

財經事務及庫務局  
(庫務科)

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**APPENDIX 32**  
**FINANCIAL SERVICES AND**  
**THE TREASURY BUREAU**  
**(The Treasury Branch)**

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來函檔號 Your Ref. : CB4/PAC/R73

2 January 2020

Mr Anthony CHU  
Clerk  
Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr CHU,

**Public Accounts Committee**  
**Consideration of Chapter 3 of the Director of Audit's Report No. 73**

**Governance and administrative issues of**  
**the Hong Kong Productivity Council**

Thank you for your letter of 19 December 2019 on the captioned subject. The response from the Financial Services and the Treasury Bureau is set out in the attached note.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Phyllis Chan'.

(Phyllis CHAN)  
for Secretary for Financial Services  
and the Treasury

c.c. Secretary for Innovation and Technology (fax no. 2530 0736)  
Commissioner for Innovation and Technology (fax no. 2317 6915)  
Executive Director, Hong Kong Productivity Council (fax no. 2788 5900)  
Director of Audit (fax no. 2583 9063)

**Response to Public Accounts Committee's (PAC) question on  
Chapter 3 of the Director of Audit's Report No.73**

**Governance and administrative issues of  
the Hong Kong Productivity Council**

This note sets out the response of the Financial Services and the Treasury Bureau to the following question raised in the letter dated 19 December 2019 from the Clerk to PAC –

*Question: According to paragraph 2.25, 11 KPIs were not disclosed in the Annual Reports and CORs. Does the Government impose any guidelines requiring public funded organizations to disclose which indicators in their annual reports? Has the Financial Secretary, the Financial Services and the Treasury Bureau, or any government department formulated any guidelines on disclosure of performance indicators in the report of Controlling Officers?*

2. The Financial Circular No. 9/2004: Guidelines on the Management and Control of Government Funding for Subvented Organisations provides a reference to Directors of Bureaux and Controlling Officers (COs) on how to manage and control government funding for subvented organisations to ensure that public money is used properly and cost-effectively. The Circular advises COs to require the relevant organizations to produce annually a programme of the activities and budget for subvented programmes that they undertake; and to report their achievements in the last (fully audited) year and in the current year, as well as any changes in performance indicators, for comparison.

3. The then Efficiency Unit also published the second edition of the Guide to Corporate Governance for Subvented Organisations (the Guide) (available at <https://www.effo.gov.hk>) in June 2015 to provide advice on good practices. While the Guide is not a binding document, it suggests that the board of each subvented organisation should establish and report on relevant financial and non-financial performance measures of the organisation, which should include Key Performance Indicators for comparison with its performance in previous years, with its target performance and with that of similar organisations.

4. There are internal guidelines for COs on preparing the Controlling Officer's Report (CoR). When developing the performance measures for CoR, COs should focus on targets measured preferably in terms of intended outcome. They should avoid an excessively long list of performance indicators and apply the most relevant performance indicators that measure economy, efficiency and cost-effectiveness of the resources deployed. They should also take the recommendations of the Director of Audit/ Public Accounts Committee's reports, where applicable, into account in drawing up their performance measures.

Financial Services and the Treasury Bureau  
December 2019