



OFFICIAL RECEIVER'S OFFICE

破產管理署

10TH-12TH FLOORS, HIGH BLOCK,
QUEENSWAY GOVERNMENT OFFICES,
66 QUEENSWAY, HONG KONG.

香港金鐘道六十六號金鐘道政府合署高座十樓至十二樓

來函請註明本署檔號

IN REPLY PLEASE QUOTE THIS REF: ORO GR/4-35/3/C

來函檔號 YOUR REF: CB4/PAC/R74

電話 TEL. NO.: 2867 2477

圖文傳真 FAX NO.:

FAX (852) 2536 9963 (Case Management)
(852) 2501 0698 (Case Management)
(852) 2104 7151 (Case Management)
(852) 2104 7150 (Finance)
(852) 3105 1814 (Admin.)
(852) 3105 0435 (Legal Services)
(852) 3106 0347 (Personnel)

圖文傳真 (852) 2536 9963 (個案處理)
(852) 2501 0698 (個案處理)
(852) 2104 7151 (個案處理)
(852) 2104 7150 (財務)
(852) 3105 1814 (行政)
(852) 3105 0435 (法律事務)
(852) 3106 0347 (人事)

Internet Homepage Address

互聯網網址

<http://www.oro.gov.hk>

19 June 2020

(By Email)

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 6 of the Director of Audit's Report No.74
Management of insolvency services

Thank you for your letter dated 12 June 2020. Herewith the action plan of the Official Receiver's Office with implementation timeline in response to Director of Audit's recommendations. Please note that comments of the Financial Services and the Treasury Bureau have been incorporated in respect of the recommendations at paragraph 4.12.

Yours sincerely,

(Mr Ronald Fu)
Assistant Official Receiver
for Official Receiver

c.c. Secretary for Financial Services and the Treasury (fax no. 2869 4195)
Director of Audit (fax no. 2583 9063)

CORRESPONDENCE SHOULD BE ADDRESSED TO THE OFFICIAL RECEIVER AND NOT TO INDIVIDUAL OFFICERS.

來函請書明「破產管理署署長」收

Director of Audit's Report No. 74
Chapter 6 Management of insolvency services

Official Receiver's Office's Action Plan and Implementation Timeline

Para.	Recommendations of Audit	Action Plan
2.27	<p>The Official Receiver ("OR")</p> <p>(a) to continue to closely monitor the achievement of the 18-month target for summary bankruptcy cases with no monthly contributions but with assets for distribution, and formulate effective strategies for dealing with cases with difficulties in asset realisation in order to meet the target processing time.</p> <p>(b) to specify more clearly in the Controlling Officer's Report the performance target for completion of procedures for distribution of dividends.</p> <p>(c) to formulate effective strategies for clearing the 200 pre-2002 long outstanding insolvency cases as soon as practicable.</p> <p>(d) to formulate effective strategies for handling bankruptcy cases involving landed properties.</p> <p>(e) to take measures to expedite the resolution of complex legal issues encountered in the</p>	<p>Completed/Ongoing and continuous</p> <ul style="list-style-type: none"> • The performance target has been revised and will be set out in the next Controlling Officer's Report to be released in 2021 to specify more clearly the starting point for counting the target processing time for completing the dividend distribution. • To continue close monitoring of the 18-month target achievement rate as well as further reviewing common problems / difficulties that are holding up cases and, if necessary, promulgate additional specific guidelines or internal circulars for case officers as may be appropriate to help progress the cases. • To continue to refine and develop effective strategies for handling the outstanding cases involving landed properties having regard to their unique circumstances. • To continue monitoring amounts kept in the suspense accounts in the regular Bankruptcy Account Meeting with a view to having the monies properly dealt with as soon as possible.

Para.	Recommendations of Audit	Action Plan
	<p>administration of insolvency cases.</p> <p>(f) to periodically review the balance kept in the suspense accounts, especially for released/rescinded/withdrawn cases, and take effective measures to ascertain the nature of the funds and transfer them back to the Companies Liquidation Account and the Bankruptcy Account where appropriate in a timely manner.</p>	<p>In progress</p> <ul style="list-style-type: none"> A list of all remaining pre-2002 cases has been compiled with directions for review and conclusion of the cases by the end of 2020. For cases where this cannot be achieved, they will be referred to the Case Administration Meeting for review and development of focused strategies to conclude them as soon as possible. A performance pledge for provision of timely legal advice in all cases referred to the Legal Services Division 1 has been set. Target to resolve the remaining complex legal issues in stages by the end of 2020¹.
3.18	<p>(a) to implement the procedures on conducting quality audits for the Panel T scheme as soon as practicable.</p> <p>(b) to remind the Financial Services Division to take measures to ensure that the target coverage of field audits is met.</p> <p>(c) to keep in view the need of issuing warning letters for Private Insolvency Practitioners' ("PIPs") unsatisfactory performance including any prolonged delay in the</p>	<p>Completed</p> <ul style="list-style-type: none"> The process for selection of cases for field audit has been revised to ensure that the target coverage will be met. <p>In progress</p> <ul style="list-style-type: none"> To complete reviewing and refining the whole process of regulating the PEQ firms in delivering their services under the tender and the process of the issue of warning letters to PIPs by the second half of 2020.

¹ Apart from one complex issue that may take longer to resolve and may require a court application.

Para.	Recommendations of Audit	Action Plan
	<p>submission of preliminary examination questionnaires (“PEQ”) in future.</p> <p>(d) to take measures to enhance the reporting and recording of unsatisfactory conduct or performance of PIPs.</p> <p>(e) to ensure that the registers of unsatisfactory conduct of PIPs are maintained properly.</p> <p>(f) to make continuous improvement in monitoring the performance of PIPs.</p>	<ul style="list-style-type: none"> • To complete reviewing and enhancing the reporting of unsatisfactory conduct or performance of PIPs with a view to consolidating the current four registers into one register by the second half of 2020. • To design the detailed procedures and logistics for the quality audits to be conducted, which include the checklist and questionnaire to be used in the audit. To make other necessary arrangements such as notification to the relevant PIPs and conduct internal and external briefings subsequently for commencing conduct of the audit from the first half of 2021. • To regularly review and seek continuous improvement on the monitoring and regulatory mechanism for PIPs. Subject to the Finance Committee’s approval, to introduce an electronic submission system to, inter alia, facilitate submission of various documents from PIPs and automate certain monitoring processes, thus enhance the corresponding monitoring and regulatory work of ORO.
3.26	<p>(a) to review and enhance the follow-up actions taken on long overdue accounts from PIPs.</p> <p>(b) to review and enhance the current procedures on the examination/checking of accounts from PIPs.</p>	<p>In progress</p> <ul style="list-style-type: none"> • To complete reviewing the current mechanism for submission of accounts from PIPs and revise the process of the issue of warning letters to PIPs for outstanding accounts by the second half of 2020. • To adopt a risk-based approach in selecting cases with substantial assets realised for detailed checking of the

Para.	Recommendations of Audit	Action Plan
4.12	<p>The Secretary for Financial Services and the Treasury, in collaboration with the OR,</p> <p>(a) to take action to introduce the bill on corporate rescue procedure and insolvent trading provisions into LegCo in a timely manner.</p> <p>(b) to continue to consider how to take forward the domestic cross-border insolvency legislation and conduct public consultation as appropriate.</p>	<p>accounts submitted by PIPs by the second half of 2020.</p> <p>In progress</p> <ul style="list-style-type: none"> • To further engage stakeholders and discuss with them specific areas of concern. To finalise the bill and introduce the bill into the Legislative Council in the 2020-21 legislative session. • To consider how to take forward the domestic cross-border insolvency legislation on the basis of the UNCITRAL Model Law in consultation with relevant parties.
4.22	<p>The OR</p> <p>- to further explore with stakeholders to determine what additional measures can be introduced to facilitate the use of individual voluntary arrangements (“IVAs”) in Hong Kong.</p>	<p>Completed/Ongoing and continuous</p> <ul style="list-style-type: none"> • Specific FAQs on the relevant aspects of IVAs have been posted on the ORO’s website. Posters and an information slideshow on IVA have also been produced. The ORO will continue to engage with stakeholders and explore any additional measures to facilitate the use of IVAs, and will take a more proactive approach (e.g. public seminars and talks) in reaching out to the public to explain the consequences of bankruptcy as well as possible alternatives to bankruptcy including IVAs.

Para.	Recommendations of Audit	Action Plan
4.28	<p>(a) to conduct a strategic review on future manpower deployment, having regard to the increased regulatory role, the progress of clearing backlog cases and the anticipated increase of insolvency caseload in coming period.</p> <p>(b) to conduct a cost-and-benefit analysis in planning the implementation of the information technology projects.</p>	<p>Ongoing and continuous</p> <ul style="list-style-type: none"> To continue to review the costs and benefits in the planning and implementation of the information technology projects. <p>In progress</p> <ul style="list-style-type: none"> To complete a strategic review on future manpower deployment by the first half of 2021 to cope with backlog cases and other anticipated needs, including the implementation of those projects proposed in the Departmental Information Technology Plan Study commenced in 2018.
4.36	<p>- to explore measures to minimise the impact of the fluctuating cost recovery rates on fee charging.</p>	<p>In progress</p> <ul style="list-style-type: none"> To complete review of fees structure and consider the best possible option by the first half of 2021.