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1 June 2020

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

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's effort in implementing electronic recordkeeping system

----- Thank you for your letter of 22 May 2020 on the above subject. Our response
to matters set out in Part (V) of the Appendix of your letter is at Annex.

Yours sincerely,

(Agnes Wong)
Director of Marine

Encl.

- c.c. Government Chief Information Officer (fax no. 2511 5359)
- Director of Administration (fax no. 2804 6870)
- Commissioner for Efficiency (fax no. 2524 7267)
- Secretary for Commerce and Economic Development (fax no. 2588 1421)
- Secretary for Financial Services and the Treasury (fax no. 2147 5239)
- Director of Audit (fax no. 2583 9063)

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**Public Accounts Committee (“PAC”)
Consideration of Chapter 4 of the Director of Audit’s Report No. 74
Government’s effort in implementing electronic recordkeeping system**

**Response of the Director of Marine to Matters set out in Part (V) of the
Appendix of the Letter of 22 May 2020 from the Clerk to PAC**

**Part 3: Implementation of Electronic Recordkeeping System (ERKS)
Pilot Programme**

- (20) According to paragraphs 3.11 to 3.13, there was a delay of 39 months in the implementation of ERKS common base system for the Marine Department (MD) and the Architectural Services Department and a delay of 19 months in the implementation of system deployment for MD respectively. A substantial number of system errors were found, and the longest time taken to tackle critical test incident reports was 518.5 days. According to paragraphs 3.16 and 3.17, the Audit Commission criticised the Office of the Government Chief Information Officer (OGCIO) and MD for their inadequate monitoring. Project Steering Committee (PSC) and Project Assurance Team (PAT) meetings were not held regularly for following up with Contractor B and overseeing Contractor B’s performance. OGCIO and MD currently have a two-tier and three-tier governance structure respectively. However, the above situation with delays is far from satisfactory. Will the departments concerned consider reorganising the governance structures? If not, what are the reasons?

MD’s response

In his report published on 29 April 2020, the Director of Audit acknowledged that the delay in implementing the ERKS common base system and Batch 1 system deployment for MD was mainly attributable to the unsatisfactory performance of the Contractor. Upon the deployment of the base system to MD in September 2017, MD identified a substantial number of system errors during the subsequent user acceptance test. Majority of them were function-related and should be fixed before the roll-out of Batch 1 system scheduled for January 2018. Owing to the unsatisfactory performance of the Contractor, system bugs were not rectified swiftly or effectively, resulting in high retest failure rate which had severely hindered the project progress.

In light of this, MD had devoted much time and efforts to performing system test and helping the Contractor understand and fix the system bugs. Additional meetings among OGCIO, MD and the Contractor were conducted

frequently to ensure that the Contractor had a full grasp of the system errors. Warning letters and repeated reminders were also sent to the Contractor by OGCIO and MD respectively.

MD fully agrees that the ERKS project should be closely monitored to ensure its smooth and timely implementation. In this respect, MD has set up a three-tier governance structure which comprises PSC, PAT and the Project Team. The PSC is to steer the ERKS project, provide overall direction and management of its implementation, and monitor progress of project deliverables. Representing the interests from the business, user and technical perspectives, the PSC reviews project performance, endorses acceptance of project deliverables, gives disposition on change requests and approvals for the project to proceed to the subsequent phase. Entrusted by the PSC, MD has also established the PAT to ensure compliance of quality assurance standard and quality control procedures, and timely quality control follow-up actions. The Project Team, which reports to the PAT, is assigned to deliver the project tasks according to the project schedule. It serves as the interface among the management, users and Contractor, and liaises closely with the users and Contractor at the working level.

As illustrated above, each of the three-tier governance structure has its distinct role and functions, and collectively they contribute towards effective governance of IT projects and implementation of ERKS as advised by OGCIO and Government Records Service. With concerted efforts, the ERKS project, to be implemented under a four-phase approach in MD, was rolled out to Batch 1 and Batch 2 users in August 2019 and April 2020 respectively. We are confident that the remaining two batches will be rolled out progressively as planned and the whole project is expected to be fully implemented by mid-2021. Since the implementation work has reached an advanced stage, we are of the view that maintaining the three-tier governance structure is optimal under the prevailing circumstances. At the same time, MD has strengthened the monitoring of the project progress, scheduled regular PSC and PAT meetings and will continue to closely monitor the timely submission of project progress reports by the Contractor for subsequent reporting to the PSC and PAT.