delivery by SWD) (2nd bullet – item (d))</p>	<p>PAC strongly urges SWD to –</p> <p>(d) follow up on other cases with irregularities as revealed in the Audit Report.</p>	<p>With regard to Table 16 of the Audit Report concerning ASU J's over-reporting of the sessions and attendances of its core programmes, ASU J explained that inaccurate reporting was due to human error and incorrect inclusion of the statistics of non-target service user groups.</p> <p>SWD has reminded the NGO to ensure the usage of subvented resources for providing FSA services; to consult SWD prior to the conduct of activities which it regarded as FSA-related but not stipulated in the FSA for ensuring proper use of service resources; and to enhance the system of internal audit with a view to reporting the service statistics accurately.</p>
<p>Para. 4.37 of the Audit Report</p>	<p>Audit has recommended that DSW should consider conducting, on a periodic basis, comprehensive reviews of the performance of ASUs with non-time-defined FSAs (particularly those ASUs with persistent underperformance).</p>	<p>Both the time-defined and non-time-defined ASUs are currently subject to the same monitoring system, i.e. all of them are required to submit quarterly statistical reports on actual performance on OS/OCs, half-yearly report on variance against the agreed levels of OS/OCs and annual self-assessments on attainment in OS/OCs as laid down in the annual summary reports, and are subject to service performance visits.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Under the existing monitoring mechanism, SWD reviews all ASUs' performance of OS/OCs annually regardless of whether they are time-defined or not. Upon including the ESRs and SQSs in the annual Summary Reports as recommended in paragraph 4.48(h) of the Audit Report, the coverage of annual review will be enhanced.</p> <p>If persistent underperformance of ASUs is identified, regardless of whether their FSAs are time-defined or not, they will be put up to SPMC for close monitoring and timely follow-up actions.</p>
Para. 4.48 of the Audit Report	Audit has recommended that DSW should –	
	(a) closely monitor the progress of Special Visitation Programme (SVP) visits in order to accomplish the SVP within the stipulated timeframe;	<p>SVP is a five-year programme (i.e. 2016-17 to 2020-21). SVP visits for 2016-17 and 2017-18 have been carried out on schedule.</p> <p>For the remaining three years (i.e. 2018-19 to 2020-21), SWD will continue to monitor the progress closely, so as to ensure that the remaining SVP visits are conducted on schedule as well.</p>
	(b) review the approach to conducting SVP visits and review/surprise visits (e.g. reviewing the need to change from the random-based to a risk-based visit approach) to ensure that they are conducted efficiently and effectively;	<p>The approach for conducting service performance visits for the monitoring cycle of 2018-21 has been reviewed. On top of the special one-off random selection endorsed by LSGSC at an earlier meeting, LSGSC has also agreed on the introduction of a risk-based visit approach at its meeting held on 12 July 2018.</p> <p>SWD conducted a briefing session on 26 September 2018 and issued a management letter on 5 October 2018 to brief all NGOs on the relevant details before the implementation of the enhanced arrangements.</p>
	(c) assess the manpower need of the Team of the SWD's Subventions Branch responsible for the conduct of performance visits;	SWD will conduct a review in 2018-19 to ensure that adequate manpower is available to conduct the performance visits upon the implementation of the recommended enhancements.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(d) take enhanced measures to ensure that, as far as possible, service users to be requested to complete questionnaires or interviewed are not pre-selected by ASUs;	<p>SWD has drawn up enhanced measures to have service users mainly selected by SWD assessors for interview and completion of questionnaires. The relevant measures were endorsed by LSGSC at its meeting held on 12 July 2018.</p> <p>SWD conducted a briefing session on 26 September 2018 and issued a management letter on 5 October 2018 to brief all NGOs on the relevant details before the implementation of the enhanced arrangements.</p>
	(e) take enhanced measures to ensure that the staff of the Subventions Branch responsible for conducting performance visits select samples for examination at ASUs themselves;	<p>SWD has drawn up enhanced measures for the selection of samples for assessment, which were endorsed by LSCSC at its meeting held on 12 July 2018.</p> <p>SWD conducted a briefing session on 26 September 2018 and issued a management letter on 5 October 2018 to brief all NGOs on the relevant details before the implementation of the enhanced arrangements.</p>
	(f) remind NGOs to rectify the irregularities noted during performance visits;	<p>Under the existing monitoring mechanism, if non-compliance on ESRs or SQSs is identified during a service performance visit, a "Record on Area for Improvement" will be issued on-site and the NGO concerned will be asked to submit an action plan for rectification within four weeks.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(g) consider including inaccurate self-assessment on ESRs and SQSs in management letters issued to ASUs;	<p>SWD will, after mapping out the follow-up actions/enhanced measures, conduct a briefing on Audit's and PAC's recommendations for NGOs and issue a management letter to NGOs after the briefing for recapping the relevant recommendations.</p> <p>After the briefing with NGOs, SWD will include the inaccurate self-assessment on ESRs and SQSs in management letters issued to ASUs starting from 2019-20.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(h) consider extending the coverage of annual performance review (e.g. to include attainment of ESRs and SQSs); and	<p>SWD has included the attainment of ESRs and SQSs in the annual Summary Reports in the 2017-18 cycle. The reports will be renamed as "Summary Reports on Performance on ESRs/SQSs/OSs/OCs".</p> <p>The practice will continue after the 2017-18 cycle.</p>
	(i) take measures to ensure that the results of NGOs' compliance with the ESRs, SQSs, Output Standards and Outcome Standards are brought to the attention of the SWD's directorate periodically.	<p>SWD has already uploaded in January 2018 the annual Summary Reports on OS/OCs for 2016-17 to SWD's Intranet for the attention of directorate officers.</p> <p>The enhanced "Summary Reports on Performance on ESRs/SQSs/OSs/OCs" (mentioned in paragraph 4.48(h)) will also be uploaded to SWD's Intranet for the attention of directorate officers every January thereafter.</p>
Part 5: Governance and Management Matters		
Para. 5.11 of the Audit Report	Audit has recommended that DSW should –	
	(a) remind NGOs to provide accurate information on the progress of implementation of BPM guidelines and submit self-assessment reports ¹ in a timely manner;	<p>SWD hosted a sharing session on the BPM in September 2018 to remind NGOs to provide accurate information and submit Self-assessment Checklists in a timely manner.</p> <p>In order to review NGOs' implementation of the BPM, SWD reminds NGOs through email in every September to provide accurate information when completing their Self-assessment Checklists in accordance with the BPM requirements.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(b) consider conducting checking of the implementation of Level One guidelines by NGOs;	<p>In order to strengthen the monitoring of NGOs on the implementation of Level One guidelines, SWD carried out on-site assessments and inspected NGOs' implementation records in the form of a pilot</p>

¹ The term "self-assessment reports" in Director of Audit's Report No. 69 refers to the "(Best Practice Manual) Self-assessment Checklists" of SWD.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>scheme between January and March of 2018. A total of nine NGOs were randomly selected to participate in the scheme and the results indicated that all NGOs selected were able to implement the requirements of Level One guidelines.</p> <p>SWD will also request NGOs to list out information relating to the implementation of the relevant criteria and procedures on their Self-assessment Checklists for Level One guidelines to ensure accurate reporting, such as the dates of board meetings, and the date and method of dissemination of information to stakeholders, etc. SWD will verify NGOs' implementation of the BPM based on the Self-assessment Checklists submitted by NGOs.</p>
	(c) enhance the promotion of Level Two guidelines among NGOs, so as to solicit their greater support for implementing Level Two guidelines; and	<p>SWD hosted a sharing session on the BPM in September 2018 and invited NGOs to share their experiences and good practices identified in the implementation of Level Two guidelines, so as to encourage NGOs to adopt the good practices and enhance the promotion of Level Two guidelines to them.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
	(d) step up efforts to forge agreement between the NGOs' management and the staff side on the four items of the BPM relating to human resource management.	<p>SWD has, through the Working Group on the Implementation Details of BPM (BPM Working Group) (meetings held on 12 December 2017 and 31 May 2018) and the LSGSC (meeting on 12 July 2018), agreed with the management and staff side of NGOs on three items of the BPM relating to human resource management.</p> <p>SWD will, through the BPM Working Group, continue its efforts to forge agreement between the management and staff side of NGOs on the final outstanding item relating to staff remuneration policy.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 5.22 of the Audit Report	Audit has recommended that DSW should make greater efforts to encourage NGOs to adopt the good practices outlined in the Efficiency Unit's "Guide to Corporate Governance for Subvented Organisations".	<p>SWD hosted a sharing session on the BPM in September 2018 to encourage NGOs to adopt the good practices outlined in the "Guide to Corporate Governance for Subvented Organisations" of the Efficiency Office (formerly known as Efficiency Unit).</p> <p>The "Guide to Corporate Governance for Subvented Organisations" is currently uploaded onto SWD's website and is also listed in Annex 12 of paragraph 5.2 of Chapter 5 of the LSG Manual on Best Practices to encourage NGOs' reference.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
Para. 95 of the PAC Report (p.65) (Corporate governance and accountability) (2nd bullet)	PAC strongly urges SWD to follow up with those NGOs which are still in the process of implementing items under Level One guidelines, step up efforts in promoting Level Two guidelines and explore the possibility of mandating the compliance of good practices contained in the "Guide to Corporate Governance for Subvented Organisations" among NGOs so as to enhance their governance and accountability.	<p>SWD will request NGOs to list out information relating to the implementation of the relevant criteria and procedures on their Self-assessment Checklists for Level One guidelines to ensure accurate reporting, such as the dates of board meetings, and the date and method of dissemination of information to stakeholders, etc. SWD will follow up on NGOs' implementation of the BPM based on the Self-assessment Checklists submitted by NGOs.</p> <p>SWD hosted a sharing session on the BPM in September 2018 and invited NGOs to share their experiences and good practices identified in the implementation of Level Two guidelines, so as to encourage NGOs to adopt the good practices and enhance the promotion of Level Two guidelines to them.</p> <p>SWD has also encouraged NGOs to adopt the good practices outlined in the "Guide to Corporate Governance for Subvented Organisations" and explore the feasibility of mandating the compliance of good practices contained therein among NGOs so as to enhance their governance and accountability.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 5.31 of the Audit Report	Audit has recommended that DSW should –	
	(a) remind NGOs receiving LSG subventions to monitor their staff turnovers and take measures to address the problem of high staff turnovers;	<p>SWD will remind NGOs to monitor their staff turnover through appropriate channels and will follow up on the recommendations of the Task Force after it reviews the staff turnover situation.</p> <p>SWD issued the “Notification Letter on Social Welfare Subventions for 2018-19” on 21 March 2018 to remind NGOs to note the aforementioned issue and take measures to address it accordingly.</p> <p>The review of staff turnover rate and vacancies is within the scope of the Review. The Task Force will listen to and collect the views of various stakeholders during the upcoming sector consultation sessions and focus groups, and will consider the views in detail in its future meetings. The Review is expected to be completed by mid-2020.</p>
	(b) remind NGOs receiving LSG subventions to review their pay scales and structures as well as to enhance transparency and communication with staff on salary matters;	<p>SWD has, through the BPM Working Group (meetings held on 12 December 2017 and 31 May 2018) and the LSGSC (meeting on 12 July 2018), agreed with the management and staff side of NGOs on three items of the BPM relating to human resource management.</p> <p>SWD will, through the BPM Working Group, continue its efforts to forge agreement between the management and staff side of NGOs on the final outstanding item relating to staff remuneration policy.</p> <p>The implementation of the three new items of the BPM commenced in October 2018. In the area of the disclosure of pay policy, the BPM encourages NGOs to increase transparency and enhance communication with staff in the implementation of their disclosure of pay policies.</p> <p>Pay structure is among one of the areas in the scope of the Review. The Task Force will listen to and collect the views of various stakeholders during the upcoming sector consultation sessions and focus groups, and</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		will consider the views in detail in its future meetings. The Review is expected to be completed by mid-2020.
	(c) promulgate among NGOs the good practice of conducting exit interviews with staff leaving their organisations so as to enable NGOs to gain better insight into staff's concerns; and	<p>SWD will encourage NGOs through appropriate channels to adopt good management practices, including conducting exit interviews with leaving staff.</p> <p>The review of staff turnover rate is within the scope of the Review. The Task Force will listen to and collect the views of various stakeholders during the upcoming sector consultation sessions and focus groups, and will consider the views in detail in its future meetings. The Review is expected to be completed by mid-2020.</p>
	(d) step up efforts to forge agreement between the NGOs' management and the staff side on the four items of the BPM relating to human resource management (see also para. 5.11(d)).	Progress to date is the same as those for paragraph 5.11 (d) of the Audit Report above.
Para. 95 of the PAC Report (p.66) (Problem of high staff turnover) (2nd bullet)	PAC strongly urges SWD to take a more proactive lead to address the problem of staff turnover of NGO by –	
	(a) collating relevant statistics from NGOs periodically and promulgating among NGOs the good practice of conducting exit interviews with leaving staff so as to better gauge the magnitude and underlying causes of the problem;	<p>SWD will encourage NGOs through appropriate channels to adopt good management practices, including conducting exit interviews with leaving staff.</p> <p>According to the Social Work Manpower Requirements System (SWMRS) Annual Report 2017, the turnover rate and wastage rate for social work posts in “NGOs”² is 15.6% and 3.6% respectively, which are comparable to the relevant numbers in the 2016 Annual Report, i.e. 15.8% and 3.2% respectively.</p> <p>The review of staff turnover rate is within the scope of the Review. The Task Force will listen and collect the views of various</p>

² For the SWMRS, “NGOs” refer to all subvented and self-financing welfare organisations, and other settings employing social workers such as private elderly homes and private residential care homes for persons with disabilities, hospitals under Hospital Authority, primary schools, special schools subvented by Education Bureau, and service units subvented by Home Affairs Bureau.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>stakeholders during the upcoming sector consultation sessions and focus groups, and will consider the views in detail in its future meetings. The Review is expected to be completed by mid-2020.</p>
	<p>(b) reviewing the salary structures and pay scales of social welfare personnel to ensure that their remunerations and benefits are competitive enough to attract, recognize and retain talents, and taking measures to minimize the salary gap of same rank or position among different NGOs and the Government; and</p>	<p>SWD has been closely monitoring the salary structures and pay scales of social welfare personnel to ensure the competitiveness of their remuneration and benefits.</p> <p>In view of the difficulty in the recruitment and retention of front-line care staff in the social welfare sector, SWD will provide additional resources for subvented welfare service units starting from 2018-19, so as to enhance their remuneration and benefits for maintaining their competitiveness.</p> <p>The reviews of staffing establishment and subvention benchmarks as well as pay structure are within the scope of the Review. The Task Force will listen to and collect the views of various stakeholders during the upcoming sector consultation sessions and focus groups, and will consider the views in detail in its future meetings. The Review is expected to be completed by mid-2020.</p>
	<p>(c) encouraging NGOs to maintain a stable and effective workplace and enhancing communication with staff on pay-related issues.</p>	<p>SWD has, through the BPM Working Group (meetings held on 12 December 2017 and 31 May 2018) and the LSGSC (meeting on 12 July 2018), agreed with the management and staff side of NGOs on three items of the BPM relating to human resource management.</p> <p>SWD will, through the BPM Working Group, continue its efforts to forge agreement between the management and staff side of NGOs on the final outstanding item relating to staff remuneration policy.</p> <p>The implementation of the three new items of the BPM commenced in October 2018. In the area of the disclosure of pay policy, the BPM encourages NGOs to increase transparency and enhance communication with staff in the implementation of their disclosure of pay policies.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 6: Review of Lump Sum Grant Subvention System		
Para. 6.14 of the Audit Report	Audit has recommended that DSW should –	
	(a) in order to help the conduct of actuarial studies or related studies in future, obtain feedback from all NGOs that have conducted the studies and promulgate the feedback to NGOs; and	<p>SWD will, upon the completion of NGOs' actuarial studies and related studies, obtain feedback from all NGOs that have conducted the studies and upload relevant information to SWD's website for the sector's reference.</p> <p>The first batch of actuarial studies and related studies were completed in July 2018 and the last batch is expected to be completed by May 2020.</p>
	(b) take measures to improve the management of potential conflicts of interest in the handling of complaints by the LSG Independent Complaints Handling Committee (IHC).	<p>At the 33rd IHC meeting held on 20 September 2017, SWD reiterated to the members the guideline for the "One-tier Reporting System", including the scope, timing and method for declaration of interests. IHC Secretariat has recorded in the minutes of meeting the details of the handling of members' declaration of interests, including the decisions made by IHC Chairman and the implementation of relevant arrangements starting from the 33rd IHC meeting.</p>
Para. 95 of the PAC Report (p.67) (Need to better manage potential conflicts of interest of LSG-IHC) (3rd bullet)	PAC strongly urges SWD to take measures to strengthen the declaration of interests by members of the Complaints Handling Committee; remind the Chairman to make decisions on the interests declared by members and properly record all such decisions in the minutes of meetings.	<p>In addition, IHC Secretariat will check the records of members' declaration of interests and matters to be discussed before each meeting, and show them in the "Chairman's Brief" prepared for IHC Chairman on the members' possible conflict of interests with the matters to be discussed, with a view to facilitating IHC Chairman to make timely and accurate decisions accordingly.</p> <p>IHC Secretariat will also send to the members the form for declaration of potential conflict of interest before each meeting, including the information previously declared by the members, with a view to facilitating their checking and filling in of the form.</p> <p>In future, SWD will continue to assist IHC to manage the declaration of interests, and reiterate the contents of the guideline and provide a copy to the members for reference every year.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		As recommendation (b) of the Audit Report and the recommendation of the PAC Report have been implemented and will be carried out on an on-going basis, we recommend that this part be deleted from the next progress report.
Para. 6.19 of the Audit Report	Audit has recommended that DSW should, in carrying out the review on the enhancement of the LSG subvention system, take into account the audit findings and recommendations in this Audit Report.	The Task Force has considered the findings and recommendations in the Audit Report when establishing the scope of the Review. The Task Force will continue to take into account relevant recommendations during the review process.
Para. 95 of the PAC Report (p.68) (Ways forward for LSGSS) (2nd bullet)	PAC recommends that the Task Force should take into considerations the following when undertaking the review –	
	(a) engaging different stakeholders including frontline staff and service users and gauging their views on how to enhance the subvention system;	<p>The Task Force is made up of different stakeholders, including representatives of frontline staff and service users.</p> <p>The Task Force will organise sector consultation sessions and focus groups during the review process and, with the assistance rendered by the consultant hired by SWD, collect views from different stakeholders (including frontline staff and service users).</p>
	(b) collating not only quantitative findings but also qualitative feedback and comments on how to improve service quality;	<p>SWD has all along been monitoring the service performance of subvented service units through the Service Performance Monitoring System to ensure their compliance with the requirements stipulated in the FSAs. There are a total of 16 SQSs setting out the quality standard that service units are expected to attain in management and service provision. OSs are set for measuring the effectiveness of individual services.</p> <p>The mechanisms for reviewing FSAs and NGOs' service performance assessment are within the scope of the Review. The Task Force will collect quantitative data and qualitative response by means of questionnaire, sector consultation sessions and focus groups to consider the approach for improving service quality.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(c) reviewing the use of reserves by NGOs and to maintain an optimal balance between maximizing the use of subvention resources and maintaining NGOs' autonomy and flexibility in resources deployment to suit the present-day needs of the community;	Paragraph 2.14 of the LSG Manual stipulates that NGOs have the flexibility in deploying their LSG (excluding the part for PF) for staff and other operating expenses within the context of FSAs. The review on the parameters for assessing FSA-related activities is among one of the areas in the scope of the Review, for enabling NGOs to make reference and suitably and flexibly deploy subvention funds to respond to the present-day needs of the community.
	(d) formulating a set of fair, effective and practical criteria for cost apportionment between FSA and non-FSA activities;	The review on the parameters for assessing FSA-related activities is within the scope of the Review, so is the elucidation of the principle of cost apportionment between FSA/FSA-related services and other non-FSA services for NGOs' reference.
	(e) devising improvement measures on the monitoring of service delivery and enhancing transparency and accountability for supervision by SWD and the public at large, and promoting the implementation of BPM guidelines and other useful guides on corporate governance;	<p>The review of NGOs' transparency and public accountability is among one of the areas in the scope of the Review.</p> <p>SWD hosted a sharing session in September 2018 to promote the implementation of the BPM and other useful guidelines on corporate governance.</p>
	(f) formulating staff remuneration policy with a clear salary structure, reviewing pay scale of different ranks and establishing communication channels with staff on pay-related issues;	The scope of the Review includes the review of pay policies and pay scales of the social welfare sector (including policies on recognition of experience, minimum point of pay, adjustment of salaries, contractual arrangements, etc.), as well as on enhancing the communication between the Board of Directors and staff side of NGOs.
	(g) monitoring closely staff turnover problem in the welfare sector and devising long-term manpower planning to ensure sustainable development of the sector; and	The scope of the Review includes the review of staff turnover rate and vacancies, and will look into the improvement measures required for devising long-term manpower planning to ensure sustainable development of the sector.

Para. No.	Audit's/PAC's Recommendations		Progress to Date
	(h)	taking into account findings and recommendations made by the Committee and Audit in taking forward the review.	The Task Force has considered the findings and recommendations in the Audit Report and PAC Report when establishing the scope of the Review. The Task Force will continue to take into account relevant recommendations during the review process.

**Consumer protection against unfair trade practices,
unsafe goods, and short weights and measures
Progress in implementing the Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Enforcement work against unfair trade practices		
<i>Implementation of the 2012 Amendment Ordinance</i>		
2.15	<p>Audit has recommended that the Commissioner of Customs and Excise and the Director-General of Communications should, in consultation with the Secretary for Commerce and Economic Development, conduct a comprehensive review on the enforcement issues of the amended Trade Description Ordinance (TDO), taking into account the findings of this Audit Report, with a view to drawing lessons for the future.</p>	<p>The Customs and Excise Department (C&ED) and the Office of the Communications Authority (OFCA) have respectively conducted a comprehensive review of the enforcement issues of the TDO in consultation with the Commerce and Economic Development Bureau (CEDB), taking into account the findings of the Audit Report.</p> <p>C&ED has reviewed various aspects of TDO's enforcements, including the handling of intelligence, complaints, referrals, enforcement actions, compliance promotion to traders and education to consumers. The review has identified ways to further enhance enforcement effectiveness by, for instance, improving the current enforcement model, related organisational structures, work mechanisms and manpower resources, so as to ensure effective enforcement of the fair trading sections of TDO. C&ED will take forward the improvement measures as identified in the review.</p> <p>Further to the reviews conducted in 2015 and 2016, OFCA has conducted a comprehensive review of the enforcement work of the amended TDO. As a result of the review, OFCA will –</p> <p>(a) continue to deploy the investigation powers and enforcement tools available under the TDO in appropriate circumstances, as well as continue the practice of issuing</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>advisory letters in appropriate cases to drive the telecommunications and broadcasting operators to improve their commercial practices to protect consumer interests; and</p> <p>(b) strengthen (i) consumer education and publicity programmes with a view to improving consumers' understanding of the scope of the fair trading sections of the TDO and the importance of their providing assistance to OFCA to conduct the relevant investigation work after lodging a complaint; and (ii) communications with the Consumer Council (CC) with a view to identifying any potential unfair trade practices of systemic nature so that OFCA could take necessary actions to curb the problem at an early stage (for details, please refer to the response in relation to paragraphs 4.43 and 2.17 respectively).</p> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>
2.16	Audit has also recommended that the Commissioner of Customs and Excise should work with the CC to ensure the timely completion of enhancements to the computer system interface for case referral.	Enhancements of the computer system interface between C&ED and CC are scheduled for completion in October 2018 so as to enable C&ED and CC to use the system for case referral.
2.17	<p>Audit has recommended that the CC and the Director-General of Communications should review the need for –</p> <p>(a) periodic sharing of unfair trade practice information relating to telecommunications and</p>	CC and OFCA agreed in June 2018 to set up a mechanism for periodic sharing of unfair trade practice information in relation to telecommunications and broadcasting services. Given that only a very small portion of unfair trade practice information currently shared by the CC to C&ED via their computer systems is

Para. No.	Audit's Recommendations	Progress to date
	<p>broadcasting services; and</p> <p>(b) computer system enhancements to facilitate case referral and information exchange.</p>	<p>related to telecommunications and broadcasting services (average 35 cases per month or around 10% of the total number of cases of unfair trade practice information shared), it would not be cost effective for OFCA to hook up with the existing computer system interface setup between the CC & C&ED for sharing unfair trade practice information. Instead, OFCA and the CC have agreed to share unfair trade practice information relating to telecommunications and broadcasting services on a monthly basis via email with the documents password protected from September 2018 onwards.</p> <p>As regards formal referral of complaint cases by the CC to OFCA, in view of the even smaller number of cases (average less than three cases per month), OFCA and the CC have agreed to maintain the current practice of referring cases in the form of letter.</p> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>
<i>Enforcement work of the Customs and Excise Department</i>		
2.36	<p>Audit has recommended that the Commissioner for Customs and Excise should –</p> <p><u>Enforcement work of the Intellectual Property Investigation Bureau (IPIB)</u></p> <p>(a) take measures to improve the conduct of investigations by the IPIB, including –</p>	

Para. No.	Audit's Recommendations	Progress to date
	<p>(i) tightening control over the compliance with the laid-down time standards for commencing investigations of complaint cases;</p> <p>(ii) considering setting a time standard for investigation officers to contact complainants (in particular those who are short-haul travellers) for collecting evidence;</p> <p>(iii) stepping up supervisory checks of investigation progress and fieldwork in accordance with the Work Manual requirements and reminding supervisors to maintain sufficient evidence of their checks;</p> <p>(iv) ensuring that the time standards for reporting investigation results and closed case information to the Intelligence Bureau are always complied with; and</p> <p>(v) ensuring compliance with the time standard for submitting case files to the Department of Justice (DoJ) for advice on taking prosecution actions or administering other sanctions;</p>	<p>C&ED has reminded investigation officers to comply with the time standards for commencing investigations of complaint cases. C&ED has also issued guidelines on monthly performance reporting since May 2018, which requires verification of information by supervisory staff to ensure the accuracy.</p> <p>C&ED has since May 2018 implemented a general time standard for contacting complainants within seven working days upon receipt of complaints by Group Head, except for special cases such as bulk complaints against the same trader arising from sudden closure of business.</p> <p>C&ED has since May 2018 strengthened the existing mechanism by specifying the frequency of supervisory checks to be conducted by frontline supervisors so as to step up monitoring of the investigation progress and fieldwork, and reminded supervisory staff to keep sufficient and proper records of their supervisory checks.</p> <p>C&ED has reminded officers to closely monitor the progress of case file closure, and report investigation results as well as closed case information to the Intelligence Bureau. Investigation files will be arranged for closure in a timely manner.</p> <p>C&ED has reminded officers to strictly comply with the three-month time standard for submission of case files to the DoJ for legal advice. In cases where more time is required for investigating complicated cases, relevant officers should inform the DoJ in advance so that both sides could work out a mutually agreed timeline for seeking legal advice.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p data-bbox="288 259 821 371"><u>Enforcement work of the Trade Descriptions Investigation Bureau (TDIB)</u></p> <p data-bbox="288 409 821 483">(b) take measures to improve complaint handling, including –</p> <p data-bbox="347 521 821 869">(i) stepping up the checking of the nature of complaints in case classification to ensure that they are accorded the right priority for action within the timeframe laid down in the Controlling Officer's Report (COR) or relevant Work Manual; and</p> <p data-bbox="347 947 821 1099">(ii) reminding staff concerned to take prompt action in the case classification and assignment process;</p> <p data-bbox="288 1149 821 1301">(c) strengthen the checking of supporting records for reporting the achievement of performance targets in the COR; and</p> <p data-bbox="288 1536 821 1688">(d) take measures to improve the timeliness in completing investigation work by the TDIB, including –</p> <p data-bbox="347 1727 821 2033">(i) stepping up monitoring of investigation progress, including making use of the computer system to generate exception reports on delayed investigation cases for management attention; and</p>	<p data-bbox="847 521 1441 913">C&ED has since June 2018 enhanced the guidelines on definition of urgent and priority complaints, workflow of complaints referral, and monitoring mechanism on performance reporting in the COR. C&ED has also reminded officers to ensure the accuracy of case classification and compliance with time standards for commencement of investigations.</p> <p data-bbox="847 947 1441 1099">C&ED has reminded officers concerned to ensure the accuracy of case classification and compliance with time standards in the case assignment process.</p> <p data-bbox="847 1149 1441 1503">C&ED has since June 2018 enhanced the guidelines on definition of urgent and priority complaints, workflow of complaints referral, and monitoring mechanism on performance reporting in the COR. Supervisory officers will conduct checks to ensure the accuracy of information for reporting the achievement of performance targets.</p> <p data-bbox="847 1727 1441 1879">C&ED has been making use of exception reports generated from computer system since June 2018 to monitor progress of delayed investigation cases.</p>

Para. No.	Audit's Recommendations	Progress to date									
	(ii) reminding investigation officers to take prompt actions in investigation work, and maintain adequate records of each stage of work, including the reasons for any long time taken.	C&ED has reminded investigation officers to expedite actions in investigation work, as well as provide and record justifications for cases that require longer time for investigation. As the recommendations have been implemented, we propose that this part be deleted from the next progress report.									
<i>Enforcement work of the Office of the Communications Authority</i>											
2.43	Audit has recommended that the Director General of Communications should consider promulgating performance measures in respect of the enforcement work under the amended TDO.	<p>OFCA has decided to promulgate the following performance pledge –</p> <table border="1"> <thead> <tr> <th colspan="3">Handling of Complaint against Broadcasting and Telecommunications Licensees on Suspected Contravention of the Fair Trading Sections of the Trade Descriptions Ordinance (Cap. 362)</th></tr> <tr> <th></th><th>Service Delivery Standard</th><th>Performance Target (% meeting service standard)</th></tr> </thead> <tbody> <tr> <td>Issue case progress to the complainant if the case result is not ready</td><td>Within three months upon acknowledgment of receipt of the complaint</td><td>90%</td></tr> </tbody> </table> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>	Handling of Complaint against Broadcasting and Telecommunications Licensees on Suspected Contravention of the Fair Trading Sections of the Trade Descriptions Ordinance (Cap. 362)				Service Delivery Standard	Performance Target (% meeting service standard)	Issue case progress to the complainant if the case result is not ready	Within three months upon acknowledgment of receipt of the complaint	90%
Handling of Complaint against Broadcasting and Telecommunications Licensees on Suspected Contravention of the Fair Trading Sections of the Trade Descriptions Ordinance (Cap. 362)											
	Service Delivery Standard	Performance Target (% meeting service standard)									
Issue case progress to the complainant if the case result is not ready	Within three months upon acknowledgment of receipt of the complaint	90%									

Para. No.	Audit's Recommendations	Progress to date
Part 3: Enforcement work against unsafe goods, and short weights and measures		
<i>Areas for improvement</i>		
3.24	<p>Audit has recommended that the Commissioner of Customs and Excise should –</p> <p><u>Spot checks under the Consumer Goods Safety Ordinance (CGSO) and Toys and Children's Products Safety Ordinance (TCPSO)</u></p> <p>(a) take measures to improve the effectiveness of spot checks for the detection of the sale of unsafe goods and other offences under the CGSO and TCPSO, including –</p> <p>(i) ascertaining the reasons for the persistently high proportion of cases with target products not found (particularly those relating to general types of products) in spot checks with a view to identifying specific areas in need of improvement;</p> <p>(ii) providing up-to-date intelligence to assist the selection of target shops for spot checks;</p>	<p>C&ED has ascertained the reasons for the high proportion of cases with target products not found in spot checks. The main reasons are: spot-checks were conducted pursuant to product recalls overseas but such products were found to be unavailable in Hong Kong, target products have been sold out or low inventory kept by stores leading to insufficient sample found. C&ED has since March 2018 set out clearer instructions in quarterly work plan to frontline officers for buying similar products in target shops or searching for target products in nearby shops in order to increase the chance of finding target products.</p> <p>C&ED has reminded officers to provide timely updates to the Intelligence Bureau for preparation of the Company/Product List. Target shops found vacated or closed should be reported to Intelligence Bureau within three working days after the visit.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(iii) conducting more spot checks on online sales of goods; and</p> <p>(iv) stepping up surveillance at control points;</p> <p><u>Spot checks under the Weights and Measures Ordinance (WMO)</u></p> <p>(b) take measures to improve the effectiveness of spot checks for the detection of the sale of short-weighted goods and other offences under the WMO, including –</p> <p>(i) ascertaining the reasons for the decreasing detection rate with a view to identifying specific areas in need of improvement;</p>	<p>C&ED has instructed officers to perform online information gathering more frequently and instructed the supervisory officers to choose high-risk products for spot checks. More online spot checks and test purchases have been conducted since March 2018.</p> <p>Since May 2018, C&ED has stepped up blitz checks against toys, children's products and consumer goods at control points. C&ED has also put in place a mechanism to enhance detection through dissemination of risky product information under Intelligence Alert via the Intelligence Bureau.</p> <p>C&ED has ascertained that the reasons for the decreasing detection rate were greater awareness and understanding of the requirements under the WMO and proactive measures taken by the management offices of markets to enhance tenants' compliance. Through implementing enhanced enforcement measures such as putting appropriate target trades on quarterly work plans and conducting more test purchases in spot checks, the detection rate increased in the first half of 2018. C&ED will continue to monitor the situation and review the detection rate on a regular basis.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(ii) considering to conduct more spot checks by way of test purchases;</p> <p>(iii) laying down requirements that the numbers of spot checks on target and non-target trades should be commensurate with their risk profiles; and</p> <p>(iv) ensuring that quarterly work plans for guiding the direction of spot checks are approved before commencement of the checks;</p> <p><u>Investigation work</u></p> <p>(c) take measures to improve complaint handling, including –</p> <p>(i) stepping up the checking of the nature of complaints in case classification to ensure that they are accorded the right priority for action within the timeframe laid down in the COR or relevant Work Manuals; and</p> <p>(ii) reminding staff concerned to take prompt action in the processing and classification of complaints;</p>	<p>C&ED has since March 2018 set out in quarterly work plan the ratio for conducting test purchase and equipment check. More spot checks by way of test purchases are being conducted to improve the detection rate.</p> <p>C&ED has since March 2018 set out in quarterly work plan the numbers of spot checks conducted for target and non-target trades that tally with their risk profiles.</p> <p>C&ED has since March 2018 revised the guidelines to ensure that the quarterly work plans for guiding the direction of spot checks are approved before commencement of the checks.</p> <p>C&ED has since June 2018 enhanced the guidelines on definition of urgent and priority complaints; workflow of complaint referral under the CGSO, TCPSO, and WMO; and monitoring mechanism on performance reporting in the COR. C&ED has also reminded officers to ensure the accuracy of case classification and compliance with time standards for commencement of investigations.</p> <p>C&ED has reminded officers concerned to ensure the accuracy of complaint classification and compliance with time standards in the case assignment process.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) strengthen the checking of supporting records for reporting the achievement of performance targets in the COR;</p> <p>(e) improve the timeliness in completing investigation work to protect consumers against the sale of unsafe or short-weighted goods, including –</p> <p>(i) stepping up monitoring of investigation progress, including making use of the computer system to generate exception reports on delayed investigation cases for management attention and action; and</p> <p>(ii) reminding officers to take prompt actions in investigation work, and maintain adequate records of each stage of work, including the reasons for any long time taken; and</p> <p>(f) review the enforcement guidelines on issuing warning instead of prosecution to see if there are any terms (such as “same product type”) which need clarification to ensure the imposition of appropriate sanctions to deter recurrence of similar offences.</p>	<p>C&ED has since June 2018 enhanced the guidelines on definition of urgent and priority complaints; workflow of complaints referral under CGSO, TCPSO and WMO; and monitoring mechanism on performance reporting in the COR. Supervisory officers will conduct checks to ensure the accuracy of information for reporting the achievement of performance targets.</p> <p>C&ED has been making use of exception reports generated from computer system since June 2018 to monitor progress of delayed investigation cases.</p> <p>C&ED has reminded investigation officers to expedite actions in investigation work, as well as provide and record justifications for cases requiring longer time for investigation.</p> <p>C&ED has reviewed the relevant guidelines and drawn up definition of “same product type”. In this connection, C&ED has categorised various consumer goods, toys and children's products into a certain number of product types so as to ensure the imposition of appropriate sanctions. The definition has been implemented since October 2018.</p>

Para. No.	Audit's Recommendations	Progress to date
		As the recommendations have been implemented, we propose that this part be deleted from the next progress report.
Part 4: Other consumer protection measures		
<i>Conciliation of consumer disputes by the Consumer Council</i>		
4.14	<p>Audit has recommended that the CC should –</p> <ul style="list-style-type: none"> (a) make more efforts in checking the accuracy of results in attaining the two performance targets on handling consumer complaints before submission to CEDB for inclusion in the latter's CORs; (b) consider raising the target levels of the two performance targets on handling consumer complaints to ensure that they remain useful in motivating performance improvement; (c) enhance the CCMS on automatic generation of a reminder letter to a trader which has not responded to an inquiry letter to ensure compliance with the operational manual requirements; (d) provide more guidance for staff in taking follow-up actions on complaints, taking into account the audit observations in paragraph 4.10 on need to provide more guidance on following up complaint cases; and 	<p>CC will enhance the functions of its Complaints Case Management System (CCMS) to improve the accuracy of results in attaining the two performance targets on handling consumer complaints. The CC aims to complete the enhancements in Q4 2018.</p> <p>CC has collected relevant data related to the two performance targets on handling consumer complaints and will conduct an analysis in the light of the prevailing manpower situation so as to determine an appropriate increase in the target levels of the two performance targets. The CC aims to complete this task in Q4 2018.</p> <p>CCMS will be enhanced such that an automatic reminder letter will be generated in appropriate instances. The CC aims to complete the enhancements in Q4 2018.</p> <p>The CC has revised the operational manual since April 2018 to include the guidelines for staff in taking follow-up actions on complaints, including the ways to follow-up non-response cases, the duty of complaints officers to fully comply with all the procedures in handling complaint and the duty of supervisors to check for cases not closed for three calendar months since filing so as to</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) expedite actions to settle/close the long-outstanding complaint cases such as those identified in paragraph 4.12(e) and tighten monitoring to ensure that complaint cases are dealt with in a timely manner.</p>	<p>give timely advice or assistance to the complaints officers concerned, and the ways to handle deadlocked cases. Guidance is also given to complaints officers through meeting and individual consultation. As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p> <p>The outstanding complaint cases identified have all been handled or closed. The CC has also amended the operation manual of the Complaints and Advice Division of the CC so as to include provisions that would prevent undue delay and strengthen case monitoring. As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>
<i>Naming and public reprimand against unscrupulous traders by the Consumer Council</i>		
4.24	<p>Audit has recommended that the CC should –</p> <p>(a) enhance the analytical capability of the CCMS to facilitate the identification of serious and repeated cases of undesirable trade practices for taking follow-up actions; and</p> <p>(b) lay down guidelines on monitoring traders for service improvement.</p>	<p>The CC has started the study on the scope of and requirements for the enhancement of the analytical capability of the CCMS.</p> <p>The CC has implemented a set of guidelines on monitoring traders for service improvement since April 2018. As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Implementation of the Customer Complaints Settlement Scheme by the Office of the Communications Authority</i>		
4.30	<p>Audit has recommended that the Director-General of Communications should –</p> <p>(a) make greater efforts to promote the usage of the Customer Complaint Settlement Scheme (CCSS)³; and</p>	<p>Apart from the ongoing consumer education campaign conducted by OFCA on a routine basis that covers the CCSS, OFCA has launched a 12-month publicity campaign in July 2018 dedicated to promoting the CCSS, through social media, Internet search engine and distribution of publicity leaflets and posters.</p> <p>In order to encourage the usage of CCSS, OFCA has also agreed with the Communications Association of Hong Kong (CAHK) that the service fees will be reduced and one of the eligibility criteria of CCSS applications will be relaxed as set out below –</p> <p>(i) reduce the service fee of the CCSS for customers from \$100 to \$50, and for CCSS members from \$200 to \$100; and</p> <p>(ii) relax the time limit for customer filing a complaint to the CCSS member from within 12 months of the event triggering the complaint to within 18 months.</p> <p>OFCA will assess the effectiveness of these measures in due course after implementation with a view to reviewing the funding for the CCSS.</p>

³ Customer Complaint Settlement Scheme (CCSS) is a mediation scheme set up by the telecommunications industry to help resolve billing disputes in deadlock between telecommunications service providers and their customers. Under the CCSS, mediation service is provided by independent and trained mediators, via meetings or telephone communications, to assist the concerned parties to identify the issues in dispute, their respective positions and expectations; to facilitate the negotiation; to formulate a solution; and ultimately to reach a settlement agreement regarding the resolution of the whole, or part, of the dispute.

Para. No.	Audit's Recommendations	Progress to date
	(b) consider raising the target level of the two performance targets on resolution rate and user satisfaction of the mediation service of the CCSS.	<p>OFCA has agreed with CAHK that (i) the performance target on resolution rate (percentage of cases resolved) will be raised from 30% to 80%; and (ii) the performance target on user satisfaction will be raised from 3 to 4 (with 5 being the highest).</p> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>
<i>Consumer education and publicity</i>		
4.42	Audit has recommended that the CC should continue the efforts to take forward the revamp project of CHOICE magazine.	<p>With funding support from the Government, the CC has commenced the revamp project of CHOICE Magazine since April 2018.</p> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>
4.43	Audit has also recommended that the Commissioner of Customs and Excise should in collaboration with the Director-General of Communications, monitor common problems in non-pursuable TDO complaint cases with a view to formulating specific consumer education/publicity programmes to address these problems.	<p>OFCA and C&ED have identified common reasons for many of the complaints being non-pursuable, which include complainants' failure to provide relevant information, their refusal to assist in investigations, withdrawal of complaints, or complaints falling outside the scope of the TDO.</p> <p>With a view to improving consumers' understanding of the scope of the TDO and the importance of their assistance to C&ED and OFCA to conduct the relevant investigation work after lodging a complaint, C&ED and OFCA will strengthen consumer education by disseminating relevant information through ongoing consumer education campaigns, OFCA's TDO webpage and TDO complaint form. In addition, OFCA and C&ED will conduct joint publicity programmes. As of September 2018,</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>OFCA has joined one public seminar organised by C&ED in July 2018, whereas C&ED has joined four community talks organised by OFCA in August and September 2018. In collaboration with the CC, an article on non-pursuable TDO cases and some smart tips for consumers will be published in the CHOICE Magazine in the fourth quarter of 2018. C&ED and OFCA will continue to collaborate in their consumer education efforts in future.</p> <p>As the recommendation has been implemented, we propose that this part be deleted from the next progress report.</p>

Integrated education
Progress of implementing Audit's and PAC's Recommendations

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Identification and Admission of Students with Special Educational Needs		
Para. 2.14 (a) of the Audit Report	Audit has recommended that the Secretary for Education should review the timeliness of identifying students with Special Educational Needs (SEN) to ascertain if there are any areas where improvements can be made.	The Education Bureau (EDB) has reviewed the breakdown of the number of students newly assessed by school-based educational psychologists (SBEPs) by class levels viz. Primary 1 to 2, Primary 3 to 6, Secondary 1 to 3 and Secondary 4 to 6 in the 2016/17 school year. The
Page 44 of the PAC Report (point (b))	PAC urges the Administration to enhance the identification mechanism for students with SEN to differentiate the needs of different types of SEN and ensure that resources are channeled to those students with SEN as needed.	<p>The reduced number of newly assessed students by class levels shows that the prevailing mechanisms of early identification and referring students for assessment by student guidance personnel, school social worker and teacher-in-charge of the student support team (SST) were effective.</p> <p>The EDB, the Department of Health (DH), the Hospital Authority (HA) and the Social Welfare Department (SWD) have established a cross-bureau/department collaboration mechanism for identifying and supporting pre-school children with special needs progressing to Primary 1. Under this mechanism, public sector primary schools and Direct Subsidy Scheme (DSS) primary schools will, via the EDB, receive the assessment information provided by the child assessment centres (CACs) under the DH/HA and the progress report provided by the pre-school rehabilitation service units (PRSUs) subvented by SWD. The progress report includes the developmental domains to which the children should pay attention and recommendations on supporting the children's adaptation to primary school life.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>The SST in schools needs to scrutinise the assessment information from CACs and progress reports from PRSUs and discuss with the parents concerned about the daily performance of their children as early as possible. After understanding the conditions of the students, the SST needs to provide appropriate support to them according to their needs at the beginning of the school year. The SST would inform parents of the support provided. Upon parental consent, the schools will report the student's information and support level to the EDB for arrangement of appropriate resources.</p> <p>The EDB will continue to strengthen the "Early Identification and Intervention Programme for Primary 1 Students with Learning Difficulties" so that students with support needs are identified for further assessment and provided with appropriate support.</p> <p>The EDB will continue to review the above mechanism and remind schools, via various means, such as leaflets, seminars, workshops, etc., of the importance of early identification and intervention.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 2.14 (b) of the Audit Report	Audit has recommended that the Secretary for Education should in collaboration with schools, further encourage parents of students with SEN to give their consent to transfer related information from primary schools to secondary schools.	The EDB will continue to collaborate with the NGO concerned in running annual seminar(s) for parents of students with SEN promoting to Secondary 1, giving them professional advice and encouraging them to give consent to the primary schools to transfer relevant information of their

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Page 49 of the PAC Report (point (a))	PAC urges EDB to explore the feasibility of adopting an “opt-out mechanism” to facilitate the giving of consents by parents for transfer of the information of their children with SEN between primary schools and secondary schools and during transfer of schools.	<p>children with SEN to secondary schools for early identification and suitable support.</p> <p>The EDB is meeting with individual parent groups and will consult the stakeholders including schools councils, principals, special educational needs coordinators (SENCOs) etc. through consultation sessions, meetings and daily contacts about the “opt-out-mechanism”.</p> <p>Schools should abide by the Personal Data (Privacy) Ordinance in processing the personal information of students (including information pertaining to SEN). The EDB is consulting the Privacy Commissioner for Personal Data on whether an “opt-out mechanism” is legally feasible.</p>
Para. 2.14 (c) of the Audit Report	Audit has recommended that the Secretary for Education should record the dates on which the post-assessment meetings are held and the assessment summaries and the assessment reports are issued in the EDB's computer system to facilitate the monitoring of the timeliness of issuing assessment summaries and reports.	Under the existing mechanism, SBEPs prepare an assessment report on every student assessed and send a copy of the report to his/her school for record, follow-up and review of the support. SBEPs also provide parents with an assessment summary, listing out the major assessment results and support recommendations. Parents may apply for a copy of the assessment report. The SEMIS has captured the assessment results and related information provided by SBEPs to facilitate the EDB's work.
Page 49 of the PAC Report (point (b))	PAC urges EDB to make enhancements to the Special Education Management Information System (SEMIS) to facilitate the monitoring and follow-up on the students with SEN by EDB, schools and educational psychologists (EPs) by inputting additional information, such as the dates on which the post-assessment meetings were held and the assessment summaries and the assessment reports prepared by	<p>The EDB has been strengthening the functions of the SEMIS to help understand the conditions of students with SEN and provide them with suitable support and resources. The EDB is enhancing the SEMIS for recording the dates of SBEPs' assessment summaries, assessment</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>EPs were issued as well as uploading the relevant medical and assessment summaries/reports onto SEMIS.</p>	<p>reports and schools' post-assessment meetings starting from the 2018/19 school year. The EDB will examine the timeliness of the issuance of the assessment summaries and assessment reports by SBEPs.</p> <p>The assessment summaries and assessment reports of students with SEN include, amongst others, personal data of the students' families and parents. The EDB considers that the related information should not be uploaded to the SEMIS in order to protect personal data and privacy.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 2.21 of the Audit Report	<p>Audit has recommended that the Secretary for Education should urge schools to release more school information on support for students with SEN to facilitate parents of students with SEN in selecting schools.</p>	<p>To further enrich the information provided to parents, the School Profiles issued starting from 2018 have included a separate dedicated item for schools to elaborate on the implementation of the Whole School Approach to Integrated Education (IE).</p> <p>SENCOs will strengthen their work in enhancing the transparency of school information. The EDB will enhance their capacity to collaborate with other functional teams in school and communicate with parents through continuous professional development and school sharing activities.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 2.27 (a) and (b) of the Audit Report	<p>Audit has recommended that the Secretary for Education should –</p> <p>(a) closely monitor the progress of the works of the 42 approved lift installations and ensure that the related works would be completed as soon as possible; and</p> <p>(b) expedite the lift installation works for schools without such facility under the new programme announced in February 2018.</p>	<p>As at end-July 2018, among the 42 projects mentioned in the Audit Report, two were completed, nine were under construction (three to be completed within 2018 and six to be completed by end 2019) and the remaining 31 were under statutory submission and design stage. EDB will continue to closely monitor the progress of the 40 yet-to-complete projects of lift installation.</p> <p>EDB is assessing the situation of the schools that have submitted lift installation requests. For those aided schools in genuine need, we plan to arrange the newly engaged consultants to conduct preliminary technical feasibility studies and assessment from the first quarter of 2019 onwards. We expect that the relevant assessment can be completed within one year.</p>
Page 45 of the PAC Report (point (a) and (b))	<p>PAC urges EDB to –</p> <p>(a) take measures to expedite the installation of lifts for public sector schools and monitor closely the progress with a view to meeting the target of completing all the school lift installation works by 2026-2027 financial year as envisaged by EDB; and</p> <p>(b) liaise with schools to ensure the proper maintenance and safety of lifts installed in their premises.</p>	<p>As for the maintenance of lifts, EDB will continue to maintain close liaison with schools and remind them to arrange annual examinations according to the statutory requirements and handle maintenance works according to the established mechanism to ensure lift safety.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 3: Additional Resources provided to Public Sector Ordinary Schools		
Para. 3.16 (a) of the Audit Report	Audit has recommended that the Secretary for Education should consider issuing more specific guidelines to schools to facilitate their determination of the tier of support their students with SEN require.	The EDB will continuously review and update the "Operation Guide on the Whole School Approach to Integration Education" (IE Operation Guide) by stages to provide more specific guidelines to help school personnel and relevant professionals (e.g. EPs) determine the tier of support required by students with SEN and record their progress. The next update of the IE Operation Guide will be uploaded to the EDB website in early 2019.
Page 51 of the PAC Report (point (a))	PAC urges EDB to consider requiring EPs to provide recommendations on the required tier of support for students with SEN in their assessment reports to facilitate schools' determination of the tier of support their students with SEN require. Should the above recommendation be implemented, the schools concerned should also be required to provide explanation if they do not adopt the support levels recommended by the EPs concerned.	<p>The updated IE Operation Guide will state more explicitly the support levels generally required by students with different types of SEN. It will also stress that schools should continue to review timely and adjust the level of support of students with SEN according to their response to intervention as well as the consolidated views of the major stakeholders (including teachers, parents and professionals) collected by the SST on the intensity of support to better cater for the needs in learning and social adjustment of the students with SEN.</p> <p>To ensure that students with SEN are appropriately catered for, the EDB will take follow-up actions as follows –</p> <p>(i) The EDB recommends that EPs should specify in the assessment report the needs and tier of support for students with more significant and serious difficulties in learning or socio-behavioural adjustment, such as students with intellectual disability or multiple disabilities who need individual education plan or more intensive</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>individualised support. As for other students with SEN, schools should consider the assessment result, the observation and views of different stakeholders (including teachers, parents and professionals), and thoroughly discuss with them to understand comprehensively the actual difficulties and support needs and to jointly determine the appropriate tier of support for the students.</p> <p>(ii) The EDB will also recommend that EPs should help schools and parents understand the tier of support generally required for students with different SEN, give recommendations on the tier of support for individual students in the post-assessment meetings, and determine the tier of support and arrangements for the students jointly with schools and parents.</p> <p>(iii) From the 2018/19 school year, the EDB requires schools to issue a support summary to the parents of students newly assessed to be in need of follow-up services. The support summary should list out the major support and adaptation items to enable parents to have a clear picture of the support received by their children.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 3.16 (b) of the Audit Report	Audit has recommended that the Secretary for Education should review the ceiling for the Learning Support Grant (LSG) periodically taking account of the changes in price level and the changes in the number of students with SEN and academic low achievers (ALAs).	In the 2019/20 school year, the EDB will re-structure the LSG, Intensive Remedial Teaching Programme (IRTP) and IE Programme. The EDB will extend the LSG to cover all public sector ordinary schools and enhance the grant rate for tier-3 support. The EDB will also provide additional permanent teaching post(s) to schools with a larger number of students with SEN and those receiving the maximum amount of LSG. With these enhancements, schools will have a more stable teaching force and additional resources for flexible deployment to support their students with SEN. The EDB will further extend the Enhanced SBEPs. The target is to enhance the ratio of EP to school to 1:4 for about 60% of public sector ordinary primary and secondary schools, and 1:6 for the remaining 40% of schools by the 2023/24 school year. As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
Page 44 of the PAC Report (point (a))	PAC urges EDB to allocate more resources to enable EDB to improve and expand the coverage of existing measures under IE, including LSG and SBEPs, at a faster pace, given the significant increase in the number of students with SEN in the past few years.	
Page 46 of the PAC Report (point (a))	PAC urges EDB to review the rates of grant for each tier of support as well as the ceiling for LSG periodically taking into account the changes in the number of students with SEN and ALAs and also consider the necessity and justifications for retaining a ceiling for LSG.	
Para. 3.16 (c) of the Audit Report	Audit has recommended that the Secretary for Education should take measures to further encourage schools to fully utilise the LSG fund allocated to them in each school year.	The EDB will continue to adopt various measures to encourage schools to fully utilise the LSG with enhanced monitoring. These include providing schools with guidelines on the deployment of LSG and the claw-back mechanism, conducting regular school visits to advise on the deployment of resources for supporting students with SEN, organising experience sharing activities among schools, and reminding schools with unsatisfactory utilisation to improve.
Page 46 of the PAC Report (point (b))	PAC urges EDB to take measures to further encourage schools to fully utilise LSG allocated to them in every school year.	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>The EDB's professional staff stepped up examination of IE implementation in schools during their school visits in June to July 2018, including discussion with schools the effectiveness of resources deployment. If a school did not fully utilise the LSG, they examined the reasons behind and advised on the improvement measures.</p> <p>The EDB will explore ways to enhance the SEMIS to collect information on the use of resources by individual schools and take appropriate follow-up action with the data available.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 3.23 of the Audit Report	Audit has recommended that the Secretary for Education should take measures to address the concerns of the schools with a view to speeding up their switch from the IRTP to the LSG.	In the 2019/20 school year, the EDB will re-structure the LSG, IRTP and IE Programme. The EDB will extend the LSG to cover all public sector ordinary schools and enhance the grant rate for tier-3 support. The EDB will also provide additional permanent teaching post(s) to schools with a larger number of students with SEN. With these enhancements, schools will have a more stable teaching force and additional resources for flexible deployment to support their students with SEN.
Page 46 of the PAC Report (point (c))	PAC urges EDB to identify the underlying reasons for the 242 schools which have not switched from IRTP to LSG and consider, in consultation with the schools and other relevant stakeholders, whether a new scheme which combines the strengths of both LSG and IRTP should be introduced. Since according to the Administration, schools operating IRTP showed concern about the stability of the teaching force in school, consideration could also be given to designating part of LSG for the employment of one additional	<p>As the follow-up actions have been carried out and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	teacher for supporting students with SEN if these schools have a certain number of, say, over 50, students with SEN.	
Para. 3.29 of the Audit Report	Audit has recommended that the Secretary for Education should review the existing mechanism for analysing the school year-end self-evaluation with a view to better understand the challenges and achievements of the support measures.	Under the School Development and Accountability Framework, schools are required to assess the effectiveness of their policies, measures and deployment of resources (including the support for students with SEN) through annual self-evaluation. The EDB validates the effectiveness of the self-evaluation through the External School Review. Schools are also required to set out the IE policy, support measures and how resources are deployed to provide support services for students with SEN in their annual school reports and upload the reports to their school websites for public information.
Page 46 of the PAC Report (point (d) and (e))	<p>PAC urges EDB to –</p> <p>(d) review the existing mechanism for analysing the school year-end self-evaluation with a view to better understanding the challenges and achievement of the support measures and the performance of students with SEN; and</p> <p>(e) consider developing education programmes/guidelines or curriculums with more realistic and achievable targets of improvement to suit individual students with SEN so as to capture accurately the progress made by these students during the school year.</p>	<p>EDB's professional staff stepped up examination of schools' self-evaluation during their school visits from June to July 2018. Amongst others, they discussed with schools their self-evaluation on the support measures for students with SEN and offered them advice as necessary to adjust the support measures to better cater for students with SEN.</p> <p>Furthermore, the EDB will continue to conduct school consultations and organise sharing sessions to help schools understand how to collect specific data on student performance more systematically to facilitate objective assessment on the effectiveness of support services, and how to formulate, adjust and review the performance criteria in different domains so as to ensure effective</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>provision of support services to help the students' learning. The EDB will review and refine the self-evaluation tools for schools, including the Year-end Evaluation Form at School Level on Whole School Approach to Catering for Students with SEN and the Year-end Evaluation Form for Individual Student, to help schools identify areas for further enhancement of support students with SEN and review the performance and progress and performance of individual students with SEN.</p> <p>The EDB is reviewing the current mechanism for analysing school data of self-evaluation, including exploring how to enhance the SEMIS correspondingly so that the EDB can master data on the implementation of IE of individual schools aptly for rendering appropriate support. The schools can also analyse the progress of students more systematically to take appropriate follow-up action.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 3.41 (a) of the Audit Report	Audit has recommended that the Secretary for Education should take measures to address the large disparity in the ratio of SENCO to students with SEN among different schools.	Starting from the 2019/20 school year, the EDB will provide additional permanent teaching post(s) to public sector ordinary schools with large number of students with SEN. The additional teacher(s) will be a member(s) of the SST to assist the SENCO in supporting IE.
Page 51 of the PAC Report (point (b))	PAC urges EDB to consider allocating more resources to improve the provision of SENCO for schools with a relatively higher number of students with SEN.	Furthermore, the EDB will upgrade the SENCO posts in these schools to a promotion rank to lead the additional teacher(s).

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
Para. 3.41 (b) of the Audit Report	Audit has recommended that the Secretary for Education should take measures to increase the number of teachers having completed the Basic, Advanced and Thematic (BAT) Courses to stand ready to serve as SENCOs.	<p>The EDB will continue to issue an annual letter to update individual public sector ordinary schools of their teacher training situation and help them plan for teacher training systematically. The EDB's staff will also conduct regular visits to schools to review their progress of special education training for SENCOs, encourage them to make suitable training arrangements and take immediate follow-up actions for the SENCOs who are yet to complete the training.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 3.41 (c) of the Audit Report	Audit has recommended that the Secretary for Education should take further measures to strengthen the training and knowledge of SENCOs on the needs of students with mental illness (MI).	The EDB will integrate the topic of "Mental Health" more systematically into the existing content of Basic and Advanced Courses on Catering for Diverse Learning Needs in the next training cycle of special education. The EDB will strengthen the relevant content of the training courses according to the needs of SENCOs.
Page 52 of the PAC Report (point (b))	PAC urges EDB to consider including the "Elementary and In-depth Courses on Mental Health Promotion at Schools and Support Students with Mental Health Needs" in the Basic or Advanced Courses on catering for diverse learning needs with a view to strengthening serving teachers' knowledge on the needs of students with MI.	As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 4: Teacher Training and Professional Support		
Para. 4.6 of the Audit Report	Audit has recommended that the Secretary for Education should take measures to encourage schools to meet the BAT Courses training targets.	The EDB will continue to issue an annual letter to update individual public sector ordinary schools of their attainment in special education training for teachers. This serves as a reference for schools to continuously review and plan for suitable training for teachers.
Page 52 of the PAC Report (point (a))	PAC urges EDB to understand the difficulties faced by those schools which could not meet the BAT Courses training targets and implement measures to assist schools to address such difficulties.	<p>The EDB's staff will also continue to conduct regular visits to schools to understand their plan, arrangement and attainment of BAT training targets. They will offer advice and render intervention measures as appropriate, including reviewing the school-based teacher professional development plan jointly with the schools to make timely adjustment and follow-up. The EDB will also continuously review the administrative arrangement for the training courses to better meet schools' needs.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 4.18 (a) of the Audit Report	Audit has recommended that the Secretary for Education should extend the enhanced SBEPS to cover more schools in order to better support them in meeting the needs of students with SEN as soon as practicable.	<p>To meet schools' needs for professional support, the EDB will continue to progressively extend the Enhanced SBEPS.</p>
Page 47 of the PAC Report (point (b))	PAC urges EDB to expedite the liaison with the local tertiary institutions to increase the supply of EPs to cater for the long-term manpower needs and formulate a plan to extend the enhanced SBEPS to all schools as soon as practicable.	<p>To meet the long-term manpower needs, the EDB is liaising with the local tertiary institutions to increase the number of EP training places from the 2019-2022 triennium.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 4.18 (b) of the Audit Report	Audit has recommended that the Secretary for Education should rationalise the service level of the SBEPs provided by the EDB and the school sponsoring bodies (SSBs).	<p>The EDB has aligned the requirements on school visit days by EPs under EDB and SSBs, examined related matters, and revised the SBEPs Guide.</p> <p>As the follow-up actions have been completed, we recommend deleting this part from the next progress report.</p>
Para. 4.18 (c) of the Audit Report	Audit has recommended that the Secretary for Education should step up measures to ensure that schools receive the required number of visit days by EPs.	The EDB requires EPs to submit the number and dates of visits to each school at the beginning of a school year to make sure that the number of school visit days meets the requirement.
Page 47 of the PAC Report (point (a))	PAC urges EDB to step up measures to ensure that schools receive the required number of visit days by EPs.	<p>The EDB will also strengthen the communication with the SSBs. With agreement between the schools and EPs, EPs will endeavour to meet the minimum number of school visit days even under special circumstances. The EDB will devise overriding principles which will serve as the basis for discussion between SBEPs and their serving schools.</p> <p>As the follow-up actions have been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 48 of the PAC Report (point (c))	PAC urges EDB to strengthen the communication and collaboration among EPs, teachers, parents of students with SEN and, when appropriate, school social workers with a view to enhancing their joint efforts in providing the best support for students with SEN.	<p>The EDB will continuously use different platforms, e.g. school sharing seminars, teacher training activities, meetings with parents associations, etc. to strengthen the communication and collaboration among different stakeholders.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 4.18 (d) of the Audit Report	<p>Audit has recommended that the Secretary for Education should step up its monitoring of the SBEPS provided by the SSBs, such as –</p> <ul style="list-style-type: none"> (i) reviewing the mode of supervision and monitoring of the supervision provided by EP supervisors; (ii) requiring the SSBs or their base schools to provide documentary evidence on the qualifications of their EP supervisors; and (iii) setting out employment terms for and requirements on part-time EPs. 	<p>The EDB is strengthening the monitoring of the service. Starting from the 2018/19 school year, the EDB requires the SSBs to keep record of the qualifications of EP supervisors and to report to the EDB that their qualifications meet the requirements stated in the SBEPS Guide. To ensure the effectiveness of the supervision service and to evaluate its mode and conditions, the EDB will strengthen the mechanism of communicating with the SSBs. The EDB will require the SSBs to submit data related to effectiveness for analysis and devising continuous improvement practices.</p> <p>The EDB considers that the exiting guidelines have enough coverage of the employment terms and qualification requirements on part-time EPs and the operations have been smooth. At the service level, the EDB will revise the relevant items of the SBEPS Guide and specify the general requirements on the number of school visit days by part-time EPs.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 44 of the PAC Report (points (c) and (d))	<p>PAC urges the Administration to –</p> <ul style="list-style-type: none"> (c) further enhance the support to students who are diagnosed with MI with reference to the fact that there were more suspected cases of students committing suicide in recent years; and (d) consider allocating dedicated resources to non-public sector schools to cater for students with SEN. 	<p>The EDB will continue to work with other bureaux/departments (B/Ds) to strengthen mechanisms for providing timely diagnosis and support for students with mental health needs via a cross-sectoral and multi-disciplinary collaboration.</p> <p>The EDB will expand the coverage of existing measures to support students with mental health needs such as increasing training places of the “Professional Development</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>Programme for Mental Health” for teachers and extending the “Student Mental Health Support Scheme” to cover more schools.</p> <p>The EDB has all along subsumed the resources for implementing IE into the recurrent DSS unit subsidy to provide DSS schools with additional resources to cater for students with SEN. In the 2019/20 school year, the EDB will optimise the arrangement of LSG and related resources allocation for DSS schools to implement IE and the related monitoring and support mechanism.</p> <p>As the follow-up actions will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

**Government's efforts in managing excavation works on public roads
Progress of implementing the Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management and Monitoring of Road Excavation Works		
<i>Managing road excavation works</i>		
2.12	<p>Audit has recommended that the Director of Highways should –</p> <p>(a) compile statistics on coordination work in order to evaluate its effectiveness in reducing road openings;</p> <p>(b) for ungrouped excavation works proposed by applicants who have revised the works schedules to include a time break of three months or more instead of adopting a common trench approach for their proposed works on the same road section, require them to give reasons for such arrangements;</p> <p>(c) periodically review and clear long-outstanding obsolete/abandoned plans in the XPMS; and</p> <p>(d) take measures to improve the identification of conflicting plans for coordination.</p>	<p>Highways Department (HyD) is in the process of compiling relevant statistics for evaluating the effectiveness of such coordination work.</p> <p>HyD has commenced the enhancement of the Excavation Permit Management System (XPMS) to identify plans with time gap of three to six months and the revision to the relevant procedures/manual such that applicants of excavation permit (XP) will be required in future to provide reasons for not adopting common trench as and when appropriate.</p> <p>HyD will review the database of the XPMS to automate the process for sorting and clearing long-outstanding obsolete/abandoned plans.</p> <p>HyD is enhancing the XPMS to improve the identification of conflicting plans for coordination.</p>
2.13	<p>Audit has also recommended that the Secretary for Development should remind government works departments to make greater efforts to ascertain the underground conditions, particularly in locations of potential conflicts between utilities and the permanent works before applying for XPs as mentioned in Environment, Transport and Works Bureau Technical Circular (Works) No. 17/2004.</p>	<p>Development Bureau (DEVB) has issued a memo to remind works departments to make greater efforts to ascertain the underground conditions, in particular at locations of potential conflicts between utilities and the proposed works before applying for XPs as mentioned in Environment, Transport and Works Bureau Technical Circular (Works) No. 17/2004.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Monitoring compliance with excavation permit conditions</i>		
2.25	<p>Audit has recommended that the Director of Highways should –</p> <p><i>Audit Inspection Team (AIT) inspections during excavation works</i></p> <p>(a) make greater efforts to improve the AIT inspection coverage for Normal excavation permit (NXP) and Capital works excavation permit (CWXP) sites;</p>	<p>In an effort to improve the overall inspection coverage for NXP and CWXP sites, HyD enhanced the Audit Inspection Management System (AIMS) in July 2018 so that any permit sites without Advance Notification submission but with permit duration elapsed by 50% would be scheduled for inspection. HyD will regularly monitor the effectiveness of the modification.</p>
	<p>(b) take measures to enhance the compliance with the four frequently observed non-compliant XP conditions as mentioned in paragraph 2.22 (e.g. consider stepping up publicity efforts to promote the compliance, especially by infrequent applicants);</p>	<p>HyD will step up publicity efforts by means of promulgating information leaflets at the time of XP issuance to permittees, particularly to infrequent applicants, with a view to promoting the compliance of XP conditions and relevant requirements, including the avoidance of the common non-compliant items.</p>
	<p><i>Checking completion of works</i></p> <p>(c) take measures to improve the permittees' reinstatement works, including issuing advisory letters to permittees and tightening the demerit point system, and expedite actions in implementing the enhanced measures to address the problem of long-outstanding rectification works;</p>	<p>HyD has been regularly urging utility undertakings (UUs) in the monthly meeting of Road Opening Co-ordinating Committee (ROCC) to improve the quality of reinstatement works to HyD's satisfaction.</p> <p>HyD implemented an enhanced Demerit Point System (DPS) in September 2017 which included strengthening the control on road excavation against the long outstanding rectification works and tightening the sanction mechanism. HyD would keep</p>

Para. No.	Audit's Recommendations	Progress to date
		monitoring the effectiveness of the above enhancement measures and further review and revise the relevant DPS as necessary.
	(d) monitor the situation of overdue Completion Notice (CN) inspections and take appropriate improvement measures to ensure that CN inspections for confirming the completion of works and acceptance of the reinstatement works are carried out in a timely manner;	<p>According to the record in June 2018, about 89% of the CN submitted in 2018 have been processed within the target time and this reflects improvement in processing CN as compared with the figure of 80% (for the CN submitted in 2017) quoted in the Audit Report.</p> <p>HyD has been regularly compiling relevant statistical data to keep close monitoring of the situation of CN processing. HyD will immediately urge the frontline inspectorate staff to complete the CN processing by the target time when necessary. The situation of overdue CN inspections has improved.</p>
	(e) remind XP permittees to submit site photographs and test reports for checking in a timely manner and use the demerit point system to tackle those permittees with repeated records of late submission of such documents; and	<p>HyD held monthly ROCC meetings with UUs to monitor the performance of their road opening works. During the meetings, HyD will provide statistical data of the UUs' performance in submitting site photographs and test reports. Reminders will also be issued to UUs requesting their submission in a timely manner and relevant UUs' special attention will be drawn when there is any outstanding submission of site photographs and test reports.</p> <p>HyD will regularly monitor the effectiveness of the effort in the ROCC meetings. If no significant improvement is made despite the reminders in the ROCC meetings, the relevant DPS will be reviewed to tackle permittees with repeated records of late submission.</p>

Para. No.	Audit's Recommendations	Progress to date
	(f) expedite the Regional Offices' processing of site photographs and test reports to ensure that the excavation works are completed up to their satisfaction.	HyD has been expediting the processing of site photographs and test reports and the situation has improved. HyD has completed all outstanding cases pending for processing of site photographs and test reports in April 2018. HyD will compile relevant statistical data to facilitate a close monitoring of the situation.
<i>Enforcement actions</i>		
2.34	<p>Audit has recommended that the Director of Highways should review the referral mechanism from the AIT to the Enforcement Team (ET) for conducting prompt investigations and consideration of prosecution actions on –</p> <p>(a) serious and repeated non-compliance with XP conditions; and</p> <p>(b) suspected breaches of the safety precautions and support provisions under section 10T of the Land (Miscellaneous Provisions) Ordinance (LMPO).</p>	To expedite the referral actions from AIT to ET, the referral procedures have been revised so that ET is promptly notified of any suspected breaches of provisions under Section 10T of LMPO identified by AIT. Besides, HyD has commenced enhancing the AIMS to further automate this process.
Part 3: Control of Underground Utility Installation and Space Occupation		
<i>Control of underground utility installation</i>		
3.17	<p>Audit has recommended that the Director of Highways should –</p> <p><i>Control of underground utility installation</i></p> <p>(a) expedite action to rectify the three outstanding non-compliant cases of minimum-depth requirement as mentioned in Case F in paragraph 3.9;</p>	All non-compliant cases have been closely followed up. HyD has been expediting actions urging the concerned UU to rectify the three outstanding cases.

Para. No.	Audit's Recommendations	Progress to date
		<p>Among the three outstanding cases, two cases at Stanley Street (Central) and Kam Ping Street (North Point) were completed in February and May 2018 respectively.</p> <p>The rectification of the remaining case is under scrutiny and making progress, with the replacement facilities completed and the changeover from existing to replacement facilities is underway. HyD will continue to monitor the remaining case closely in the monthly ROCC meetings and keep urging the UU concerned to speed up the rectification.</p>
	(b) enhance the guidelines on the checking of completed works under small-scale works excavation permit (SSWXP) to detect unauthorised works;	HyD is reviewing the guidelines stipulated in the Excavation Permit Processing Manual on the checking of completed works under SSWXP in order to detect unauthorised works.
	(c) consider enhancing the procedures and requirements on checking the alignment and disposition of underground utility systems before the road surface is reinstated;	HyD is considering incorporating the procedures and requirements on checking the alignment and disposition of UUs' proposed services against their master plan during the assessment of XP application, and exploring the possibility to require permittees to submit as-built records and photos for checking after CN submission.
	(d) consider exploring with – (i) the Lands Department (LandsD) and other B/Ds with responsibilities on utilities the need to require UUs to submit as-built records and updated master plans of underground utility systems for strategic locations (e.g. at road junctions/locations with busy	HyD is exploring with LandsD, DEVB, Electrical and Mechanical Services Department (EMSD) and OFCA on the need and the implementation plan to require UUs to submit a standardised format of as-built records and updated master plans of installed services at strategic locations to facilitate checking and controlling road excavation. The first DEVB/LandsD/HyD collaboration meeting was held on 6 June 2018 and the second collaboration meeting

Para. No.	Audit's Recommendations	Progress to date
	<p>vehicular traffic or pedestrian flow) to facilitate checking and controlling road excavation; and</p> <p>(ii) the LandsD the feasibility of sharing the annual updated master plans on strategic installations submitted by the power and gas supply UUs to facilitate the HyD to better control road excavation;</p>	<p>between DEVB/LandsD/HyD/EMSD/ OFCA was held on 2 August 2018. Other B/Ds with responsibilities on utilities will be consulted if and when necessary.</p>
<i>Management and control of underground space occupation</i>		
	<p>(e) in collaboration with the LandsD, the DEVB and other bureaux with policy responsibilities on utilities, explore the development of an effective management and control system over underground space occupation; and</p> <p>(f) seek the LandsD's assistance in developing the Consolidated Utility Installation Modelling System (CUIMS) for better utilisation of underground space in areas with congested underground utilities.</p>	<p>HyD is exploring with LandsD the possibility to make use of their two existing data sharing systems, i.e. Geospatial Information Hub and GeoInfo Map, to store, manage, maintain and share the underground utility information for development of an effective management and monitoring system on underground space occupation.</p> <p>With the possible use of the subject data sharing systems, CUIMS could be further developed for managing underground space in areas with congested underground utilities. HyD will seek LandsD's assistance to review the data sharing, spatial analysis application and visualisation aspects for the development of CUIMS for better utilisation of limited underground space.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 4: Exploring the Use of Common Utility Enclosures		
4.17	<p>Audit has recommended that the Director of Highways should –</p> <p>(a) in consultation with the Secretary for Development, closely monitor the conduct of the consultancy study in 2018 and upon its completion, take timely follow-up actions on its findings and recommendations with a view to reaping the benefits of using common utility enclosures (CUEs) in new development areas as early as possible;</p>	<p>The subject consultancy study has commenced in June 2018. In response to Audit's recommendation, HyD will closely monitor the progress of the study and upon its completion, review and propose action plan in response to the recommendations of using CUEs in new development areas for DEVB's consideration.</p>
	<p>(b) draw on the experience in conducting/planning the trial CUE schemes to improve the installation of CUEs in new development areas by establishing procedures on –</p> <p>(i) identification of suitable locations in consultation with the relevant UUs for constructing trial CUEs in future with a view to obtaining representative trial results;</p> <p>(ii) planning of CUEs to dovetail with the construction programme of a new development area; and</p> <p>(iii) conduct of detailed cost-and-benefit analysis; and</p>	<p>After the completion of the study, HyD will assist DEVB in establishing procedures for identifying suitable locations for constructing CUEs, determining the need of the implementation of CUEs in early project stage and conducting detailed cost and benefit analysis.</p>
	<p>(c) maintain records of the implementation results of the trial CUEs and evaluate their effectiveness in a timely manner.</p>	<p>HyD will assist DEVB in establishing procedures and requirements in maintaining records of the implementation of trial CUEs for the evaluation of their effectiveness.</p>

**Department of Health's efforts in smoking control
Updated progress of implementing Audit's Recommendation**

Para. No.	Audit's Recommendations	Progress to date
PART 2: ENFORCEMENT WORK OF THE TOBACCO CONTROL OFFICE		
<i>Handling of smoking complaints</i>		
2.14	<p>Audit has recommended that the Director of Health should –</p> <p>(a) closely monitor the implementation of the Tobacco Control Office Information System to ensure that there is no undue delay in enhancing the monitoring of performance in complaints handling;</p> <p>(b) take measures to ensure that data relating to complaints handling are entered into the System in a timely and complete manner for proper monitoring of performance in complaints handling; and</p> <p>(c) consider disclosing the TCO's guidelines on the timeframes for handling complaint cases together with the extent that the timeframes have been achieved.</p>	<p>(a) and (b) Measures have long been put in place to assure the quality of complaints handling in the Tobacco Control Office (TCO). These measures include staff training and provision of enforcement internal guidelines as well as an effective monitoring and auditing system to keep track of the performance in complaints handling.</p> <p>To further enhance the efficiency in monitoring the performance in complaints handling, the Tobacco Control Office Information System was developed and has been launched in phases since 16 March 2018. It will facilitate the timely input of enforcement data and help ensure the completeness of information. The DH will make use of this newly developed information system to monitor the performance.</p> <p>(c) DH examined the potential impacts on disclosing its internal guidelines on the timeframes for handling complaint cases to the public. It is noted that the purpose of setting such guidelines is to provide guidance to enforcement staff in handling complaint cases and to facilitate the management to monitor the case progress. It is different from the purpose of setting a performance pledge, which reflects public expectations on public service</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>standard and quality. Considering that the first inspection time of a smoking complaint could be affected by many factors such as the time needed to obtain more details from the complainant, complexity of the complaint, the remoteness of the venue in question and manpower situation, DH considers that publishing the internal guidelines on the timeframes for handling complaint cases may cause unnecessary false expectations on the processing time of a complaint, which may vary from case to case as affected by the above-mentioned factors. Nevertheless, the TCO will continue to publish in its website the enforcement figures against smoking offences and to review the sufficiency of the published information from time to time to ensure transparency and accountability.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p>
<i>Enforcement of smoking offences</i>		
2.33	<p>Audit has recommended that the Director of Health should –</p> <p>(a) provide additional inspection guidelines to facilitate Tobacco Control Inspectors (TCIs) to determine the frequency of complaint inspections and locations requiring enhanced inspections (LREIs) inspections;</p> <p>(b) consider conducting more inspections at the types of venues having higher incidences of smoking offences;</p>	<p>(a) Guidelines have been laid down for TCIs on arranging inspections in response to complaints and against LREIs. The guidelines have been further enriched in the third quarter of 2018 to facilitate TCIs to determine the frequency of inspections.</p> <p>(b) This is the existing strategy of the TCO to conduct more inspections at venues having a higher risk of smoking offences. The TCO has</p>

Para. No.	Audit's Recommendations	Progress to date
	(c) consider conducting more "overnight" inspections;	<p>adopted measures to mobilise manpower resources, including setting up a task force with retired policemen in December 2017 to conduct more inspections at venues where there are higher incidences of smoking offences, especially during the night time and public holidays.</p> <p>(c) To ensure enforcement efficiency, the TCO has all along been adopting a risk-based approach in deploying manpower for conducting inspections at no-smoking areas (NSAs). Inspection operations are arranged according to the time and venues specified by the complainants as far as possible to ensure maximum deterrent effects. Under the Smoking (Public Health) Ordinance, there are a significant number of statutory NSAs over the territory involving all indoor public places and workplaces, as well as outdoor areas such as public pleasure grounds, stadiums and schools. It is noted that most of these venues are closed or cease operation in the overnight hours. Therefore, inspections are conducted mainly during daytime and nighttime. To address the increasing demand of enforcement duties, in December 2017, the TCO redeployed and injected resources including setting up a task force with retired policemen to strengthen enforcement action against smoking offences in venues with serious smoking problems, especially at the night time and public holidays. As a result, the number of night operations has increased from 442 in 2016 to 542 in 2017 and further to 578 in the first half of 2018.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) take measures to ensure that enforcement data are entered into the Tobacco Control Office Information System in a timely and complete manner; and</p> <p>(e) provide additional guidelines to the TCO enforcement teams on conducting inspections in plain clothes.</p>	<p>(d) The Tobacco Control Office Information System was developed and has been launched in phases since 16 March 2018. It will facilitate the timely input of enforcement data and help ensure the completeness of information.</p> <p>(e) TCIs wear uniform to conduct inspections for clear identification by the public. It is also a necessary safety measure to protect TCIs. To this end, the TCO requests TCIs to wear uniforms while on duty. Nevertheless, the TCO understands the special functions of plain-clothes officers under particular circumstances. In this connection, TCIs are deployed to carry out enforcement duties in plain clothes under circumstances whenever found appropriate (including conducting reconnaissance and serving as case witnesses). In the first six months of 2018, there were 59 operations involving plain-clothes officers. The TCO will continue to enhance the role of plain clothes officers and has enriched the guidelines in this regard in the third quarter of 2018.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p>
<i>Fixed penalty system</i>		
2.43	<p>Audit has recommended that the Director of Health should –</p> <p>(a) disseminate to other enforcement departments the TCO's practice of issuing amendment notices rectifying omissions or errors in fixed</p>	<p>(a) The TCO has already shared its practices and experiences as well as sample of amendment notices for rectifying omissions or errors in FPNs issued to offenders to the Food and</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>penalty notices (FPNs) issued to offenders; and</p> <p>(b) explore more ways to facilitate offenders, in particular non-local offenders, to settle FPNs.</p>	<p>Environmental Hygiene Department (FEHD) and Leisure and Cultural Services Department (LCSD) during the meetings with them on 26 and 28 March 2018 respectively. The TCO has disseminated relevant information to other departments including the Hong Kong Police Force and the Housing Department (HD) in September 2018.</p> <p>(b) At present, FPNs may be settled through automated teller machines, Payment by Phone Service, Internet banking, phone banking, post (payments by cheques, bank drafts or cashier orders) or at Post Office counters. The various payment methods are also printed on FPNs for easy reference. The TCO has liaised with the Treasury to explore the feasibility of settling FPNs at convenience stores. It is noted that none of the enforcement agencies, which issue FPNs for contravention of the law, has adopted this payment method and the setting of convenient stores may not be optimal to protect confidentiality and to ensure payment accuracy on each and every FPN. Nevertheless, the TCO has reminded TCIs to continue to explain to offenders at the scene, in particular to non-local offenders, the methods of settling FPNs.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
<i>Enforcement on illegal tobacco advertisements</i>		
2.49	<p>Audit has recommended that the Director of Health should –</p> <ul style="list-style-type: none"> (a) enhance the publicity to the trade on the legal requirement of banning tobacco advertisements and the legal definition of such advertisements; and (b) take enforcement actions against tobacco advertisements where warranted. 	<ul style="list-style-type: none"> (a) The TCO has issued a letter to remind the tobacco companies and retailers on the provisions of the Smoking (Public Health) Ordinance (Cap 371) related to the banning of tobacco advertising in end August 2018. (b) The TCO would continue to conduct investigations on suspected tobacco advertisement and take appropriate enforcement actions. <p>As the recommendations have been implemented and follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Supervisory checks</i>		
2.54	<p>Audit has recommended that the Director of Health should –</p> <ul style="list-style-type: none"> (a) take measures to deal with the situation where the enforcement teams could not be found at inspection points (e.g. the Executive Officers (EOs) could immediately call the teams to locate and follow up with them); and (b) lay down guidelines to facilitate EOs to conduct surprise checks, including the need for conducting checks at different inspection time sessions of the TCO's enforcement teams. 	<ul style="list-style-type: none"> (a) The supervisory check system is a component of quality assurance to monitor on-site enforcement performance. In case the enforcement teams could not be found at inspection points during the surprise checks, the EOs would verify the work through examination of the inspection reports of the teams after the checks. Starting from June 2018, EOs would also call the teams immediately at the scene to locate and follow up with them. (b) The relevant guidelines have been reviewed and updated in June 2018 and the need for conducting checks at different inspection time sessions of the TCO's enforcement teams is also included.

Para. No.	Audit's Recommendations	Progress to date
		As the recommendations have been implemented, we recommend deleting this part from the next progress report.
PART 3: FACILITATING THE WORK OF VENUE MANAGERS		
<i>Providing support to venue managers</i>		
3.6	<p>Audit has recommended that the Director of Health should –</p> <p>(a) update the guides for implementing smoke-free measures; and</p> <p>(b) in addition to the existing implementation guides for four types of statutory NSAs, consider preparing implementation guides for other types of statutory NSAs.</p>	<p>(a) The TCO has updated the implementation guides for implementing smoke-free measures in the third quarter of 2018 and the updated guides will be uploaded to the TCO website.</p> <p>(b) The TCO has prepared a new implementation guide for implementing smoke-free measures in Residential Care Homes for the Elderly in the third quarter of 2018. More implementation guides for other statutory NSAs will be prepared.</p>
<i>Display of no-smoking signs</i>		
3.19	<p>Audit has recommended that the Director of Health should –</p> <p>(a) identify (e.g. during the conduct of enforcement inspections — see para. 2.2) enclosed public places and outdoor escalators at which there are no display of no-smoking signs, and encourage venue managers of these venues (e.g. managers of construction sites in the case of pedestrian pavements and management companies in the case of outdoor escalators) to display no-smoking signs;</p>	<p>(a) and (b)</p> <p>It is an existing practice of TCIs to provide no-smoking signs and to educate venue managers of statutory NSAs to implement the smoking ban and display the no-smoking signs during their enforcement inspections. The TCO has reminded TCIs on the above practice.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) advise venue managers to display no-smoking signs (which can be freely obtained from the TCO) containing messages relating to the smoking ban (e.g. the fixed penalty for violation and the TCO's complaint hotline); and</p> <p>(c) at statutory NSAs of which the venue managers are government departments, urge the managers to follow the requirements laid down in the FHB Circular (e.g. posting sufficient no-smoking signs showing the penalty level — see para. 3.9(a)) and to include other information such as the complaint hotlines of the TCO and/or departments concerned in their signs and/or banners.</p>	<p>(c) FHB has updated and re-circulated FHB Circular No. 2/2009 "The Smoke-free Government" in July 2018 to remind B/Ds to implement the smoke-free requirements.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p>
<i>Enforcement work of other government departments</i>		
3.24	<p>Audit has recommended that the Director of Health should –</p> <p>(a) provide FEHD, HD and LCSD with information on recurrent complaints about smoking at the statutory NSAs managed by them on a more frequent basis so as to facilitate them to initiate enforcement actions more effectively; and</p> <p>(b) conduct more joint operations at the statutory NSAs managed by FEHD, HD and LCSD so as to</p>	<p>(a) To facilitate FEHD and LCSD to implement the smoking ban in the venues under their management, the TCO has been providing a list of venues under LREIs to these departments on a regular basis. Since 2018 the notification frequency has been increased from half yearly to bi-monthly. Besides, the TCO informs FEHD, LCSD, HD and other government departments of complaint cases related to their venues for parallel actions.</p> <p>(b) The Secretary for Food and Health sent a letter to the FEHD, LCSD, and the HD on 23 March 2018, reminding</p>

Para. No.	Audit's Recommendations	Progress to date
	provide more training to their authorised officers, where necessary.	<p>them of the responsibility of venue managers, and encouraging them to maintain close contact and arrange joint operations with the TCO. The TCO also participates in the joint operations with other departments having regard to the practical needs and circumstances. There were 69 joint operations in 2017 and 70 in the first six months in 2018.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p>
3.25	Audit has also recommended that the Director of Food and Environmental Hygiene and the Director of Leisure and Cultural Services should review the enforcement operations at the statutory NSAs under their management and step up enforcement efforts at these NSAs where warranted.	<p>FEHD has already mounted blitz operations to public markets that required enhanced inspection to prevent serious smoking problems. To further strengthen the crackdown on illegal smoking in the NSAs of public markets, the department has deployed Market Task Forces to strengthen law enforcement together with district market staff against various irregularities detected in public markets including smoking offences. With effect from June 2018, the manpower of Market Task Forces has been increased to strengthen the enforcement action in public markets. During the period of January to June 2018, FEHD issued 44 FPNs against smoking offenders at NSAs in its venues.</p> <p>FEHD has also taken the following measures to promote no-smoking in public markets –</p> <p>(a) FEHD has increased publicity on smoking control by posting no-smoking notices or putting paper figures with information on the fixed penalty level and TCO's complaint hotline; and</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>(b) For public markets equipped with Public Announcement (PA) system and/or Closed Circuit Television (CCTV) system, FEHD has arranged broadcasting of the no-smoking message through the PA system periodically and has been monitoring the NSAs through the CCTV system, where feasible.</p> <p>Besides, LCSD has reviewed the design of no-smoking signs/banners in public pleasure grounds and will include relevant information such as the penalty level and the complaint hotlines of the TCO and LCSD in the new design. Replacement of signs and banners is expected to start in late 2018.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
PART 4: SMOKING CESSATION SERVICES AND OTHER MANAGEMENT MATTERS		
<i>Provision of smoking cessation services through subvented organisations and DH clinics</i>		
4.11	<p>Audit has recommended that the Director of Health should –</p> <p>(a) take measures to better plan the TCO's inspections at the organisations subvented by the DH for providing smoking cessation services and conduct more comprehensive inspections; and</p> <p>(b) review the way forward of the DH Clinic's smoking cessation services.</p>	<p>(a) Periodic inspection plan, including both routine and surprise inspections, of the organisations subvented by DH for providing smoking cessation services has been formulated. Inspections are to be conducted accordingly.</p> <p>(b) DH has reviewed its clinic's smoking cessation services and considered that it is desirable to continue to give smokers the choice of receiving service in a DH clinic.</p> <p>As the recommendations have been</p>

Para. No.	Audit's Recommendations	Progress to date
		implemented, we recommend deleting this part from the next progress report.
<i>Reporting of the achievement on smoking control</i>		
4.16	Audit has recommended that the Director of Health should consider setting and publishing additional performance indicators so as to enhance the transparency and accountability of DH's efforts in smoking control.	The TCO has published enforcement figures against smoking offences in its website. The TCO will publish the number of inspections in the COR.
<i>Initiative for enhancing smoking control</i>		
4.21	Audit has recommended that the Director of Health should keep under review the need for imposing legal liability on venue managers.	<p>FHB and the TCO are aware that certain overseas jurisdictions impose criminal liabilities on venue managers, should contravention of smoking bans be found at venues under their management. When implementing the relevant requirements, the respective governments had considered the context of local smoking bans such as responses from the public and relevant sectors.</p> <p>The LegCo once discussed the legislation proposal of imposing such criminal liabilities on venue managers in 2006. However, as the proposal would have extensive impact on different sectors which had grave concerns on the strong resistance against such liabilities by employees and venue managers rendering enforcement difficult, having considered the views from various stakeholders as well as the difficulties in operation, the Government did not include such liabilities in the then legislative amendment.</p> <p>Before imposing such criminal liabilities, the Government has to conduct detailed research as well as extensive consultation, and consider the views from different</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>sectors, so as to explore whether those measures are practicable in local context. FHB and the TCO would continue to keep in view of the implementation of relevant requirements in overseas jurisdictions.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
PART 5: OPERATION OF THE HONG KONG COUNCIL ON SMOKING AND HEALTH		
<i>Governance of the Hong Kong Council on Smoking and Health</i>		
5.19	<p>Audit has recommended that the Hong Kong Council on Smoking and Health (COSH) should –</p> <p>(a) monitor the overall attendance rates of members at Council/committee meetings and take measures to improve the attendance rates where warranted;</p> <p>(b) take measures to improve the attendance rates of members with low attendance rates at Council/committee meetings;</p> <p>(c) in conjunction with DH, take measures to ensure that members of COSH Council/Executive Committee fully understand the roles and functions of the DH's Deputy Director in the Council/Executive Committee as well as in taking part in the discussion of COSH's annual budget and application for supplementary grant in COSH Council/Executive Committee meetings;</p>	<p>(a) and (b) COSH Secretariat will check members' schedule prior to scheduling the next COSH meeting. A reminder system will also be set up to remind members to attend meetings.</p> <p>COSH will conduct annual review on members' attendance. The respective results will be reported to the Chairman of the Council/committees.</p> <p>(c) COSH will circulate the Code of Conduct to members before the first meeting of a term of appointment, which covers the requirements for members to declare when actual or potential conflict of interest arises.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) in conjunction with the Information Services Department (ISD), review and revise the arrangement whereby the ISD's Assistant Director is represented by a Principal Information Officer in all Council/committee meetings;</p> <p>(e) set a quorum for committee meetings; and</p> <p>(f) circulate draft minutes of meetings for comments by Council/committee members as soon as possible.</p>	<p>(d) FHB and DH have reviewed and revised the arrangement to maintain ISD's continued support to COSH.</p> <p>(e) and (f) COSH has drawn up meeting procedures including the related matters to formalise the meeting practices.</p> <p>As the recommendations have been implemented and follow-up actions will be taken on an on-going basis, we recommend deleting this part from the next progress report.</p>
5.20	<p>Audit has recommended that the Director of Health should consider requiring COSH to publish the details of review reports concerning remunerations of the staff at the top three tiers of COSH.</p>	<p>DH has discussed with COSH the format of publishing the remuneration review report of the top three tier staff at COSH's website. COSH responded positively and agreed to publish the relevant details upon completion of the next remuneration review of the relevant staff in 2019. A draft disclosure template for the purpose has been prepared and sent to COSH.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
Implementation of programmes by COSH		
5.31	<p>Audit has recommended that the COSH should enhance the efforts to recruit –</p> <p>(a) schools that have not participated in the Interactive Education Theatre Programme to join the Programme; and</p>	<p>(a) COSH will give priority to schools which have not participated in the Interactive Education Theatre Programme before to join the Programme.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) district organisations from those districts where no organisations have been recruited in recent years to participate in the "Quit to Win" Smoke-free Community Campaign.	<p>(b) COSH will make extra effort in soliciting support from district organisations and extend the application period to facilitate district organisations to join the "Quit to Win" Smoke-free Community Campaign.</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>

**OGCIO's programmes and projects in promoting
the wider use of IT in the community
Updated progress of implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Digital inclusion initiatives		
2.21	<p>Government Chief Information Officer (GCIO) should –</p> <p>(a) for similar support programmes in the future, regularly monitor the unit cost for the services provided and ensure that the services are delivered in a cost-effective manner;</p> <p>(b) for similar support programmes in the future, set targets for evaluating the achievements of programme objectives and regularly evaluate the achievements against the targets set; and</p> <p>(c) carry out a post-implementation review to evaluate the extent to which the Internet Learning Support Programme (ILSP) had enhanced digital inclusion and draw lessons from its implementation.</p>	<p>(a) and (b) In undertaking similar programmes in future, the Office of the Government Chief Information Officer (OGCIO) will monitor the unit cost for services provided and assess effectiveness against the targets.</p> <p>(c) The ILSP ended officially at end-August 2018. Upon receipt of the final report and audited financial statements submitted by the implementers, OGCIO will review the mode of operation, cost-effectiveness of the services, etc. The review is expected to be completed by the second quarter of 2019. Reference will be made to the outcome of the review in implementing similar support programmes in future.</p> <p>As the recommendations have been taken forward, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.27	<p>GCIO should –</p> <p>(a) take measures to monitor the information and communications technology (ICT) adoption by the elderly; and</p> <p>(b) review the 50% target and consider setting a more appropriate and challenging longer-term target.</p>	<p>(a) The Census and Statistics Department will include relevant questions in the Thematic Household Surveys starting from 2020 to monitor ICT adoption by the elderly.</p> <p>(b) The Internet adoption rate for the elderly in 2017 was 51.2%. OGCI0 will expand the coverage of the existing ICT Outreach Programme for the Elderly and add training elements to facilitate more elders to understand and use digital technology. It is envisaged that the percentage of the elderly using Internet and electronic services in their daily life will increase to 70% in five years (as from mid-2018).</p> <p>As follow-up actions on the concerned recommendations have been completed, we recommend that this part should be deleted from the next progress report.</p>
2.33	<p>GCIO should –</p> <p>(a) ascertain the reasons for the low response rates of organisations for submission of proposals for Funding Scheme for Digital Inclusion mobile applications (Mobile Apps) and the low number of downloads of some mobile apps; and</p> <p>(b) draw lessons from the implementation of the Funding Scheme for Digital Inclusion Mobile Apps for similar schemes launched in the future.</p>	<p>(a) and (b) OGCI0 is currently conducting a review of the low response rate proposed by the funded organisations and the low number of downloads of mobile apps on lessons learned. The review is expected to be completed by the fourth quarter of 2018. Reference will be made to the outcome of the review in launching similar schemes in future.</p> <p>As the recommendations will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
2.42	<p>GCIO should –</p> <p>(a) ascertain the difficulties for government B/Ds to conform to the baseline accessibility criteria and take further measures to encourage and facilitate them to conform to the criteria;</p> <p>(b) ascertain the reasons for the low response rates of the Web Accessibility Recognition Scheme; and</p> <p>(c) take measures to further encourage more local enterprises/organisations to adopt web/mobile apps accessibility designs.</p>	<p>(a) To enhance the promotion of the baseline web accessibility criteria, OGCIO issued a circular in April 2018 to government B/Ds announcing the mandatory requirement for all government mobile apps to conform to the “Baseline Accessibility Criteria for Government Mobile App” by July 2019 and the setup of a support hotline to provide technical support.</p> <p>(b) and (c) According to the enterprises and organisations contacted by OGCIO, they indicated they had no immediate plan to enhance websites/mobile apps to meet the accessibility requirements due to manpower and resource considerations. In this connection, OGCIO has engaged the Hong Kong Internet Registration Corporation Limited to strengthen promotion of web/mobile app accessibility to different sectors in the community. The company launched a new round of Web Accessibility Recognition Scheme in March 2018, and is actively contacting and encouraging more enterprises and organisations to participate in the scheme.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Free public Wi-Fi services		
3.18	<p>GCIO should –</p> <p>(a) monitor the performance and connection speed of the GovWiFi services and take measures to improve the connectivity and connection speed at GovWiFi venues with connection problem and slow connection speed;</p> <p>(b) consider increasing the Wi-Fi capacity at popular tourist spots or parks with relatively high usage of the GovWiFi services;</p> <p>(c) adopt alternative technical solutions to enhance the connection speed at GovWiFi venues with geographic constraints for bandwidth upgrade;</p>	<p>(a) OGCIIO is upgrading all GovWiFi equipment to IEEE 802.11ac to conform to the latest standards, and replacing equipment using copper wires by fibre links where feasible to improve data transmission speed and stability. The upgrading works will be completed in 2018 and it is expected that by then, fibre network will be available at more than 80% of the GovWiFi venues and the connection speed would substantially increase from the current average speed of 3 to 4 Megabits per second (Mbps) to 10 Mbps or above.</p> <p>(b) OGCIIO will progressively increase the connection speed at tourist spots or parks with high usage and fibre links installation, and will further increase the speed if necessary having regard to the usage level. OGCIIO also plans to set up high speed access points at some major tourist spots so that the public and tourists can enjoy faster Internet services.</p> <p>(c) OGCIIO has launched a pilot project in early 2018 to provide Wi-Fi services through mobile network in three outdoor parks. The result indicates that the technical solutions can enhance the connection speed. OGCIIO has been enhancing the quality of Wi-Fi services through mobile network at more suitable venues since the second half of 2018.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) monitor the usage at each venue from time to time and consider relocating Wi-Fi hotspots when necessary;</p> <p>(e) ensure that signages indicating the availability of the GovWiFi services are properly put up;</p> <p>(f) take measures to ensure that the locations of signages are recorded during annual service checks; and</p> <p>(g) explicitly alert users of the GovWiFi services to the limitation of encrypted channel, and encourage them to use more secured means of communication to transmit sensitive information, such as virtual private network and secure sockets layer, if necessary.</p>	<p>(d) To ensure the quality and cost-effectiveness of GovWiFi services, OGCIO will continue to monitor the usage of the GovWiFi services at various venues, and conduct regular reviews to adjust the bandwidth, number and location of hotspots.</p> <p>(e) OGCIO has issued guidelines requesting departmental venue owners to put up Wi-Fi.HK signage near the Wi-Fi hotspots. OGCIO also plans to perform a full review tidying up the signage at various venues in 2018 to ensure that all signage are put up at appropriate locations.</p> <p>(f) OGCIO has arranged to record locations of Wi-Fi.HK signage in the venues during annual inspection. If their locations are found to be improper or there is insufficient signage, departmental venue owners and the staff concerned would be informed to undertake improvement.</p> <p>(g) OGCIO has reminded users of the limits encrypted channel via the landing page of the GovWiFi services and encouraged them to transmit relatively sensitive information by more secured communications methods such as virtual private network or secure sockets layer. OGCIO will also strengthen public education on the precautions in using public Wi-Fi services under the regular publicity and promotion activities.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
3.28	<p>GCIO should –</p> <p>(a) take measures to ensure that the information on venue locations provided by the Wi-Fi.HK participating organisations is correct and the Wi-Fi.HK services are available at all Wi-Fi.HK venues;</p> <p>(b) take action to expedite the progress of expanding the coverage of the Wi-Fi.HK services, taking into account the public preference on the locations of accessing free Wi-Fi services as far as possible;</p>	<p>(a) OGCI0 issued notices to all Wi-Fi.HK participating organisations in February and August 2018 respectively to remind them of the need to ensure accuracy of the information of their hotspots' location. Besides, OGCI0 has completed the 2018 service performance survey, with tests conducted at all Wi-Fi.HK venues to collect performance data of Wi-Fi services, and confirm location information and the status of Wi-Fi services. For issues encountered during the tests, OGCI0 has notified the organisations concerned, and will continue to follow up with respective organisations to ensure the accuracy of information on Wi-Fi.HK.</p> <p>(b) According to the Census and Statistics Department's 2016 Thematic Household Survey report, food and beverage venues and store/shopping malls are the most popular sites for public Wi-Fi services. OGCI0 will strengthen promotion of the Wi-Fi.HK brand to relevant organisations. As of end-August 2018, over 2 300 Wi-Fi.HK hotspots were provided at about 420 stores/shopping malls and 250 food and beverage venues. Recently, the Wi-Fi.HK brand has been successfully extended to more types of venues, including exhibition centres, taxis and buses facilitating the public and tourists to use the services.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(c) step up the promotion efforts to encourage more private organisations to join the Wi-Fi.HK brand and raise the public awareness of the Wi-Fi.HK brand; and</p>	<p>(c) OGCIO has streamlined procedures for and provided greater flexibility in joining the brand and has strengthened brand promotion. Apart from proactively contacting and encouraging public and private organisations to join the brand, OGCIO will continue to launch promotion activities on various fronts to raise public awareness of the Wi-Fi.HK brand as well as enhance the interest of public and private organisations in joining the brand. Examples include –</p> <ul style="list-style-type: none"> (i) launching a new online promotional video in May 2018 to demonstrate the easy-to-use functions of Wi-Fi.HK through lively everyday examples to increase the understanding of the public and visitors about Wi-Fi.HK and the features in the website and mobile app so that they can enjoy free Wi-Fi services conveniently at different places in Hong Kong. (ii) attracting more public and private organisations to join the Wi-Fi.HK brand through the trademark registration (Class 35 and 38) for Wi-Fi.HK. (iii) continuing brand promotion through the existing website, mobile app and Facebook web page, and providing free promotion channels for participating organisations. (iv) launching a new round of promotion campaign in the fourth quarter of 2018 aligning with the completion of a number of improvement measures of Wi-Fi.HK services by that time.

Para. No.	Audit's Recommendations	Progress to date
	(d) take measures to encourage participating organisations that joined the Wi-Fi.HK brand before mid-2017 to install digital server certificates at their Wi-Fi.HK venues as far as possible.	<p>(d) OGCIO will continue to contact regularly participating organisations which have not installed digital server certificates and remind them to install the certificates to protect their companies' image and reputation. As at end-August 2018, about 100 out of the 121 participating organisations have installed digital server certificates.</p> <p>As follow-up actions have been taken to implement the recommendation, we recommend that this part should be deleted from the next progress report.</p>
3.36	<p>GCIO should –</p> <p>(a) review the slow progress in the implementation of the public-private collaboration (PPC) pilot project and take measures to expedite the provision of Wi-Fi services for the venues allocated to service providers;</p> <p>(b) critically review the target number of free Wi-Fi hotspots to be provided in the full-scale roll-out of the PPC model;</p> <p>(c) review whether the interests of the Government have been adequately protected in respect of the variation of the agreement and/or the extension of deadline made with Service Providers A and B;</p> <p>(d) seek legal advice on the possible legal actions against Service Providers A and B;</p>	<p>(a) and (b) OGCIO has completed the review of the pilot project and enhanced the implementation details of the new round of PPC project to expedite the provision of Wi-Fi services by service providers at the venues allocated. OGCIO has also adjusted the target numbers of Wi-Fi hotspots under the PPC model according to the actual situations.</p> <p>(c) and (d) OGCIO has considered adequately the interests of the Government in amending the agreement and extending the deadline. The Government has not suffered any pecuniary loss from the arrangement, and Wi-Fi services can also continue to be provided at the venues concerned under the PPC model. After consulting the DoJ, OGCIO considered that there were no sufficient grounds for taking further legal actions.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) liaise with Service Provider C to expedite the launch of Wi-Fi services for the remaining one of the seven venues allocated;</p> <p>(f) for future PPC projects, critically review the implications of the terms proposed by the service providers before accepting them; and</p> <p>(g) draw lessons from the PPC pilot project for reference in the full-scale PPC roll-out.</p>	<p>(e) Wi-Fi services at Lo Wu Control Point were launched in mid-March 2018.</p> <p>(f) and (g) Taking into account the outcome of the review of the pilot project, OGCIO has enhanced the PPC project details and contract provisions, and invited the industry in April 2018 to provide Wi-Fi services under the PPC model at government venues where Wi-Fi services are currently unavailable. When considering the terms proposed by the service providers, OGCIO will assess the implications and seek DoJ's advice.</p> <p>As the follow-up actions have been taken to implement the recommendations or will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
3.42	GCIO should take measures to address the slow progress of the provision of free Wi-Fi services by the NGOs at the approved venues under the subsidy scheme for providing free public Wi-Fi services in study rooms and youth service centres, and facilitate them to speed up the progress.	As at end-September 2018, apart from one study room where further configuration is required to meet the service requirements, all other approved venues are providing free public Wi-Fi services. OGCIO will continue to actively follow up with the study room concerned to ensure Wi-Fi.HK services will be provided as soon as possible.
Part 4 : Other initiatives in promoting the wider use of IT		
4.17	<p>GCIO should –</p> <p>(a) endeavour to expedite the disposal of the two dedicated sites for data centre development;</p> <p>(b) review the effectiveness of the concessionary measure on</p>	<p>(a) The Government plans to make available the sites for data centre development for disposal by open tender in the fourth quarter of 2018.</p> <p>(b) and (d) The data centre industry generally</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>exempting the waiver fees for change of use in parts of industrial buildings;</p> <p>(c) in collaboration with the LandsD, establish a formal information exchange mechanism to keep the OGCIO informed of the progress of processing the data centre waiver applications; and</p> <p>(d) review the effectiveness of the concessionary measure on lease modification tailor-made for data centre use, and step up effort in promoting this measure to the industry.</p>	<p>welcomes the related concessionary measures. As of end-August 2018, the Government received a total of 33 applications for change of use in parts of industrial buildings for data centre use, and six applications for lease modification specifically for data centre use. OGCIO will continue to promote the concessionary measures on facilitating data centre development to the industry, and will review the concessionary measures by the end of 2018.</p> <p>(c) OGCIO and LandsD have established an information exchange mechanism for these concessionary measures since August 2018.</p>
4.26	<p>GCIO should –</p> <p>(a) encourage more government B/Ds, and public and private organisations to open up more data for free public re-use via the Public Sector Information (PSI) portal;</p> <p>(b) develop a mechanism to assess which existing datasets can be released as PSI and the priorities for releasing such datasets; and</p> <p>(c) collect information from government B/Ds to compile an inventory of existing datasets which the B/Ds can release as PSI.</p>	<p>(a) to (c)</p> <p>OGCIO has completed a review and promulgated the new open data policy and associated measures in end-September 2018, which include a new mechanism to require B/Ds to assess the existing datasets that can be opened up and define the schedule of opening up such datasets in their annual open data plans starting from end-December 2018. The OGCIO will also compile a full list of all open data plans for publishing on the PSI Portal.</p> <p>As the work will be implemented on an on-going basis, we recommend that this</p>

Para. No.	Audit's Recommendations	Progress to date
		part should be deleted from the next progress report.
4.42	<p>GCIO should –</p> <ul style="list-style-type: none"> (a) ensure that the personnel engaged in the secretariat service are not involved in the adjudication and assessment work of the Hong Kong ICT Awards; (b) document the justification for allowing the personnel engaged in the secretariat service to act as assessor or judge for the Hong Kong ICT Awards; (c) establish a mechanism to strengthen the monitoring of the Leading Organisers' performance of the responsibilities stipulated in the Judging Manual; (d) ascertain the reasons for the small number of proposals submitted for undertaking as Leading Organisers and take measures to encourage more organisations to submit proposals for undertaking as Leading Organisers; (e) conduct periodic review on the award categories for the Hong Kong ICT Awards, taking into account the number of entries of individual award categories; and 	<ul style="list-style-type: none"> (a) and (b) OGCIO has specified in the latest Hong Kong ICT Awards secretariat service contract that personnel engaged in the secretariat service must not be involved in the related adjudication and assessment. (c) OGCIO has put in place a mechanism to keep records of the Leading Organisers' performance as reference in selecting Leading Organisers for the next Awards. (d) Based on the information of related organisations in the local information and communications industry, OGCIO has compiled and updated the invitation list of Leading Organisers. On average, more than 200 invitation letters were issued in the past several years. OGCIO will conduct briefing sessions and strengthen the dissemination of related information on the Awards' website to encourage more organisations to serve as Leading Organisers. (e) OGCIO reviews and updates the award categories and streams every year for the next Hong Kong ICT Awards, taking into account the number of entries of individual award categories as well as the latest trends of technology development.

Para. No.	Audit's Recommendations	Progress to date
	(f) ensure that follow-up actions are taken on the exceptions identified by the independent auditors.	<p>(f) OGCIO will examine the audit reports from Leading Organisers and will take appropriate follow-up actions on any irregularities identified by the auditors.</p> <p>As the concerned recommendations will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
Part 5: Way forward		
5.8	Secretary for Innovation and Technology and GCIO should update regularly their strategies and work programmes on promoting the wider use of IT in the community, taking into account the Smart City Blueprint for Hong Kong and other policy directives and strategies on innovation and technology promulgated by the Innovation and Technology Bureau (ITB).	<p>The ITB and its departments (including OGCIO) will continue to promulgate new and revised initiatives on the policy directives and strategies on innovation and technology, including strategies and work programmes on promoting the wider use of IT in the community (such as the Smart City Blueprint for Hong Kong). OGCIO will update its departmental website timely.</p> <p>As the work will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
5.9	GCIO should update the Digital 21 Strategy website regularly to reflect the latest developments.	<p>The Digital 21 Strategy Advisory Committee was dissolved in March 2017 and the relevant website had ceased operation. We will continue to promulgate new and revised initiatives on the policy directives and strategies on innovation and technology, and will update the relevant websites timely.</p> <p>As the work will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
5.21	<p>Secretary for Innovation and Technology and GCIO should –</p> <p>(a) continue to explore suitable measures to support students from low-income families on their web-based learning needs;</p> <p>(b) in determining the way forward for providing free public Wi-Fi services in the future, take into account the latest developments in mobile data service technology; and</p> <p>(c) heed the market development of data centres and the economic benefits brought by the data centre sector with a view to taking appropriate measures.</p>	<p>(a) After the completion of the ILSP, the two implementers continue to provide services to students from low-income families, including the provision of broadband Internet access services at discounted prices, training and advisory support. OGCIO will continue to liaise with the two organisations and other non-profit-making organisations and assist them in developing more solutions to support Internet learning for low-income families by leveraging innovative technologies, including providing technical advice, and assisting the organisations to seek financial support from the Innovation and Technology Fund for Better Living or other funding schemes.</p> <p>(b) OGCIO has formulated strategies for providing free public Wi-Fi services, including enhancing the quality of Wi-Fi services at government venues and providing Wi-Fi services at more suitable government venues; introducing high speed Wi-Fi zones at tourist spots to facilitate the public and tourists accessing the Internet; continue with the PPC project; and actively promoting the Wi-Fi.HK brand to attract more public and private organisations to join.</p> <p>(c) OGCIO will continue to monitor developments of the data centres market, analyse market information and study the economic benefits from the data centre industry and take appropriate measures in a timely manner.</p>

Para. No.	Audit's Recommendations	Progress to date
		As the recommendations and work will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.

**Home Affairs Bureau's funding schemes and programmes
for youth exchange and internship
Progress in implementing the Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Management of funding schemes for youth exchange and internship		
2.16	<p>Audit has recommended that the Secretary for Home Affairs should –</p> <p>(a) keep under review the need for conducting assessment interviews for the different funding schemes for youth exchange and internship;</p> <p>(b) regularly review the adequacy of practices on assessing project proposals, and based on the review results, take measures to enhance the assessment process where necessary;</p> <p>(c) continuously monitor the proportion of approved expenditure on complementary activities and review the sponsorship limits on complementary activities for different funding schemes at regular intervals;</p> <p>(d) ensure that adequate funding guidelines are provided to HAB staff to facilitate the granting of sponsorship; and</p> <p>(e) look into the reasons for not</p>	<p>(a) and (b) Home Affairs Bureau (HAB) and Youth Development Commission (YDC) will continue to keep under review the need for conducting assessment interviews as well as the other aspects of the assessment process under various funding schemes on youth exchange and internship, having regard to the nature and circumstances of the individual funding schemes and the panels' experience in processing such applications.</p> <p>(c) To ensure cost-effectiveness, HAB has imposed suitable sponsorship limits for complementary activities and/or individual expenditure items pertaining to these complementary activities in the light of their nature and needs. We will continue to keep these limits under review.</p> <p>As the follow-up actions on recommendations (a) to (c) will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.</p> <p>(d) and (e) HAB has enhanced its internal funding guidelines by clearly setting out the procedures and methodology to be adopted in different circumstances to facilitate calculation of the amount of</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>complying with the project limit on the grant of sponsorship in the case noted by Audit (see para. 2.14) and take measures to prevent non-compliance with limits on sponsorship in future.</p>	<p>sponsorship to be granted. Besides, HAB has enhanced its computer system which will automatically draw staff's attention whenever the amount of sponsorship entered into the system exceeds the applicable sponsorship limits.</p> <p>As the recommendations in (d) and (e) have been implemented, we recommend that this part should be deleted from the next progress report.</p>
2.26	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) monitor the implementation of the new requirement on the minimum number of participants for the Funding Scheme for Youth Exchange in the Mainland (YEFS) projects, and keep in view the need for revising the minimum number having regard to the actual experience gained in implementation;</p> <p>(b) regularly remind organisations of the need to submit activity reports and financial reports in accordance with the funding guidelines; and</p> <p>(c) closely monitor the submission of</p>	<p>(a) HAB has been monitoring the implementation of the new requirement on the minimum number of participants for YEFS projects. So far, HAB has not received any feedback from organisations that the requirement has hindered their funding applications for organising exchange projects, nor received any applications for organising a project with a target number of participants smaller than the stipulated minimum number. HAB will continue to keep in view the implementation of the new requirement.</p> <p>As the follow-up action will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.</p> <p>(b) and (c) HAB has tightened up the monitoring of submission of activity reports and financial reports. Starting from 2018-19, late submission of reports will be taken into account when considering</p>

Para. No.	Audit's Recommendations	Progress to date
	activity reports and financial reports, and take prompt action to follow up any late submission cases.	<p>applications in the next funding cycle through a de-merit point system.</p> <p>As the recommendations in (b) and (c) have been implemented, we recommend that this part should be deleted from the next progress report.</p>
2.34	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) strengthen liaison with organisations with a view to identifying any intended cancellation of projects and take necessary follow-up actions;</p> <p>(b) take into account the reasons for previous cancellation of projects in the assessment of project proposals in future; and</p> <p>(c) closely monitor the operation of the newly launched one-stop-information portal so as to ensure that it is implemented as intended.</p>	<p>(a) According to the updated funding guidelines, sponsored NGOs which intend to cancel exchange projects should inform the relevant YDC task force in writing at least two weeks before the originally scheduled departure date of the exchange tour with reasons for the cancellation. In addition, HAB has reminded NGOs, during the briefing session for the YEFS, to timely inform HAB of the cancellation of a project in accordance with the requirements in the funding guidelines.</p> <p>(b) HAB has introduced the de-merit point system and will take into account the reasons for previous cancellation of projects in the assessment of funding applications in the next round of funding exercises.</p> <p>(c) HAB and YDC have been closely monitoring the operation of the information portal and ensure that the information contained therein is up-to-date and accurate. Applicants may check information of other sponsored exchange projects through the portal to choose internship and exchange projects that suit their needs.</p>

Para. No.	Audit's Recommendations	Progress to date
		As these recommendations in (a) to (c) have been implemented, we recommend that this part should be deleted from the next progress report.
Part 3: Provision of programmes of youth exchange		
3.11	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) explore ways to maximise the utilisation of the programme capacities of the International Youth Exchange Programme (IYEP) and the Summer Exchange Programme (SEP); and</p> <p>(b) enhance the publicity for the Guangdong-Hongkong-Macao Youth Cultural Exchange Programme (CEP).</p>	<p>(a) In view of the success of and enthusiastic response to the 20th Anniversary of the HKSAR Youth Ambassadors (YA) Scheme, YDC at its meeting in June 2018 decided to regularise the YA Scheme, which will include elements of international youth exchange. 100 young people will be recruited each year. The programme capacities of both IYEP and SEP will be redeployed for the implementation of the YA Scheme. HAB and YDC shall endeavor to fully utilise exchange opportunities under the YA Scheme. The first batch of YAs will be recruited within 2018.</p> <p>(b) Since the 2018 round of CEP, HAB has stepped up promotion efforts by inviting all local degree-awarding institutions to nominate participants, as well as publicising the programme via HAB's webpage and the One-Stop-Information Platform on Internship and Exchange Opportunities. The number of participants has increased from 35 in 2017 to 45 in 2018.</p> <p>As these recommendations in (a) and (b) have been implemented, we recommend that this part should be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
3.21	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) keep under review the manpower support for the programmes of youth exchange, with a view to ensuring the adequacy of support; and</p> <p>(b) in devising post-trip service requirements in future, be mindful of the need for securing delegates' compliance with the requirements as well as the need for broadening delegates' horizons.</p>	<p>(a) We will continue to deploy suitable manpower support for exchange programmes, having regard to the actual operational needs (e.g. location and duration of the exchange programme concerned and the age of youth participants) and the need to maintain cost-effectiveness and prudent use of public resources.</p> <p>(b) Under the new YA Scheme, a wide variety of activities and voluntary services will be provided to the youth delegates to broaden their horizons, widen their experience and serve the community. YAs' attendance in these activities and services will be recorded and closely monitored.</p> <p>As the follow-up actions on recommendations in (a) and (b) will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
3.28	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) ascertain the reasons for the lukewarm response of service providers in quotation invitations for programmes of youth exchange; and</p> <p>(b) having regard to the reasons ascertained, take measures to improve the response rate of service providers.</p>	<p>(a) and (b)</p> <p>HAB reviews annually and, where appropriate, update the invitation lists for quotation to ensure the validity of the information contained therein. In future quotation exercises, HAB will arrange briefing sessions to explain in detail the required services to the invited bidders, with a view to helping them understand better the terms and conditions of the quotation documents.</p>

Para. No.	Audit's Recommendations	Progress to date
		As the follow-up actions on recommendations (a) and (b) will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.
Part 4: Governance matters and way forward		
4.5	Audit has recommended that Secretary for Home Affairs should take measures to improve members' attendance at meetings.	<p>The enhanced measures being implemented since April 2018 include sending reminder emails to members to draw their attention to the importance of attending meetings, and providing each member with his/her attendance record three times a year for his/her reference. Besides, HAB has taken into account members' schedules as far as possible in fixing the date and time of meetings with a view to increasing the chance of attendance by members. HAB has also fixed the schedule of meetings well in advance so as to allow sufficient time for members to reserve their time slots for the meetings. For members with low attendance rates, HAB has also looked into the reasons behind. HAB will monitor the effectiveness of the above measures.</p> <p>As this recommendation has been implemented, we recommend that this part should be deleted from the next progress report.</p>
4.12	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) take measures to prevent recurrence of late/incomplete submission of declarations of interests of the Commission on Youth (CoY)/Committee on the Promotion of Civic Education (CPCE) members;</p>	<p>(a) Since April 2018, HAB has stepped up efforts to remind members to submit their declarations of interests on time. These efforts include sending a circular memorandum on declaration of interests from the secretariat to all members by email,</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) ensure that decisions on declared interests of CoY/CPCE members are documented in minutes of meetings; and</p> <p>(c) consider setting up a computerised database of interests declared by members to facilitate checking and following-up of any omissions or inconsistencies in declarations of interests.</p>	<p>inviting members to complete the declarations of interests and issuing monthly reminders to those members who have not submitted their declarations of interests. So far, all members have submitted duly completed declaration of interests forms to the secretariat in a timely manner.</p> <p>(b) Since April 2018, all decisions on declared interests have been properly documented in the minutes of meetings of YDC and CPCE.</p> <p>(c) HAB has been making use of electronic means to manage the database of interests declared by members.</p> <p>As the recommendations in (a) to (c) have been implemented, we recommend that this part should be deleted from the next progress report.</p>
4.20	<p>Audit has recommended that Secretary for Home Affairs should –</p> <p>(a) consider introducing internship projects that provide internship places in other countries;</p>	<p>(a) HAB has launched new programmes to increase internship opportunities in overseas countries, including the United Nations Volunteers – Hong Kong Universities Volunteer Internship Programme and the Pilot Scheme on Corporate Summer Internship on the Mainland and Overseas launched in mid-March 2018. HAB will continue to explore other possibilities of providing overseas internship opportunities.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) explore more countries for youth exchange activities so as to further broaden the youth's horizon;</p> <p>(c) take into account the results of this audit review in expanding youth exchange and internship activities through the funding schemes in future; and</p> <p>(d) review the way forward of providing activities through the programmes of youth exchange.</p>	<p>(b) to (d)</p> <p>The Government is committed to expanding exchange and internship opportunities both in the Mainland and overseas to enable young people to better understand the prevailing economic, social and cultural landscape at the national and international levels, as well as the work culture and career prospects in different places. Looking ahead, HAB will, in consultation with YDC, continue to explore additional internship and exchange opportunities for our young people, and keep under review the arrangements and practices of the various funding schemes and programmes for youth exchange and internship.</p> <p>As the follow-up actions on recommendations (a) to (d) will be carried out on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
