

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 74**

of July 2020

28 October 2020

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 74
DATED JULY 2020**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 74)**

Chapter 1 – Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)

The Government accepts the findings and recommendations made by the Audit Commission (Audit) and the Public Accounts Committee (PAC) on the management of funding for sports development through the Arts and Sport Development Fund (Sports Portion) (ASDF). The Hong Kong Football Association (HKFA) also accepts the findings and recommendations in relation to the funding for football development. The Home Affairs Bureau (HAB), Leisure and Cultural Services Department (LCSD) and HKFA have taken proactive actions to follow up on the recommendations. The progress made is reported below.

Funding for Hong Kong Athletes to Prepare for and Participate in International Games

2. To ensure the timely submission of programme reports and audited accounts by the grantees of preparation and participation funding, HAB and LCSD have reviewed the time realistically needed to prepare these documents and updated the relevant guidelines accordingly to clearly specify that the deadline for submission should be six months after the completion of the relevant games or competitions. The opportunity has also been taken to clarify how the six-month deadline should be calculated. Grantees, who fail to submit the programme reports and audited accounts before the deadline, will be liable to refund 1% of the approved funding received for every month of delay until the programme reports and audited accounts are submitted.

3. For the recommendations on improving the assurance provided by the programme reports and audited accounts, HAB and LCSD have stipulated in the updated guidelines that the auditors should certify in their reports, amongst other things, the grantees' compliance with the applicable Code of Conduct and procurement requirements. If the auditor reports non-compliance or fails to provide the required certification, the grantee would be asked to provide an explanation to the satisfaction of HAB/LCSD within 14 working days, otherwise HAB and LCSD may decide not to fund the relevant item or even withdraw support for the entire funding application. In addition, the grantees are required to provide explanation in their programme reports for any variance between the approved expenditure and actual expenditure exceeding 25%.

4. On the need for setting performance targets, we have explained to Audit and PAC our view that the targets and the reporting of actual results achieved at the international games and competitions are useful tools to facilitate self-assessment by the grantees, and for the Government to keep track of the development of the sports concerned. HAB and LCSD have therefore updated the relevant guidelines to make it a requirement for the grantees to submit their performance targets in their funding applications and then report the actual results with explanations on the discrepancies in their programme reports. While the targets and actual results would not affect the overall subvention level of the relevant ASDF applications, the programme reports would be taken into account during LCSD's yearly review on funding provided for the grantees concerned under the Sports Subvention Scheme.

5. HAB and LCSD are of the view that the main reason for the late return of unspent balances by the grantees is a lack of effective sanction. In response to the recommendation by Audit and PAC, HAB and LCSD have updated the relevant guidelines and introduced a penalty for late returns pitched at 1% of the approved ceiling subvention for every 14 working days of delay after the payment deadline. In addition, grantees' record of late returns of unspent balances will be taken into account in the assessment of their future funding applications.

Funding for International Sports Events

6. To improve performance reporting on the use of funding support for hosting international sports events in Hong Kong, HAB and LCSD have implemented a number of improvement measures. Firstly, the relevant guidelines have been updated to clearly specify that the deadline for submission of the programme reports and audited accounts should be six months after the completion of the relevant games or competitions, and failure to meet the deadline would be subject to a penalty of 1% of the approved funding received for every month of delay. Secondly, grantees are now required to provide an explanation in their programme reports for any variance between the approved expenditure and actual expenditure exceeding 25%. Thirdly, grantees' compliance with the applicable Code of Conduct and procurement requirements must be confirmed and certified in the auditors' reports. If an auditor reports non-compliance or fails to provide the required certification, the grantee would be asked to provide an explanation to the satisfaction of HAB/LCSD within 14 working days or risk being denied funding support for the relevant item or even the entire event.

7. LCSD has, in response to the recommendations of Audit and PAC, made improvements in the arrangement for on-site inspections of major local international events (MLIEs) and local international events (LIEs). To strengthen monitoring of the carrying out of the on-site inspections, the officers who conduct the inspections are now required to submit a copy of all duly completed inspection

reports to their supervisors. In addition, LCSD has issued updated internal guidelines to staff to provide clear guidance and instructions on the selection of events for inspection, the number of inspections that should be conducted and the manner in which the inspections should be carried out. The updated guidelines also specify the follow-up action that should be taken in the event significant differences are found between the observations in LCSD's inspection reports and the programme reports submitted by the grantees, such as seeking clarifications from the grantees and demanding proof for the authenticity of the information contained in the programme reports.

8. As for the issue of late return of unspent balances by grantees of MLIEs and LIEs, LCSD will expedite the verification of accounts and issue letters to the grantees to request for the return of unspent balances within three to six months upon receipt of the programme reports and audited accounts.

Funding for football development

9. HAB has urged HKFA to take effective measures to follow up on the recommendations of Audit and PAC. At the recommendation of the Sports Commission (SC) and the Football Task Force (FTF), HAB has requested HKFA to submit an action plan on how it would address the issues identified by Audit and PAC and make improvements. To underline the importance it attaches to this action plan, HAB has made its timely submission a condition for the release of funding for supporting HKFA's implementation of its new Vision 2025 Strategic Plan (V2025 Plan). HKFA's follow-up action as set out in the action plan is reported below.

10. In respect of deficiencies identified in the functioning of the HKFA Board and Committees, HKFA Board has taken immediate action to reconstitute the Audit Committee in accordance with its terms of reference, including the appointment of the Chairman of the Finance and Strategy Committee as the Convenor of the Audit Committee as well as the appointment of an independent person as the Chairman of the Audit Committee. The HKFA Board has also instructed its management to put in place additional administrative safeguard to ensure that the agenda and minutes of the HKFA Board and Committees, including that of the Marketing and Communications Committee are duly kept. The General Secretary has already collected duly completed first-tier declaration of interest forms from all existing members of the HKFA Board in the 2020/21 football season, and will in future report the return of such forms by members to the first HKFA Board meeting of each football season. To examine how further enhancements to the operation could be made, the HKFA Board has resolved to conduct a review on its board and committee structure and the major areas of governance, including –

- (a) roles and responsibilities of the Board and its committees;
- (b) terms of reference of committees;

- (c) meeting ground rules;
- (d) procedural rules;
- (e) fiduciary duties and other duties of individual members;
- (f) interest declaration system; and
- (g) confidentiality system.

HKFA plans to complete this review by June 2021.

11. As regards the recommendations on human resources management, the HKFA Board has instructed its management to strictly adhere to the staff recruitment policy, and all formalities and procedures as set out in the policy should be consistently applied and duly documented. With immediate effect, no discretion would be allowed for the acceptance of non-compliant job applications, such as late applications and applications submitted to non-designated channels. In addition, the staff recruitment policy has been updated to specify clearly the types of connections with applicants that members of the recruitment panel are required to declare. HKFA will implement and keep under review the staff recruitment policy and procedures.

12. HKFA has also updated its procurement policies and guidelines to ensure that prior approval from the appropriate authority would be sought for single tenders and in cases where the requirement on the minimum number of quotations could not be met. The HKFA Board has directed its management to pay special attention to the conduct of procurement activities by the staff and make sure that the justifications for exceptional approvals are clearly documented.

13. HAB will continue to closely monitor the performance of HKFA in the use of the funding support provided under ASDF for the development of football in Hong Kong. As reported to the Legislative Council (LegCo) Panel on Home Affairs at its meeting on 13 July 2020 vide LC Paper No. CB(2)1317/19-20(01), HAB has accepted the recommendations of SC and FTF to provide time-limited funding for three football seasons from 2020/21 to 2022/23 for HKFA's implementation of its new V2025 Plan. The performance targets and indicators will be set out in the funding agreement between HAB and HKFA. To enhance the financial leverage to induce the desired changes, HAB would consider reducing the amount earmarked for HKFA or shortening the cycle of funding should there be significant shortfalls in compliance and/or fulfilment of performance targets/indicators. HAB will conduct a mid-term review of HKFA's performance in its implementation of the V2025 Plan by end-2022. Based on the review outcome, HAB will determine the funding arrangements for the remaining football seasons under the V2025 Plan.

Funding for other sports programmes and schemes

14. In respect of the Five-year Development Programme for Team Sports, HAB will continue to hold regular review meetings with the relevant “national sports associations” (NSAs) and conduct site visits to team training for in-depth discussion on their respective training and development plans. Coordinating Committee meeting will be held if and when there is a need for deliberation on issues of common interests to all of the NSAs concerned.

15. To improve the administration of the District Football Funding Scheme, HAB has revised the relevant guidelines for implementation through District Offices (DOs) in the 2020/21 football season. Under the revised guidelines, district football teams are required to report their achievements against the performance targets in their reports submitted to DOs with supporting documents on the reported achievements. The reported achievements will be verified against records of DO’s inspection of training session and matches. In case there are significant differences between the performance targets and actual achievements, the district football teams should provide an explanation in their reports to DOs. HAB and DOs will take appropriate follow-up actions if needed, including the suspension of funding to the district football team concerned.

Governance of SC and its committees

16. HAB has followed up the recommendations raised in the Audit Report on various issues regarding the governance of SC and its three committees, namely the Community Sports Committee (CSC), Elite Sports Committee (ESC) and Major Sports Events Committee (MSEC). To better reflect the current mode of operation of SC and its committees, HAB and LCSD have reviewed and updated the frequency of meetings laid down in the respective Standing Orders of SC, CSC, ESC and MSEC. The Standing Orders will specify that each of SC and its committees will, as determined by the respective chairpersons, meet at least twice per year. HAB and LCSD have also stepped up efforts to encourage members to attend meetings. To facilitate attendance by members who may be heavily engaged in their jobs or sports training, members are given the option of joining in through the use of video conference.

17. HAB has reminded members of SC to declare potential conflicts of interest at the start of each discussion item. To ensure compliance with due process regarding declaration of interests, HAB and LCSD have started recording the deliberations on such a process in the minutes of the meetings of SC and its committees even when none of the members have declared interests for the discussion item. HAB and LCSD have reviewed that the current one-tier reporting system for declaration of interests adopted by SC and its committees and come to the conclusion that such a system remains appropriate.

18. In respect of outstanding confidentiality agreements, HAB has taken immediate action and collected them from the five members of ESC and MSEC concerned. In future, HAB and LCSD will take measures to ensure that such agreements are duly signed and returned by members of SC and its committees, including the issuance of reminders to the relevant members.

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

Encl. 1

19. The progress of follow-up actions taken by the Government and HKFA to implement the recommendations of the Audit and PAC is set out in Enclosure 1.

Chapter 2 – Sports Federation & Olympic Committee of Hong Kong, China

20. The Government and the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) accept the recommendations of the Audit and the PAC on the operation and governance of SF&OC as well as the funding provided by the Government and related monitoring work. The HAB and SF&OC have proactively taken follow-up actions to implement the recommendations of the Audit and PAC. The progress made is reported below.

Operation of SF&OC

21. To increase the transparency in the selection of athletes for participating in international multi-sports games, SF&OC is reviewing the selection procedure (including the review and appeal procedure) with reference to the best practices in the “Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development” (BPR) drawn up by the Independent Commission Against Corruption (ICAC) as well as overseas practices. SF&OC aims to complete the review and promulgate the revised procedure by the end of March 2021.

22. As regards the compliance of its member associations (i.e. NSAs) with the requirements of the Olympic Charter, the Code of Ethics of the International Olympic Committee and SF&OC's Articles of Association, SF&OC has established a dedicated team to carry out a review to examine the corporate governance and operation of all NSAs and formulate a code of governance for their compliance. Among other things, the dedicated team will conduct an audit of the Articles of Association of all NSAs, the composition of their executive board and election mechanism, financial reporting and auditing mechanism, selection of athletes and appeal mechanism, etc. SF&OC will prepare a report on the review findings and recommendations. It will also oversee the implementation of the recommendations and submit progress reports to HAB on an annual basis. To set a good example, SF&OC will also conduct a review on its own operation and internal monitoring mechanism and make improvements as appropriate. HAB will closely monitor the progress of the review exercise.

23. Regarding the slow progress of athletes participating in English courses and untimely claiming of scholarships by athletes pursuing further studies under the Hong Kong Athletes Career and Education Programme, SF&OC has implemented, with effect from June 2020, new requirements such as time frame for claiming scholarship reimbursement and study progress. Related monitoring would also be stepped up. Besides, to enhance the conduct of doping tests, SF&OC implemented new measures for handling unsuccessful attempts to conduct doping tests in May 2020 and will further promote and remind athletes of the need to provide accurate information on their whereabouts.

24. To address the problem of overcrowding in the Olympic House, HAB has been working closely with SF&OC to take forward the preparatory work for the redevelopment of the Olympic House. In consultation with NSAs concerned, SF&OC has preliminarily worked out the overall requirements of office and activity space. HAB is assessing SF&OC's proposal with relevant government departments with a view to working out the best development option. Meanwhile, the Management Company of the Olympic House Limited (MCOHL) will review the office requirements of all tenants and consider the feasibility of reallocating the existing office spaces at the Olympic House on the basis of the existing number of staff of each tenant.

25. Taking into account the recommendations of the Audit and PAC, SF&OC will review its procurement policy and devise guidelines on reimbursement of expenses to NSAs. SF&OC expects to complete the exercise by the end of March 2021 and will then promulgate the guidelines on reimbursements of expenses to all NSAs and relevant parties for compliance. Separately, SF&OC will enhance staff training on procurement procedures and will invite ICAC to conduct briefings on the best practices in procurement process for its staff members as well as those of NSAs.

Government Funding and Monitoring

26. HAB has all along been working in close partnership with SF&OC and providing recurrent subvention to cover its administration and programmes expenses for the implementation of various initiatives to promote sports development in Hong Kong. Having regard to SF&OC's financial situation in recent years and increase in operating costs arising from inflation and implementation of new initiatives, HAB provides an additional recurrent allocation of \$20.75 million to SF&OC (including MCOHL) from 2020-21 onwards and will continue to closely monitor SF&OC's financial position in years to come.

27. On ensuring the timely disbursement of quarterly subvention to SF&OC and MCOHL and close monitoring of their performance, HAB has drawn up a checklist to facilitate monitoring of payment matters and their submission of relevant reports/accounts. HAB has also internally redeployed an additional staff to scrutinise the reports and accounts submitted by SF&OC and MCOHL and follow up on any irregularities and under achievement of performance indicators as appropriate. Besides, taking on board the Audit's recommendation and in consultation with MCOHL, HAB has prescribed a schedule for payment of subvention to MCOHL and suitably extended the deadline for submission of quarterly management accounts by MCOHL by about ten days in view of the actual time needed for the preparation of the accounts. Such changes have been reflected in the recent subvention agreement signed between the Government and MCOHL and taken effect from 2020-21 onwards.

Governance issues

28. On the governance front, SF&OC is conducting an overall review of its committee structure with a view to enhancing effectiveness and efficiency in steering the work of SF&OC and in monitoring the follow up actions. Issues such as categories, number and membership of committees, clear guidelines on roles and duties of members, mechanisms to ensure compliance, etc. will be covered in the review. For instance, a new two-tier declaration to regularise declaration of interest has been introduced with effect from 1 July 2020; members will have their attendance closely monitored with absences subject to follow up calibrated with the seriousness of the situation. SF&OC expects to complete the review by the end of March 2021. HAB will closely monitor SF&OC's implementation of the best practices in BPR including the transparency in selection of athletes, board governance, integrity management and administration of membership.

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

29. The progress of follow-up actions taken by the Government and SF&OC to implement the recommendations of the Audit and PAC is set out in

Encl. 2

Enclosure 2.

Chapter 3 – Employees Retraining Board

30. The Government and the Employees Retraining Board (ERB) agree with all the recommendations made by the Audit regarding the four major areas, namely, management of the training services, quality assurance, training support services, and corporate governance and administrative issues of ERB, and will take active plan of implementation. The progress made is reported below.

Management of Training Services

31. In addressing the decreasing number of young people and ethnic minorities admitted to ERB courses, ERB will sustain its monitoring of the utilisation of training places for the relevant courses and introduce improvement measures to enhance the attractiveness of these courses. The improvement measures include the planned surveys in 2020-21 and 2021-22 to study the training needs of young people and ethnic minorities respectively, and the development of new courses to be rolled out in the second half of 2020-21 to attract relevant social groups to enrol. In addition, ERB will arrange focus group meetings with different stakeholders in the third quarter of 2020-21 to explore introducing more courses and services that cater for the needs of young people and ethnic minorities.

32. With the assistance of the Labour and Welfare Bureau (LWB), ERB has amended the relevant legislation to increase the maximum monthly amount of retraining allowance by 45% from \$4,000 to \$5,800 with effect from 25 May 2020.

33. Regarding the Audit's recommendation to rationalise the information requirements for the course proposals developed by ERB and those by its training bodies, ERB has already amended its relevant guidelines and has arranged for the provision of the required information in the papers submitted to the Course and Service Development Committee (CSDC) in August 2020. ERB has also submitted the course suspension list for 2020-21 to the CSDC for perusal in June 2020, implementing the Audit's recommendations to ensure that training courses are suspended according to the relevant guidelines and reported to the relevant Committees in a timely manner. Besides, to shorten the waiting time of applicants for enrolment in ERB courses, ERB has introduced a two-year validity period for all applications since April 2020, with a view to expediting the processing of long-pending applications and encouraging applicants to consider other courses.

34. Regarding the review of Key Performance Indicators and reference indicators, ERB has planned to submit the review report and recommendations to the Quality Assurance and Review Committee in the fourth quarter of 2020-21 for discussion. Training bodies of ERB will be consulted actively during the review process.

Quality Assurance

35. Since April 2020, ERB has relaxed the conditions for the training bodies to conduct "self-evaluation" for their Annual Audits and updated the relevant guidelines to define more clearly the conditions and procedures for the audits and "self-evaluation" arrangements. These ensure that training bodies would not conduct "self-evaluation" for two consecutive years.

36. ERB has already enhanced the computer system to strengthen its function of generating samples for class inspection, assuring that surprise class inspection could be conducted for training centres in a timely manner. ERB also continues to monitor training bodies to ensure compliance with the assessment guidelines when conducting course-end assessments. In 2021-22, ERB will further review its workflow and criteria of selecting courses for accreditation to continue uploading more courses to the Qualifications Register.

Training Support Services

37. ERB will review the tender requirements and conditions of the Service Centre and Service Spots to attract more operators to submit tenders. In addition, ERB will review the services of the “Smart Living Scheme” in response to the market development, including the content of performance indicators. Review results will also be used as reference for exploring further improvement of the service of the “Smart Baby Care Scheme”. ERB will also conduct regular meetings with the operators to review their service performance, and take appropriate follow-up actions for operators failing to achieve service targets. ERB is currently developing a mobile application for use by household employers and will step up promotion of the brand names of “Smart Living Scheme” and “Smart Baby Care Scheme”.

Corporate Governance and Administrative Issues

38. To implement the Audit’s recommendations, LWB will continue to monitor ERB’s remuneration structure in accordance with the Government’s relevant guidelines on monitoring of the remuneration of senior staff of subvented organisations and through regular comparison of the remuneration costs (including non-cash and retirement benefits) of ERB’s senior staff with comparable ranks in the civil service, so as to strike a balance between suitable control over ERB’s staff remuneration and provision of necessary flexibility. ERB has implemented the improved circulation of meeting agenda and draft meeting minutes to Board/Committee members, and enhanced the procedures of making declaration of interests by Board/Committee members, and will implement the measures continuously. ERB will also continue to monitor the staff turnover rate and explore feasible measures to address the issue if high turnover rate persists.

39. Regarding the financial condition of ERB, the Government injected \$2.5 billion into the Employees Retraining Fund in June 2020 to meet the requirements of the enhanced and extended “Love Upgrading Special Scheme” as well as the long-term additional expenditure arising from the increase in the maximum monthly allowance to \$5,800 for trainees. LWB will continue to monitor the financial condition of ERB by vetting ERB’s annual plans and through other proper channels. ERB will continue to closely monitor its financial condition and regularly report to the Finance and Administration Committee and the Board.

40. To encourage trainees to achieve a high attendance rate and to deter them from providing false information, ERB will review and strengthen income surveillance measures, and improve efficiency in recovering financial incentives payable by trainees by providing additional fee collection channels (e.g. payment at convenience stores) in the second half of 2020-21.

Progress made in implementing Audit's recommendations

Encl. 3 41. A summary of the latest progress made by LWB and ERB in implementing various recommendations of Audit is at Enclosure 3.

Chapter 4 – Government's efforts in implementing electronic recordkeeping system

42. The Government accepts the recommendations made in the Director of Audit's Report No. 74 regarding the Government's efforts in implementing Electronic Recordkeeping System (ERKS) and has taken actions to follow up on the recommendations. The progress made is set out in the following paragraphs.

Planning for the service-wide implementation of ERKS

43. On the Audit's recommendations relating to Bureaux/Departments (B/Ds)' implementation plans and management support for the service-wide implementation of ERKS, all B/Ds have submitted their implementation plans and the Office of the Government Chief Information Officer (OGCIO), the Government Records Service (GRS) and the Efficiency Office (EffO) have provided and will continue to provide all necessary facilitation to support B/Ds in planning and implementing ERKS. The Government will ensure senior management support for the government-wide implementation of ERKS.

44. The Government has taken into account recommendations of the Audit, including the electronic management of personnel records, in planning the service-wide implementation of ERKS. OGCIO, GRS and EffO will continue to consult the Security Bureau on the security design of ERKS, including introducing necessary security measures in providing remote access to confidential records. The central ERKS to be implemented will possess functionalities to automate the capturing of metadata of records to minimise manual data input efforts in using ERKS.

Implementation of ERKS pilot programme

45. The Government agrees with the Director of Audit's recommendation on monitoring of contractors and will improve this in the service-wide implementation of ERKS, including holding regular Project Steering Committee (PSC) meetings. The implementation of ERKS for the Marine Department (MD) is on track. OGCI O is closely monitoring Contractor B's progress to ensure that ERKS for MD can be completed by June 2021. As regards B/Ds' submission of Post Implementation Departmental Returns, OGCI O has adopted various measures including issuing monthly reminders and urging B/Ds' e-Business Coordinators to follow up on long overdue cases.

46. The Audit selected the ERKS implementation in MD for review. It recommended the Director of Marine to strengthen the monitoring of ERKS project progress and hold regular PSC and Project Assurance Team (PAT) meetings to oversee Contractor B's performance; and require Contractor B to timely submit Project Progress Reports in accordance with the requirements in the Project Initiation Document (PID).

47. MD agreed with the recommendations of the Audit, and has taken follow-up actions. MD has strengthened the monitoring of ERKS project progress, and scheduled regular PSC and PAT meetings for the remaining batches to ensure the full implementation of the project by mid-2021 as planned. Furthermore, under MD's close monitoring, Contractor B has already been submitting Project Progress Reports timely.

48. To prepare for the service-wide implementation of ERKS and to facilitate B/Ds' adoption of ERKS as recommended by Director of Audit, the Government is setting up a mechanism to measure B/Ds' savings in paper/printing costs upon cessation of the print-and-file practice of email records. Through the provision of guidelines and briefings, a two-stage validation and early involvement of GRS in the system development of the central ERKS, it is expected that the time required for seeking GRS' approval for cessation of print-and-file practice could be shortened from three months to one month.

49. The Director of Audit recommended the Commerce and Economic Development Bureau (CEDB) to work closely with GRS to dispense with the print-and-file practice in the Communications and Creative Industries Branch (CCIB). CEDB agrees with this recommendation. CCIB had been in close contact with GRS and OGCI O on the issue. CCIB submitted an application to GRS in August 2020 to dispense with the print-and-file practice by phases.

50. On the Audit's recommendation relating to the cessation of the print-and-file practice in the offices of the Rating and Valuation Department (RVD) which have implemented ERKS, RVD has been working closely with GRS and has made good progress in implementing relevant system enhancements to comply with the functional requirements as stipulated by GRS. RVD maintains the aim of obtaining the approval of GRS for dispensing with the print-and-file practice within 2020.

51. On the Audit's recommendations relating to the design of ERKS in enhancing public accountability, OGCIO will fully take into account audit requirements in designing ERKS in the service-wide implementation of ERKS. For the existing OGCIO's ERKS, OGCIO will make adjustments to the design of user-profiles in the future enhancement of OGCIO's ERKS to meet audit requirements.

52. GRS has been devoting considerable efforts in developing the electronic records management standards and guidelines and assisting B/Ds in meeting the challenges of implementing ERKS. GRS agrees with the Director of Audit's recommendations and has updated the "A Handbook on Records Management Practices and Guidelines for an Electronic Recordkeeping System" to provide specific guidelines on timing for capturing records into ERKS and to further enhance the monitoring mechanism in the ERKS environment.

53. The Government agrees with the Director of Audit's recommendation on the system developed for the 11 B/Ds under the ERKS pilot programme and will keep in view the need for migration to the central ERKS. OGCIO, GRS and EffO will continue to render all the necessary support to B/Ds for the migration.

Archiving of electronic records

54. On preservation of electronic records, the Government has commenced Phase 1 of the comprehensive study for completion by 2021. GRS will set up a mechanism to monitor B/Ds' practices in preserving electronic records. To keep pace with international practices in preserving web contents of government websites as archive collections, GRS will formulate a long-term strategy for web archiving in the Government as soon as possible.

Overall progress

55. The Government has taken forward all the recommendations made by the Audit, with details of the implementation progress set out at Enclosure 4.

Chapter 5 – Intellectual Property Department: Registration and protection of intellectual property

56. The Government generally accepts the recommendations from the Director of Audit regarding registration and protection of intellectual property (IP) in his Report No. 74. The Intellectual Property Department (IPD) has taken appropriate follow-up actions to take forward Audit's recommendations. The progress made is reported below.

Part 2: Registration of trade marks, patents and designs

Processing of outstanding applications

57. IPD has taken practical measures to speed up the examination process with a view to reducing the number of outstanding trade mark and patent applications. Notwithstanding the implementation of various special work arrangements in the fight against the COVID-19 pandemic, significant improvements have been made in the first half of 2020, including the following (positions as at end June 2020) –

- (a) the number of outstanding trade mark applications was reduced to 3 429 (from the peak of 10 860 in May 2019);
- (b) 61% of the trade mark applications were registered within six months from receipt of applications;
- (c) the first letters on deficiencies checking were issued within 30 days for 64% of the trade mark applications;
- (d) deficiencies checking on 86% of the trade mark applications were completed within 90 days; and
- (e) the number of outstanding patent applications was reduced by about 27% as compared with end December 2019.

Long waiting time for hearings on trade mark registration matters

58. Special arrangements for hearings have been implemented due to the COVID-19 pandemic. In suitable cases and with the agreement of the parties to the proceedings, hearings were conducted by paper submission or via telephone conference. While some physical hearings were held where circumstances permitted, others had to be adjourned until a later date. Hearing officers will continue to conduct hearings through all practicable means with a view to shortening the average waiting time where possible, including fixing more inter partes substantive hearings in the fourth quarter of 2020 when the pandemic situation becomes more stable.

Electronic filing for trade mark applications

59. Launched in February 2019, the New Integrated IT System (NIS) contains a host of user-friendly features to facilitate more users to file their application electronically¹. The rate of electronic filing for trade mark applications has progressively increased from 69% in 2018, 73% in 2019 to 76% in the first half of 2020. IPD will continue to refine system functions in response to users' feedback.

Performance measurement and reporting

60. After the launch of the NIS, IPD has revised the performance target on processing standard patent applications in the 2020-21 Controlling Officer's Report. IPD has been and will continue to closely monitor the workload, performance and timelines of the deficiencies checking for trade mark applications and examination of formal requirements for patent and design applications.

Costing review

61. IPD has tightened its internal procedures to ensure compliance with all prevailing government guidelines on fees and charges. A new business management unit with dedicated accounting professionals will operate in full swing in the first quarter of 2021 to handle fees and charges matters, and a fresh costing review of registry operations will be conducted.

Part 3: Promotion of intellectual property protection

Publicity and educational activities

62. IPD has continued to press ahead with its publicity and promotional efforts despite the COVID-19 pandemic and many of the planned activities in 2020 were implemented as scheduled through web-based platforms. In line with Audit's recommendation, a larger portion of the advertising budget has been allocated to social media and online platforms in 2020-21.

¹ Examples include credit card payment, fully web-based online electronic forms, functional interface between search and filing and business-to-business e-filing solution to facilitate the bulk filing of applications.

Administration of the No Fakes Pledge Scheme²

63. In June 2020, IPD and the issuing bodies of the No Fakes Pledge Scheme have revised the procedural guidelines to enhance the administration of the Scheme, including, inter alia, advancing the timeframe and refining the procedures to facilitate timely renewal of membership, and tightening the requirement for return of expired No Fakes stickers and tent cards. IPD and the Customs and Excise Department have also worked out a refined notification mechanism for timely communication of raids and enforcement actions taken against members of the Scheme.

Management of the IP Manager Scheme

64. IPD has enhanced the content of the IP Manager Scheme training programmes with more breadth and depth in various IP issues. The enhanced IP Manager Scheme PLUS is expected to be launched in the fourth quarter of 2020.

Part 4: Administrative issues

Administration of outsourcing contracts

65. Following Audit's recommendations, regular meetings have been held with the contractor at intervals of less than three months to review its performance so that timely remedial actions could be taken whenever required. IPD will also formulate more detailed guidelines on the review of performance reports provided by the contractor.

Human Resources Management – Prolonged employment of some Non-Civil Service Contract (NCSC) staff

66. IPD will continue its progressive efforts to replace the NCSC positions by civil service posts where appropriate while minimising the impact on promotion and public education work.

Progress made in implementing Audit's recommendations

Encl. 5 67. A summary of the progress of implementing Audit's recommendations is at the Enclosure 5.

68. As appropriate follow-up actions to implement Audit's recommendations have been taken or will be implemented on an on-going basis, we propose to delete this chapter from the next progress report.

² IPD is the co-ordinator of the Scheme.

Chapter 6 – Management of insolvency services

69. The Government accepts all the recommendations of the Director of Audit regarding the management of insolvency services provided by the Official Receiver's Office (ORO) in his Report No. 74. ORO has taken appropriate follow-up actions to take forward the Audit's recommendations. The progress made is reported below.

Administration of in-house insolvency services

Administration of casework

70. Taking the Audit's recommendations into consideration, ORO has reviewed the common difficulties associated with asset realisation in the relevant categories of case, and will issue additional specific guidelines or internal circulars for case officers in this connection.

71. On the reporting of the performance target for completion of procedures for distribution of dividends, ORO has revised the performance target to specify more clearly in the next Controlling Officer's Report the starting point for counting the target processing time for completing the dividend distribution.

72. Regarding the formulation of effective strategies for clearing the 200 pre-2002 outstanding insolvency cases, ORO has continued reviewing the cases methodically in the monthly Case Administration Meeting and the quarterly Bankruptcy Account Meetings with a view to formulating strategies for progressing such cases with difficult issues unresolved. Necessary guidance has been and will continue be given to assist case officers to take robust steps in clearing the matters concerned and concluding the cases. As at early August 2020, of the 200 pre-2002 insolvency cases identified in the Audit Report, 25 cases had already been completed. Our preliminary review indicates that some further 60 cases can be completed by end 2020.

73. In handling the outstanding bankruptcy cases with landed properties, ORO has continued to regularly review and refine the relevant strategies deployed, including exploring ways to resolve the difficult issues involved in individual cases. As for the complex legal issues encountered in the administration of insolvency cases, ORO has put in place performance pledge for providing legal advice. ORO has also been actively taking action to expedite the resolution of the complex legal issues affecting the administration of insolvency cases.

74. Regarding the balance kept in the suspense accounts, ORO has continued monitoring the funds in the Bankruptcy Account regularly with a view to having the monies dealt with as soon as possible, including transferring back to the Companies Liquidation Account and the Bankruptcy Account where appropriate.

Monitoring of private insolvency practitioners

Management of outsourcing schemes

75. Taking the Audit's recommendations into consideration, ORO has taken steps to devise the procedures and logistics for conducting quality audits for the Panel T Scheme and aims to conduct quality audits commencing the first half of 2021.

76. Regarding the target coverage of field audits, ORO has already revised the process for selecting cases for field audit to ensure that the target will be met.

77. On issuance of warning letters for the unsatisfactory performance of private insolvency practitioners (PIPs) including prolonged delay in the submission of preliminary examination questionnaires (PEQ), ORO has completed a review of the process of regulating the PEQ firms in delivering their services under the tender and the process of issuing warning letters to PIPs.

78. ORO has already reviewed and enhanced the existing reporting and recording of unsatisfactory conduct or performance of PIPs to ensure that the registers of unsatisfactory conduct of PIPs are maintained in a more comprehensive and timely manner.

79. ORO has all along been striving for continuous improvement on its monitoring and regulatory mechanism for PIPs. For example, an electronic submission system will be introduced to, inter alia, facilitate submission of various documents from PIPs and automate certain monitoring processes.

Accounts submitted by private insolvency practitioners

80. Regarding the follow-up actions taken on long overdue accounts from PIPs and enhancing the current procedures for the examination/checking of accounts from PIPs, ORO has reviewed the current mechanism for submission and examination/checking of accounts from PIPs and will revise the process of the issue of warning letters to PIPs for outstanding accounts by end 2020.

Way forward

Modernisation of insolvency provisions

81. For the bill on corporate rescue procedure and insolvent trading provisions, the Financial Services and the Treasury Bureau (FSTB) is further engaging stakeholders to discuss specific legislative proposals in order to finalise the bill. The plan is to introduce the bill into the LegCo in the 2020-21 legislative session.

82. As for the domestic cross-border insolvency legislation, FSTB and ORO will consider how to take it forward on the basis of the Model Law on Cross-Border Insolvency of the United Nations Commission on International Trade Law.

Alternative to personal bankruptcy

83. ORO continues to take steps to inform members of public of the consequences of bankruptcy as well as possible alternatives to bankruptcy, including individual voluntary arrangement (IVA), through the ORO website, promotion posters, workshops and other means. ORO will also take a more proactive approach in further exploring with stakeholders additional measures to facilitate the use of IVA in Hong Kong.

Deployment of manpower of Official Receiver's Office

84. ORO will complete a strategic review on future manpower deployment by the first half of 2021 to cope with clearing of backlog cases and other anticipated needs, which includes implementation of the projects proposed in the Departmental Information Technology Plan Study commenced in 2018.

Review of fees structure of Official Receiver's Office

85. ORO has completed a preliminary review comparing its fees structure with other jurisdictions and has been considering the best possible options, with a view to completing the review process by the first half of 2021.

Progress made in implementing Audit's recommendations

86. A summary of the progress of implementing the Audit's recommendations is at Enclosure 6.

Chapter 7 – Management of short term tenancies by the Lands Department

87. The Government accepts the recommendations made by the Audit regarding the management of Short Term Tenancies (STTs) by the Lands Department (LandsD). LandsD has taken follow-up actions and the progress made is reported below.

Enhanced Departmental Guidelines

88. LandsD refined the departmental guidelines in January 2020 regarding the assessment criteria for identifying sites suitable for STT, and issued additional guidelines in May 2020 to improve the processing of STT applications, monitoring of tenancy conditions and documentation in relation to vacant government sites (VGSs). A working group led by a Deputy Director of LandsD was also formed to undertake an overall review of the departmental instructions/guidelines and the operational mechanism in relation to management of STTs and to identify room for improvement. The review took on board the recommendations in the Audit Report in full and was targeted to be completed in the coming months. Additional guidelines for strengthening progress monitoring of STT applications and enhancing the management of STTs as well as VGSs would be promulgated for implementation.

Revamp of Tenancy Information System (TIS) and Making Better Use of Information Technology

89. To provide more comprehensive management information for monitoring the management of STTs and VGSs in the long run, LandsD will engage a consultant on the revamp of the TIS which is estimated to be completed in three years.

Overall progress

Encl. 7 90. A summary of the progress in implementing Audit's recommendations is set out at Enclosure 7.

Chapter 8 – Provision and management of Community Green Stations

91. The Government accepts the views and recommendations of the Audit and the PAC on the provision and management of Community Green Stations (CGSs).

92. The Environmental Protection Department (EPD) and Architectural Services Department (ArchSD) have taken appropriate follow up actions according to the recommendations of the Audit and the PAC as summarized below.

Provision of Community Green Stations

93. The EPD will continue to identify suitable sites for development of CGSs in the remaining six districts. In the meantime, interim alternative measures have already been taken in these six districts to expedite the delivery of the core services of CGSs, including the provision of community recycling and environmental education support.

94. The ArchSD will closely monitor the works progress when implementing the construction works of upcoming CGS projects and endeavour to complete the works as soon as practicable according to programme.

Services provided by Community Green Stations

95. The EPD has reviewed the existing contractual provisions relating to CGS operation, such as minimum service requirements for different types of educational and community recycling support activities over various stages of operation period, approach and methodology in counting completed activities and number of participants, approach and enhanced measures in promoting wider community participation in source separation of wastes and clean recycling, etc. A new set of contract specifications taking on board the results of the review has been adopted in latest tenders for CGS operation.

96. To encourage regular sharing of operational experience among CGS operators, the EPD has strengthened the regular meeting arrangement with all CGS operators. The EPD will also arrange annual experience sharing workshops for all CGS operators starting early 2021. CGS operators will be invited to share their good practices as well as practical difficulties with reference to real cases, and the outcomes of sharing will be appropriately documented for reference and follow-up by all parties concerned.

Other Management Issues

97. To enhance the day-to-day monitoring of CGS operation, the EPD has revised the existing operating guidelines and related inspection forms for its frontline staff, and introduced on-line reporting for routine inspections. The EPD has also made it a standing practice to conduct collective analysis of inspection results. The review results will also be shared with all CGS operators in the annual experience sharing workshops under planning.

98. On enhancement of regular reporting by CGS operators, EPD has completed a review on existing reporting timelines having regard to relevant Audit's recommendations. Suitable modifications have been made through the new contract specifications, to ensure effective monitoring of CGS operation while taking into account practical constraints commonly faced by CGS operators. The EPD has also revised the monthly reporting template to facilitate CGS operators to demonstrate the fulfilment of relevant contract requirements.

Conclusions and recommendations

Encl. 8 99. The latest progress made on actions taken by the Government, in light of the recommendations of the Audit and the PAC, is set out in Enclosure 8.

**Management of funding for sports development
through the Arts and Sport Development Fund (Sports Portion)
Progress in implementing Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Funding for Hong Kong Athletes to Prepare for and Participate in International Games		
Para 2.25 of Audit Report	Audit has recommended that Secretary for Home Affairs (SHA) should clarify the calculation of return of unspent balances by the grantees, and ensure that Home Affairs Bureau (HAB) and Leisure and Cultural Services Department (LCSD) staff properly calculate the amounts of unspent balances to be returned.	<p>As reported to the PAC at the public hearing, self-generated income was mistakenly included in the calculation of the return of unspent balances in the case cited in para 2.19 of the Audit Report. We have revised the relevant guidelines to applicants to clarify that HAB/LCSD would review the programme reports and auditor's reports in accordance with the subvention principles set out in the guidelines of Sports Subvention Scheme (SSS), which stipulate that the unspent balances of preparation and participation funds would be calculated as the difference between the approved expenditures and the assessed eligible expenditures. Staff members of both HAB and LCSD involved in the vetting process are made aware of the updates.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para (a) in page 58 of the PAC Report	PAC has strongly urged that HAB and LCSD should consider drawing up clear guidelines for the Arts and Sport Development Fund (ASDF) applicants on the setting of more realistic and achievable performance targets.	As stated in our reply to PAC dated 1 June 2020, we consider the setting of performance targets and reporting of actual results useful tools to facilitate self-assessment by the applicant/grantee, and for the Government to keep track of the development of the sports concerned. We have revised the relevant guidelines for the preparation and

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>participation funds to make it a requirement for the applicants to provide the performance targets in their funding applications and then submit the actual results and explanations of the discrepancies in their programme reports.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para 2.26 of the Audit Report	<p>Audit has recommended that SHA and Director of Leisure and Cultural Services (DLCS) should –</p> <p>(a) take measures to ensure that applicants for ASDF preparation and participation funds set performance targets in their funding applications, and that grantees of such funds report all achievements against performance targets in their programme reports;</p>	<p>(a) We have updated the templates of the application form and programme reports, such that the applicants are required to state the expected achievements (performance targets) in the application form, and report the actual results in the programme report. We have also inserted an explanatory note in the application form to make it clear to the applicants that the expected achievements and the actual results will not affect the overall subvention level of the relevant ASDF applications.</p> <p>As follow-up action of the recommendation has been implemented 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
	(b) in circumstances where grantees of ASDF preparation and participation funds have failed to achieve performance targets, instigate follow-up actions (e.g. making enquiries with grantees and providing assistance as appropriate) with the grantees;	<p>(b) We have devised a table in the template of programme report for the grantees to fill in the results, indicate whether the performance targets are met and provide the reasons if they are not. LCSD will take into account the programme reports during the yearly review of funding provided for the “national sports associations” (NSAs) concerned under SSS.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(c) require grantees to provide explanations for variances over 25% between the estimated and actual amounts of expenditure as well as between those of income in the programme reports;	<p>(c) We clarified in our reply to PAC dated 1 June 2020 that it would be more appropriate to compare the approved expenditure against the actual expenditure since the estimated expenditure is only the amount of subsidy requested in the application. Also, the income will not affect the amount of subsidy granted. To follow up on Audit's recommendations, we have updated the template of programme report to require the grantees to report both the approved and actual expenditure, and provide an explanation if the variance is over 25%.</p> <p>As the follow-up action of the recommendation has been implemented 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
	(d) issue guidelines to grantees to ensure that their auditors certify their compliance with the procurement requirements and Code of Conduct, and in case where non-compliance is reported in the audited accounts, instigate follow-up actions (e.g. seeking clarifications from grantees concerned) with the grantees;	<p>(d) We have updated the guidelines for funding application to make it clear that the auditor's reports should comply with the requirements set out in the Auditor's Guide issued under SSS, which include the stipulation that the auditor should certify in his report that the grantee has complied with the procurement requirements as well as the Code of Practice. If the auditor reports non-compliance or fails to make the above certification, the grantee is required to provide an explanation to the satisfaction of HAB/LCSD within 14 working days from the date of our notice, otherwise HAB/LCSD may decide not to fund the relevant item or even withdraw support in the entire funding application.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(e) step up effort to reduce the delay in submission of programme reports and audited accounts by grantees;	(e) Having reviewed the time realistically needed by the grantee, HAB and LCSD consider that it would be more appropriate for programme reports and audited accounts to be submitted within six months (instead of four months previously stipulated in the guidelines) after the completion of the approved programmes. In the event that the applicant fails to submit the programme reports and audited accounts within six months after the event, the applicant will be liable to refund 1% of the approved grant for

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>every month of delay, until the programme reports and audited accounts are submitted. The guidelines for funding application have already been updated accordingly.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(f) impose the charge, stipulated under HAB's enhanced measures, for delay in submission of programme reports and audited accounts by grantees; and	<p>(f) The existing guidelines were unclear on (1) whether the charge should be imposed four months or six months after the completion of the event and; (2) how the delay should be calculated. We have updated the guidelines to make clarifications in these areas to guide follow-up actions by staff members.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(g) ascertain the reasons for the late return of unspent balances by grantees and take measures to ensure that such balances are returned in a timely manner.	<p>A lack of sanction was the main reason for the late return of unspent balances by the grantees. To address this issue, HAB and LCSD have updated the guidelines for funding application and introduced a penalty of 1% of the approved ceiling subvention for every 14 working days of delay in the return of unspent balance.</p>
Para (b) in page 58 of the PAC Report	PAC has strongly urged HAB and LCSD to ensure timely return of unspent balances of the approved funding amount by grantees, HAB and LCSD should step up efforts to expedite the verification of grantees' audited accounts, and provide grantees with clear guidelines setting out the types of eligible expenditures	<p>We have also made clear that the grantee's track records of timeliness of returning unspent balances will be taken into account in the assessment of future applications.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>under ASDF preparation and participation funds to avoid unnecessary arguments with grantees; and consider imposing penalties for those grantees' who are repeatedly late in returning unspent balances to the Administration.</p>	<p>We have also clarified in the updated guidelines that the eligibility of expenditure items under ASDF preparation and participation funds will be assessed in accordance with the subvention principles set out in the SSS guidelines.</p> <p>In respect of the verification of grantee's audited accounts, we will target to complete the process within three months upon receipt of the reports for applications involving a single grantee, which account for 90% of the total number of applications. Due to the added complexity of applications involving multiple grantees, the processing time may be longer varying from four to eight months.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 3: Funding for International Sports Events		
<p>Para 3.10 of the Audit Report</p>	<p>Audit has recommended that the DLCS should –</p> <p>(a) in vetting ASDF funding applications, ensure that HAB's guidelines are followed in assessing the timeliness of submission of programme reports and audited reports by applicants; and</p>	<p>(a) Having reviewed the time realistically needed by the grantee, HAB and LCSD consider that it would be more appropriate for programme reports and audited accounts to be submitted within six months (instead of four months previously stipulated in the guidelines) after the completion of the approved programmes. The existing guidelines were unclear on how the delay should be calculated.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>We have updated the guidelines to make clarification in these areas to guide follow-up actions by staff members, which would ensure that updated guidelines will be followed through in the vetting of ASDF funding applications.</p> <p>As follow-up actions of the recommendation have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) to enhance transparency and accountability, in circumstances where a score is awarded to the criterion of “technical and administrative quality of the organiser” despite that there is delay in submission of programme reports and audited reports in the last application, provide and document justifications for awarding the score.</p>	<p>(b) LCSD has revised the section of “technical and administrative quality of the organiser” in the scoring table used by the Vetting Committee for Sports Subvention (VCSS) to reflect the time taken by the applicant to submit the programme reports and audited accounts, and return the unspent balances in their last applications before awarding the scores.</p> <p>The staff members concerned would not have any discretion in awarding the score if there is any delay.</p> <p>As follow-up action of the recommendation has been implemented 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 3.31 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) require “M” Mark Events (MMEs) grantees to provide in their programme reports explanations for variance over 25% between the estimated and actual amounts of expenditure as well as between the estimated and actual amounts of income, and take follow-up actions where warranted; and</p>	<p>(a) For MMEs, the template of programme report will be revised to request the grantee to report variances over 25% for approved expenditures against actual expenditures and estimated income against actual income. The new measure has been endorsed by Major Sports Events Committee (MSEC) and approved by the Sports Commission (SC). It will be implemented by the end of October 2020.</p>
	<p>(b) review the existing arrangements for returning surpluses of MMEs and unspent balances of Major Local International Events (MLIEs) and Local International Events (LIEs) to ascertain the need to align or modify the arrangements.</p>	<p>(b) HAB has reviewed the existing arrangements for handling surpluses of MMEs and concluded that it is not necessary to modify the arrangements. At present, when there is surplus from an MME, the grantee is allowed to spend up to 75% of the approved cash grant for sports development purposes, and deposit the remaining 25% of the approved cash grant to an “M” Mark reserve fund account to fund the recurrent MME in future. HAB considers the current arrangements of handling surpluses of MMEs effective in encouraging grantees to solicit commercial sponsorships, and promote the relevant sports via hosting of international sports events. The results of review have been endorsed by MSEC and approved by SC.</p> <p>HAB and LCSD have also reviewed the existing arrangements of returning unspent</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>balances of MLIEs and LIEs and concluded that there is a need for the arrangements to be modified for better monitoring of unspent balances from MLIEs and LIEs.</p> <p>We have devised a new mechanism in the updated guidelines for funding application. Under the new mechanism, the grantee will have the option of submitting a proposal for a stand-by project that serve the purpose of sports development alongside each application of MLIEs and LIEs. Any unspent balance upon completion of the MLIE/LIE can be used to implement the stand-by project within six months. The audited accounts submitted by the grantees should take into account the direct grant, matching grant and cash sponsorships secured. Any unspent balances remaining after the completion of the stand-by project should be returned to the Government.</p> <p>If the grantee elects not to submit any stand-by projects, then any unspent balance upon completion of the MLIE/LIE should be returned to the Government.</p> <p>HAB and LCSD consider that it is not advisable to align the arrangements of handling surpluses of MMEs and that of unspent balances from MLIEs and LIEs. Since MMEs are recurrent and require significant amounts of funding, HAB considers it necessary for the grantees to save a portion of the surpluses for future use, in case the grantees fail</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>to solicit sufficient sponsorships in the coming years. In comparison, MLIEs and LIEs are one-off in nature and the unspent balance should be handled separately.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 3.32 of the Audit Report</p>	<p>Audit has recommended that DLCS should –</p> <p>(a) require MLIE and LIE grantees to provide in their programme reports explanations for variance over 25% between the estimated and actual amounts of expenditure as well as between the estimated and actual amounts of income, and take follow-up actions where warranted;</p>	<p>(a) Since the estimated expenditure is only the amount of subsidy requested in the application, and income of an event will not affect the amount of subsidy to be granted, it would be more appropriate to compare the approved expenditure against the actual expenditure, instead of comparing the estimated and actual amounts of expenditure and income. To follow up on Audit's recommendations, we have updated the template of the programme report to require the grantees to report both the approved and actual expenditure, and provide an explanation if the variance is over 25%. The explanation provided will be taken into account in the assessment of the next funding application.</p> <p>As follow-up actions of the recommendations have been implemented 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
	(b) in accordance with the enhanced measures, issue reminders to MLIE and LIE grantees that failed to submit programme reports and audited accounts before the stipulated deadlines;	<p>(b) We have updated the guidelines and introduced the requirement to staff members responsible for the vetting of programme reports and audited accounts that they should issue reminders to those MLIE and LIE grantees who fail to submit the documents before the stipulated deadline.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(c) take measures to ensure that MLIE and LIE grantees adequately and clearly report their event achievements against performance targets, and take follow-up actions in situations where the targets are not achieved and/or the achievements are not properly reported;	<p>(c) We have updated the templates of the application form and programme reports, such that the applicants are required to state the performance targets in the application form, and record the actual outcomes in the programme report. We have also inserted an explanatory note in the application form to make it clear to the applicants that the expected achievements and the actual outcome will not affect the overall subvention level of the relevant ASDF applications.</p> <p>LCSD will take into account the reported performance targets during the yearly review of the funding provided for NSAs concerned under SSS.</p> <p>As follow-up actions of the recommendations have been implemented 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
	(d) take measures to ensure that all details of on-site inspections conducted for MLIEs and LIEs are documented;	<p>(d) To strengthen monitoring of the carrying out of the on-site inspections, the officers who conducted the inspections are now required to submit a copy of all duly completed inspection reports to their supervisors.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(e) set guidelines on the selection of MLIEs and LIEs for on-site inspections;	<p>(e) to (g) LCSD has issued updated internal guidelines to staff to provide clear guidance and instructions on the selection of events for inspection, the number of inspections that should be conducted and the manner in which the inspections should be carried out.</p> <p>The updated guidelines also specified the follow-up action that should be taken in the event significant differences are found between the observations in LCSD's inspection reports and the programme reports submitted by the grantees, such as seeking clarifications from the grantees and demanding proof for the authenticity of the information contained in the programme reports.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(f) issue guidelines on the number of on-site inspections to be conducted for MLIEs and LIEs that are held for a number of days;	
	(g) in circumstances where there are differences between the information stated in LCSD's inspection reports and that stated in grantees' programme reports submitted to LCSD, take follow-up actions to clarify the differences; and	
	(h) identify scope for expediting the verifications of amounts of unspent balances to be returned	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>by MLIE and LIE grantees and the issue of letters to request them to return the unspent balances.</p>	<p>balances and issuing letters to grantees to request the refund of the unspent balances and identified that there is scope for compressing the process to within three to six months of the receipt of the programme reports and audited accounts.</p> <p>Relevant staff members are made aware of the new time guidelines imposed.</p> <p>As follow-up actions of the recommendation have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 3.33 of the Audit Report</p>	<p>Audit has recommended that SHA and DLCS should –</p> <p>(a) step up efforts in ensuring timely submission of programme reports and audited accounts by MMEs, MLIE and LIE grantees, including taking measures against those grantees that are frequently late in submitting their reports and accounts; and</p>	<p>(a) Having reviewed the time realistically needed by the grantees, HAB and LCSD consider that it would be more appropriate for programme reports and audited accounts to be submitted within six months (instead of four months previously stipulated in the guidelines) after completion of the approved programmes. In the event that the applicant fails to submit the programme reports and audited accounts six months after the event, the applicant will be liable to refund 1% of the approved grant for every month of delay, until the programme reports and audited accounts are submitted. The guidelines for funding application have already been updated accordingly.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>As follow-up actions of the recommendation have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) take measures to ensure that auditors of MME, MLIE, and LIE grantees certify the grantees' compliances with HAB/LCSD requirements (e.g. by notifying grantees the need for auditors' certification.)</p>	<p>(b) We have updated the guidelines for funding application to make it clear that the auditor's report should comply with the requirements set out in the Auditor's Guide issued under SSS, which include the stipulation that the auditor should certify in his report that the grantee has complied with the HAB/LCSD requirements.</p> <p>As follow-up action of the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
Para. 3.38 of the Audit Report	<p>Audit has recommended that SHA should improve the reporting of information relating to international sports events to the Legislative Council (LegCo) in future.</p>	<p>For the reporting of information relating to international sports events to LegCo in future, HAB has agreed with relevant parties to adopt the approach used in the Sir David Trench Fund for Recreation Annual Report 2019-2020, which was tabled in LegCo in June 2020.</p> <p>As follow-up action of the recommendation has been implemented 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
Part 4: Funding for Football Development		
Para 4.19 of the Audit Report	<p>Audit has recommended that SHA should urge Hong Kong Football Association (HKFA) to take effective measures to improve its governance, including –</p> <p>(a) encouraging members of the Board, committees and sub-committees to attend meetings, especially those members who are frequently absent from the meetings;</p>	<p>HAB has urged HKFA's Board and Management to seriously follow up and rectify related issues as soon as possible. As a condition for the release of funding from Government in support of the implementation of HKFA's Vision 2025 Strategic Plan (V2025 Plan), HAB has requested HKFA to submit an action plan on how it intends to address the issues identified in the Audit Report. HKFA's proposed follow-up actions are set out in the progress update below.</p> <p>(a) The General Secretary of HKFA will send reminders to members one working day prior to the meeting of the Board or committees. The General Secretary will prepare a Board meeting schedule at the start of each football season to facilitate advance schedule planning by the members. In addition, HKFA has decided to increase transparency by reporting the attendance of its Board and committee members in its annual report.</p>
	<p>(b) ensuring that first-tier declaration of conflicts of interest forms are sent to members of the HKFA Board, committees and sub-committees for their completion at the time of appointment and thereafter annually, and that the forms are duly completed and returned to HKFA;</p>	<p>(b) From the 2020/21 football season onwards, the General Secretary of HKFA will send first-tier declaration forms to all members for completion at the start of each football season. At the first Board meeting of each football season, the return of declaration forms by members will be included as a standard agenda item so that the Board can take follow-up action with those members who have not returned their declaration forms. The General Secretary will also</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>remind members of the need to declare their interests for each individual discussion item at each meeting.</p> <p>The General Secretary has already collected duly completed first-tier declaration of interest forms from all existing members of the HKFA Board in the 2020/21 football season, and will in future report the return of such forms by members to the first HKFA Board meeting of each football season.</p>
	(c) ensuring that the Audit Committee complies with the requirements stipulated in the terms of reference of the Committee; and	(c) HKFA has formed the new two-year term of the Audit Committee in the 2019/20 football season. As stipulated in the terms of reference of the Audit Committee, the Chairman of the HKFA Finance and Strategy Committee has been appointed as the convenor of the Audit Committee, and an independent person has been appointed Chairman of the Audit Committee.
	(d) ensuring that agendas and minutes of meetings of the Marketing and Communications Committee are duly kept.	(d) To facilitate monitoring, the Marketing and Communications Committee has been required to provide the General Secretary of HKFA with a copy of the agenda and minutes of each meeting.
Paras (a) to (h) in page 54 and 55 of the PAC Report	<p>PAC has strongly urged and cautioned that –</p> <p>(a) the directors of HKFA Board, together with the assistance of the paid management staff, should review whether HKFA's existing governance model is effective for attaining and maintaining high levels of corporate governance;</p>	<p>(a) to (g)</p> <p>HKFA accepts the findings and recommendations made by PAC on the inadequacies and irregularities relating to its corporate governance and operations. To rectify the deficiencies identified, the HKFA Board has resolved to conduct a review on its</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(b) as part of an effective governance model, HKFA should formulate clear guidelines and practices, adhere to the guidelines and practices, make decisions through proper procedures, authorisation and channels, maintain documentation of all decisions (including the grounds of decisions), in particular those exceptional cases. This would also facilitate the monitoring of the Administration and the public on the proper use of public monies;	Board and committee structure covering the following areas – (1) roles and responsibilities of the Board and its committees; (2) terms and reference of committees; (3) meeting ground rules; (4) procedural rules; (5) fiduciary duties and other duties of individual members; (6) interest declaration system; and (7) confidentiality system.
	(c) HKFA should implement a rigorous and robust internal monitoring and audit mechanism for the directors and senior management to check non-compliance cases and to rectify any non-compliance cases in a timely manner;	HKFA plans to complete this review by June 2021.
	(d) as short-term measures, HKFA should immediately formulate rectification measures with an implementation timetable to address the inadequacies and irregularities in respect of its corporate governance and other operational aspects as revealed in the Audit Report and in the Committee's Report;	
	(e) as a medium-term measure, HKFA should make use of the five-year review of all NSAs to make a thorough review of its corporate governance and formulate and implement any improvement measures as appropriate;	

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	(f) while the review of the governance model, policies and practices for HKFA should be undertaken by the Board with the input of senior management, HKFA should consider how staff at different levels could be engaged to contribute to achieving high standards of good governance for HKFA;	
	(g) HKFA should make use of a new five-year strategic plan to target improving under-achieving performance targets and indicators, such as the attendance of HKPL games and the ranking of the Hong Kong men's football team, and raising the amount of commercial sponsorships; and	
	(h) HAB and LCSD, as the bureau/department (B/D) responsible for approving the government funding to HKFA, should take up a more pro-active role in monitoring the use of the funding. While key performance indicators have been set for the football development programmes, the monitoring of the use of funding on staff and related costs, in particular, staff responsible for improving the governance, only falls on the HKFA Board. While respecting the independence of HKFA, HAB should urge HKFA to increase the transparency, say, by uploading onto its website more details of the governance models, measures done to improve its governance, the effectiveness of these measures	(h) As reported to the LegCo Panel on Home Affairs at its meeting on 13 July 2020 vide LC Paper No. CB(2)1317/19-20(01), HAB has accepted the recommendations of SC and Football Task Force (FTF) to provide time-limited funding for three football seasons from 2020/21 to 2022/23 for HKFA's implementation of its new V2025 Plan. The performance targets and indicators will be set out in the funding agreement between HAB and HKFA. As a sanction against significant shortfalls from the performance targets and indicators, HAB may cut back on the amount of funding earmarked for HKFA and/or shortening the cycle of funding. In addition, HAB will conduct a mid-term review by end-2022

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	and how internal monitoring is carried out. In evaluating the new five-year strategic plan for football development, HAB should consider how it could enhance the monitoring of the governance of HKFA and the implementation of the new strategic plan.	before committing to provide further funding to HKFA for the remaining football seasons under the V2025 Plan.
Para 4.33 of the Audit Report	<p>Audit has recommended that SHA should urge HKFA to take effective measures to improve its human resource management, including –</p> <p>(a) laying down policies and procedures for handling job applications received after the application deadlines and for dealing with applications not submitted through the proper channel as required;</p> <p>(b) ensuring that the laid-down policies and procedures are consistently applied;</p> <p>(c) in circumstances where there are compelling reasons for deviating from the laid-down policies and procedures, documenting the reasons for the deviations;</p>	<p>(a) to (c) The HKFA Board has directed its management to adhere strictly to the staff recruitment policy and procedures, which contains clear stipulation of areas including –</p> <p>(1) no discretion is allowed for handling of job applications received after the application deadlines;</p> <p>(2) no discretion is allowed for dealing with applications not submitted through the proper channel as required; and</p> <p>(3) no discretion is allowed for deviating from the laid-down staff recruitment policy and procedures.</p> <p>HKFA will implement and keep under review the staff recruitment policy and procedures.</p>
	(d) ensuring that interview assessment forms are duly signed by all members of a recruitment panel prior to seeking the Board's approval for the job offering;	(d) to (i) HKFA will update its staff recruitment policy to address the issues identified in the Audit Report and by PAC to require that –

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	<p>(e) specifying, in addition to close friends or relatives, what other connections with applicants are required to be declared by members of recruitment panels in recruitment exercises;</p> <p>(f) stipulating clearly the circumstances under which alternative interview arrangements should be made;</p> <p>(g) laying down the arrangements for resolving potential conflicts of interest in alternative interview arrangements;</p> <p>(h) ensuring that conflicts of interest in recruitment exercises are properly and adequately declared;</p> <p>(i) ensuring that declaration forms are completed and signed by members of recruitment panels prior to the conduct of interviews; and</p>	<p>(1) all formalities of the staff recruitment procedures be duly completed, including all interview assessment forms be duly signed by members of a recruitment panel, before the proposed appointment could be considered by the hiring manager concerned or the Board where appropriate.</p> <p>(2) all levels of acquaintances of recruitment panel members with the applicants being considered should be declared, so as to ensure that conflicts of interest in recruitment exercises are properly and adequately declared;</p> <p>(3) stipulate clearly the circumstances under which alternative interview arrangements would be made;</p> <p>(4) lay down the arrangements for resolving potential conflicts of interest in alternative interview arrangements; and</p> <p>(5) declaration forms should be completed and signed by members of recruitment panels prior to the conduct of interviews.</p> <p>HKFA will implement and keep under review the staff recruitment policy and procedures.</p>
	<p>(j) closely monitoring the staff turnover rates (especially for those HKFA departments with particularly high turnover rates), and making efforts to address the high turnover rates taking into account the reasons for staff leaving HKFA.</p>	<p>(j) HKFA will review the staff turnover rate on a monthly basis. Department heads or managers as appropriate will be required to assess the impact of the outgoing staff and propose retention strategies with reference to the results of the exit questionnaires and interviews.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para 4.43 of the Audit Report	<p>Audit has recommended that SHA should urge HKFA to take effective measures to boost attendance and generate income, including –</p> <p>(a) ascertaining the reasons for the decrease in the number of spectators, taking into account the audit observations on HKFA's distribution of complimentary tickets (see para. 4.38), in order to take further measures to boost the attendances; and</p>	<p>(a) HKFA is of the view that frequent changes of the home match venues of the Hong Kong Premier League (HKPL) clubs is detrimental to the development of fan base and the clubs' efforts in attracting gate entrances. To rectify the situation, HKFA has decided to discuss with HKPL clubs to implement the allocation of home match venues on a three-year cycle (instead of one year) as soon as possible.</p> <p>HKFA also believes that there is scope for further boosting the attendance at matches of the Hong Kong Representative Team and promote greater support for the sport of football in the community. In this regard, HKFA has identified suitable FIFA windows and will organise more friendly matches between the Hong Kong Team and opponents of high quality and popularity to increase the attendance of spectators.</p>
	<p>(b) ascertaining the reasons for the general decrease in self-generated incomes, so as to step up measures to generate more such incomes.</p>	<p>(b) HKFA has reviewed its marketing strategies and will endeavour to increase self-generated income by enhancing opportunities for exposure and building longer term relations with sponsors. For the former, HKFA plans to introduce LED advertising boards in match venues to create more opportunities for advertising and generate greater brand exposure for advertisers and sponsors to help increase related incomes in</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		the 2020/21 football season. HKFA also targets to solicit sponsorship for longer periods and create new sponsorship sales strategies to help improve the financial sustainability of international and local matches.
Para 4.65 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) scrutinise HKFA's new strategic plan to ensure that the plan adequately and effectively addresses the performance deficiencies, and closely monitor HKFA's performance to determine the way forward for football development in Hong Kong;</p>	<p>(a) As reported to the LegCo Panel on Home Affairs at its meeting on 13 July 2020 vide LC Paper No. CB(2)1317/19-20(01), HAB has accepted the recommendations of SC and FTF to provide time-limited funding for three football seasons from 2020/21 to 2022/23 for HKFA's implementation of its new V2025 Plan. The performance targets and indicators will be set out in the funding agreement between HAB and HKFA. As a sanction against significant shortfalls from the performance targets and indicators, HAB may cut back on the amount of funding earmarked for HKFA and/or shortening the cycle of funding support. In addition, HAB will conduct a mid-term review by end-2022 before committing to provide further funding to HKFA for the remaining football seasons under the V2025 Plan.</p>
	<p>(b) require HKFA to resolve the discrepancies in the reporting of sponsorship and advertising gross revenue;</p>	<p>(b) HKFA will strengthen the monitoring on the accuracy of reported figures and update HAB in case any subsequent adjustments have been made. HKFA will also be requested to verify the relevant figures with the</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		support of the audited accounts in its report to HAB at the end of each year.
	(c) re-determine the types of matches to be included in the reporting of average attendance per HKPL match, and ensure that the achievement is properly reported by HKFA;	(c) HKFA will report the average attendance of HKPL matches only in the half-yearly progress report and on the HKFA website.
	(d) urge HKFA to take effective measures to ensure that the requirements on obtaining quotations as laid down in the Procurement Policies and Guidelines are duly observed, and in circumstances where the requirements could not be observed, the justifications for the non-compliance is documented to strengthen the control; and	(d) HKFA will update its procurement policies and guidelines by the fourth quarter of 2020, so that prior approval from the Chief Executive Officer would be sought for cases of single tenders and the number of suitable suppliers in the market being smaller than the number of quotations required.
	(e) look into the concern of HKFA on late disbursements of instalments of annual grants, and make efforts to release any future grant payments to HKFA in a timely manner.	(e) HAB has reviewed the payment arrangement with HKFA, with a view to ensuring that advance payment would be released to HKFA according to the payment schedule in a timely manner starting from the fourth quarter of 2020.
Part 5: Funding for other sports programmes and schemes		
<i>Five-year Development Programme for Team Sports</i>		
Para. 5.13 of the Audit Report	Audit has recommended that SHA should closely monitor the implementation of the third development stage (i.e. pre-2022 Asian Games from 2020 to 2022) of the Five-Year Development Programme for Team Sports, including deliberating with the Coordinating Committee about how best to accomplish the aims and ultimate goal of the programme.	HAB will continue to hold regular review meetings with the relevant NSAs individually, and conduct site visits to team training for in-depth discussion on their respective training and development plans. Coordinating Committee meeting will be held if and when there is a need for deliberation on issues of common interest to all of the NSAs concerned.

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		As follow-up action of the recommendations has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
<i>District Football Funding Scheme (DFFS)</i>		
Para. 5.27 of the Audit Report	Audit has recommended that SHA should clearly define “significant differences” between the achievements and the set performance targets of district football teams (DFTs), and inform district offices (DOs) about the definition so as to facilitate them to take follow-up actions where warranted.	<p>HAB has updated the guidelines on DFFS to clearly define “significant differences” between the achievements and the set performance targets of DFTs. The updated guidelines have been shared with all DOs for their follow-up actions.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 5.28 of the Audit Report	<p>Audit has recommended that SHA should, acting through DOs –</p> <p>(a) require all DFTs to report their achievements against the performance targets in their reports submitted to DOs;</p> <p>(b) require DFTs to provide supporting documents for their reported achievements against the performance targets to DOs and conduct verifications accordingly;</p>	<p>HAB has revised the guidelines on DFFS for implementation through DOs in the 2020/21 football season to address the recommendations made by the Audit on performance targets and procurement issues. These include –</p> <p>(a) requiring DFTs to report their achievements against the performance targets in their reports submitted to DOs;</p> <p>(b) requiring DFTs to provide supporting documents for their reported achievements against the performance targets to DOs. DOs will conduct verifications accordingly, such as conducting inspection of trainings and matches;</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) require DFTs to provide explanations for any “significant differences” to DOs and ensure that necessary follow-up actions are taken by DOs on such differences so as to help DFTs achieve their performance targets; and</p> <p>(d) take measures to ensure that DFTs provide DOs with information on quotations obtained in making purchases, and that DOs take follow-up actions where warranted.</p>	<p>(c) requiring DFTs to provide explanations for any significant differences on their reported achievements against the performance targets to DOs. HAB and DOs will look into each case and devise appropriate follow-up actions to help the teams achieve their performance targets; and</p> <p>(d) strengthening the monitoring by DOs of the procurements made by DFTs. HAB and DOs will take appropriate follow-up actions if needed, including the suspension of funding to the DFT concerned.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Hong Kong Paralympic Committee & Sports Association for the Physically Disabled</i>		
Para 5.37 of the Audit Report	Audit has recommended that SHA should continue to review the effectiveness of the funding provided to Hong Kong Paralympic Committee & Sports Association for the Physically Disabled (HKPC&SAPD) to help the Hong Kong Paralympian teams achieve good results in the Paralympic Games and the Asian Para Games, and instigate improvement measures where warranted.	<p>HAB will continue to monitor the effectiveness of the funding provided to HKPC&SAPD through, among other things, the performance in targets set by HKPC&SAPD in identifying and nurturing athletes with disabilities who have potential to achieve good results in major international and regional events.</p> <p>As follow-up action of the recommendations has been implemented 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
Part 6: Governance of the Sports Commission and its Committees		
Para. 6.16 of the Audit Report	<p>Audit has recommended that SHA and DLCS should –</p> <p>(a) review the frequency of SC/committee meetings laid down in the Standing Orders and update the Standing Orders as appropriate; and</p>	<p>(a) HAB and LCSD have reviewed and updated the Standing Orders of SC and its three committees to specify that SC and its committees shall, as determined by the Chairperson, hold meetings at least twice every year.</p> <p>As follow-up action of the recommendations has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) step up efforts to encourage SC/committee members to attend meetings.</p>	<p>(b) SC and its committees have started using video conferencing since the meeting in March 2020 according to their respective needs to facilitate members' attendance at the meetings.</p> <p>As follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 6.25 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) remind members of SC to declare potential conflicts of interest as required by SC Standing Orders; and</p>	<p>(a) HAB has started to remind members of SC to declare potential conflicts of interest at the start of each discussion item since the meeting in March 2020. To ensure the due process regarding declaration of interests is complied with, HAB and LCSD have also</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>started recording the deliberations on such a process in the minutes of the meetings of SC and its committees even when none of the members have any interests to declare for the discussion item.</p> <p>As follow-up actions of the recommendation have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(b) consider including a requirement in the Standing Order of MSEC, whereby declaration of interests by any member shall be recorded in the minutes of meetings.	<p>(b) HAB has included a requirement in the Standing Order of MSEC whereby declaration of interests by any member shall be recorded in the minutes of meetings.</p> <p>As follow-up action of the recommendations has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Para. 6.26 of the Audit Report	Audit has recommended that SHA and DLCS should, having regard to the memorandum of 2005, periodically review the system for declaring interests for the SC/committees.	<p>HAB and LCSD have reviewed that the current one-tier reporting system for declaration of interests adopted by SC and its committees and concluded that such a system remains appropriate. We will keep this system under periodic review.</p> <p>As follow-up actions of the recommendation have been implemented 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
<p>Para. 6.34 of the Audit Report</p>	<p>Audit has recommended that SHA and DLCS should ensure that –</p> <p>(a) the Standing Orders are updated with the latest requirements; and</p> <p>(b) information on meetings of SC and its committees is disclosed to the public in accordance with the Standing Orders.</p>	<p>(a) HAB and LCSD have reviewed and updated the Standing Orders with the latest requirements.</p> <p>As follow-up actions of the recommendation have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) Information on meetings of SC and its committees has been made available on HAB and LCSD's website in accordance with the Standing Orders.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 6.35 of the Audit Report</p>	<p>Audit has recommended that SHA should –</p> <p>(a) look into the cases in which the Elite Sports Committee and MSEC members did not return the signed agreements containing the confidentiality clause, and take remedial actions as necessary; and</p> <p>(b) take measures to ensure that agreements are signed and returned by members of SC and its committees.</p>	<p>(a) and (b)</p> <p>HAB has received all outstanding confidentiality agreements from the five members of the Elite Sports Committee and MSEC concerned. In future, HAB and LCSD will take measures to ensure that agreements on confidentiality are duly signed and returned by members of SC and its committees, including the issuance of reminders to members who have failed to sign and return the agreements.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		an on-going basis, we recommend deleting this part from the next progress report.
Paras (a) and (b) in page 49 and 50 of the PAC Report	<p>PAC has urged the Administration to ensure that –</p> <p>(a) B/Ds and government-funded organisations which are reviewed by Audit should treat the audit review exercises seriously as these exercises could help reveal the deficiencies and irregularities and improve their operations and governance. B/Ds and organisations should provide appropriate responses and complete information to Audit for inclusion in the Audit Report to provide a full picture on the subject matter; and</p> <p>(b) representatives of B/Ds and government-funded organisations who are invited to attend the Committee's public hearings should familiarise themselves thoroughly with the materials/cases mentioned in the Audit Report and should be prepared to answer the questions raised on the spot to facilitate the smooth conduct of the hearings.</p>	<p>(a) and (b)</p> <p>The Financial Circular on “Reports of the Director of Audit and Investigation of the Public Accounts Committee” has been updated in September 2020 to remind B/Ds and relevant public organisations to –</p> <p>(1) respond to audit reviews positively and constructively, and consider them an opportunity to improve operations and governance, address inadequacies and correct irregularities;</p> <p>(2) ensure that any points of doubt are addressed in good faith and clarified (substantiated with pertinent information where applicable) at an early stage, and that relevant facts are accurately and properly reflected when dealing with audit queries; and</p> <p>(3) familiarise themselves thoroughly with the Audit Report and be well prepared to answer questions raised on the spot before attending PAC's public hearings to facilitate the smooth conduct of the hearings.</p> <p>As follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>

**Sports Federation & Olympic Committee of Hong Kong, China
Progress in Implementing the Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Operation of Sports Federation & Olympic Committee of Hong Kong, China		
<i>Selection of athletes for participating in international games</i>		
Para. 2.13(a) of the Audit Report	Audit has recommended that Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) should continue to make efforts to implement the best practices relating to the transparency in athlete selection as set out in the "Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development" (BPR).	With reference to the best practices in BPR, SF&OC is reviewing the mechanism for the selection of athletes for participating in international multi-sports games and related review and appeal mechanisms with a view to increasing the transparency of the process of athlete selection. Having regard to the best practice on setting up appropriate channels to collect feedback from stakeholders on athlete selection, SF&OC will issue questionnaires to collect the views of NSAs on the selection exercise and to identify areas for improvement after each international multi-sports games. Reports on views collected will be discussed at the Board meeting of SF&OC.
Para. 114 of the PAC Report (page 107)	PAC has strongly urged and cautioned SF&OC to take monitoring measures as appropriate to ensure the full implementation of the BPR best practices in respect of athlete selection by NSAs and to ensure that it would implement the remaining 20% of BPR best practices in the next financial year as a role model for "national sports associations".	
Para. 2.13(b) of the Audit Report	Audit has recommended that SF&OC should more clearly publish the criteria adopted by SF&OC for selecting athletes to participate in international games.	SF&OC is reviewing the selection procedure (including the review procedure) and will formulate a revised procedure. It is SF&OC's plan to promulgate the new selection procedure by the end of March 2021 by issuing circular to NSAs concerned and posting on its website.
Para. 114 of the PAC Report (Item (e) in page 105)	PAC has strongly urged and cautioned SF&OC to review its procedures for handling cases of review against the Selection Committee's decisions, and set out clearly in its Articles of Association and/or its website the review mechanism for the Selection Committee's decisions on the	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	selection of athletes (including the composition, terms of reference, functions and responsibilities of the review panel).	
Para. 2.13(c) and (d) of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(c) properly document the justifications for selecting athletes to participate in international games, especially for athletes who are selected based on criteria other than those laid down as SF&OC's selection criteria; and</p> <p>(d) explore the merit of establishing in Hong Kong similar appeal mechanisms as adopted in some advanced overseas countries.</p>	<p>(c) SF&OC conducted a briefing for relevant staff members in August 2020 to remind them of the need to properly document the deliberations and grounds for selecting athletes for participating in international multi-sports games.</p> <p>(d) SF&OC will review the set-up of the Appeal Panel for the selection of athletes. Among others, it would suggest that the President of SF&OC will no longer serve as the Chairperson of the Appeal Panel and consequential amendments would be made to relevant provisions of SF&OC's Articles of Association. The review is expected to be completed by the end of March 2021 and SF&OC will then promulgate the detailed arrangement of the appeal procedure.</p>
Para. 114 of the PAC Report (Items (a) to (d) in page 105)	<p>PAC has strongly urged and cautioned SF&OC to –</p> <p>(a) take forward expeditiously a review on the existing athlete selection criteria, and consider developing a standardized set of athlete selection criteria to be agreed by both NSAs and SF&OC;</p>	<p>(a) to (c) SF&OC will review the selection mechanism (including the review and appeal procedure) as well as the replacement/substitution mechanism with reference to overseas practices and suggestions of the Audit and PAC. The review is expected to be completed by the end of March 2021.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(b) make reference to overseas practices to select athletes in an open manner, such as holding selection competitions/qualifying matches, with a view to enhancing the objectivity and transparency of the selection process;</p> <p>(c) establish a robust replacement/substitution mechanism for selecting athletes to fill the quotas of sports events in international games arising from athlete withdrawal from competition or non-acceptance of nominations by the Selection Committee;</p>	
	<p>(d) clearly set out the authority and responsibilities of head coaches of the Hong Kong, China Delegation in respect of the preparation and arrangement for competitions (including the continuing duty to report on any material incidents that may affect the athlete's fitness for the competition), while observing and respecting their professional autonomy.</p>	<p>(d) SF&OC will update the duties and responsibilities of head coaches/designated heads of team requiring them, among other things, to report any material incidents that may affect any athletes' participation in the international multi-sports games.</p> <p>SF&OC will also issue instructions to NSAs and athletes requesting them to report any incidents of a material particular that may affect an athlete's fitness to participate in the international multi-sports games. Such reports will be considered by the Selection Committee and Chief Medical Officer of the delegation. This new measure is expected to be announced before the commencement of the next international multi-sports games.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 2.14 of the Audit Report	<p>Audit has recommended that the SHA should –</p> <p>(a) encourage SF&OC to implement the best practices set out in the BPR drawn up by Independent Commission Against Corruption (ICAC) relating to the transparency in athlete selection; and</p> <p>(b) follow up the implementation of the best practices by SF&OC.</p>	<p>(a) and (b)</p> <p>The HAB has urged SF&OC to timely follow up on Audit's recommendations including the implementation of the best practices as laid down in BPR relating to the transparency in athlete selection. HAB will closely monitor the follow-up actions by SF&OC.</p>
<i>Handling of membership affairs</i>		
Para. 2.20 of the Audit Report	<p>Audit has recommended that SF&OC should explore the merit of establishing a mechanism to gauge NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of the International Olympic Committee (IOC), and SF&OC's Articles of Association.</p>	<p>With the additional funding provided by HAB in 2020-21, SF&OC established a dedicated team (i.e. Corporate Governance Team) in October 2020 to examine the corporate governance and operation of all NSAs and formulate a code of governance for the compliance by all NSAs. Among others, the Team will assess NSAs' compliance with the requirements of the Olympic Charter, IOC's Code of Ethics as well as SF&OC's Articles of Association.</p>
Para. 114 of the PAC Report (page 108)	<p>PAC has strongly urged SF&OC to –</p> <p>(a) conduct the review in an effective and efficient manner and report to HAB the review progress on a regular basis; and</p> <p>(b) enhance the publicity and education on the compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association by NSA members.</p>	<p>The Team will also prepare a report on the review findings and recommendations and submit progress reports to HAB on an annual basis. SF&OC will also conduct briefings for all NSAs on the review exercise and provide assistance on implementation of the improvement measures.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 114 of the PAC Report (page 108)	PAC has recommended that SF&OC should issue to NSA members some procedural guidelines for handling complaints, including setting a time limit for responding to the complainants and SF&OC.	In handling complaints against NSAs, it is SF&OC's usual practice to provide some basic complaint handling procedures in its letter to the NSA concerned, including setting a time limit for responding to the complainants and SF&OC. In light of PAC's recommendation, SF&OC will devise a set of general procedural guidelines for NSAs' adoption in future.
<i>Management of the Hong Kong Athletes Career and Education Programme</i>		
Para. 2.32 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <ul style="list-style-type: none"> (a) closely monitor the slow progress of some English course participants and instigate appropriate remedial measures; (b) closely monitor the progress of studies of athletes with approved scholarships of Hong Kong Athletes Career and Education Programme (HKACEP) and their claiming of scholarships, and provide timely assistance to them; and (c) to facilitate future monitoring and to enhance accountability, document follow-up actions taken on athletes not claiming scholarships. 	<p>(a) to (c) Taking into account the Audit's recommendation, the HKACEP Committee has implemented the following new measures with effect from June 2020 –</p> <ul style="list-style-type: none"> • all English course participants have to complete one level within four years after (i) successful enrolment; or (ii) advancement of one level. The participants will be requested to drop out of the course should they fail to meet with the requirements; and • all HKACEP scholarship athletes should claim scholarship in accordance with the reimbursement schedule as stated in the undertaking form and claim the first reimbursement within 24 months from the date of approval. The approved scholarship will be forfeited if they fail to comply with the requirement. <p>Office of HKACEP will keep track of the compliance of the above requirements and offer assistance to the participants as appropriate.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		As the follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
Conduct of doping tests		
Para. 2.39 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <ul style="list-style-type: none"> (a) ensure that initial notification letters/emails are always sent to athletes who have provided inaccurate whereabouts and could not be located for doping tests; (b) ensure that updated whereabouts of athletes are provided to Doping Control Officers (DCOs) as far as practicable; (c) lay down internal guidelines on the number of attempts to be made to locate an athlete for a doping test; (d) ensure that athletes who could not be located for doping tests are requested to provide explanations on why they could not be located; and (e) step up efforts to locate athletes for doping tests. 	<p>(a) to (e)</p> <p>The Office of the Hong Kong Anti-doping Committee (HKADC) has reviewed and enhanced the workflow for handling unsuccessful attempts to conduct doping test and implemented the following measures with effect from May 2020 –</p> <ul style="list-style-type: none"> • a senior staff member has been assigned to follow up on the cases by sending email to the athletes concerned requiring them to provide explanations on why they could not be located; • internal guidelines have been revised so that if the athlete concerned has updated his/her whereabouts before the actual deployment of DCO, the Office of HKADC would notify the concerned DCO in the first instance as far as practicable; and • internal guidelines have been revised to specify the number of attempts to be made to locate an athlete for a doping test. <p>Athletes subject to doping tests are usually selected on a random basis from pools of athletes. Whether doping tests</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>could be conducted successfully depend on the cooperation of the athletes to provide accurate information on their whereabouts. In this regard, the Office of HKADC will further promote and remind athletes of the need to provide up-to-date and accurate whereabouts for doping tests; and will also make use of intelligence collected to locate athletes where necessary.</p> <p>As the follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Management of the Olympic House</i>		
Para. 2.52 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) in collaboration with SF&OC, map out the way forward for the Olympic House; and</p> <p>(b) devise a timetable to take forward matters arising as appropriate.</p>	<p>According to the 2018-19 Budget, the Government would conduct a technical feasibility study on the redevelopment of the Olympic House to provide office and activity space for SF&OC, its affiliated companies, NSAs and sports-related organisations. HAB has been actively following up the matter and joined hands with SF&OC to take forward the preparatory work. SF&OC,</p>
Para. 115 of the PAC Report (page 114)	<p>PAC has strongly urged HAB to work closely with SF&OC to expedite the redevelopment project of the Olympic House.</p>	<p>in consultation with various NSAs, has preliminarily worked out the overall requirements of office and activity space. HAB is assessing their proposal with relevant government departments with a view to working out the best development option. HAB will then consult the stakeholders, including the Wan Chai District Council, and work out a detailed timetable to take forward the matter.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para. 2.53 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(a) in consultation with HAB –</p> <ul style="list-style-type: none"> (i) review the areas of offices spaces in the Olympic House allocated to NSAs and reallocate the areas to the NSAs in accordance with the numbers of staff of NSAs as appropriate; (ii) consider standardising NSA staff's office space entitlement in the Olympic House so as to facilitate reallocation of areas of office spaces to NSAs; and (iii) explore the feasibility of converting some meeting rooms in the Olympic House into office spaces; and <p>(b) step up efforts in promoting the availability of the lecture theatre and the board room for public hiring.</p>	<p>As an interim measure to ease the overcrowding problem in the Olympic House pending its redevelopment, the Management Company of the Olympic House Limited (MCOHL) will conduct a review on the office requirements of all tenants of the Olympic House and consider the feasibility of reallocating the existing office spaces at Olympic House on the basis of the existing number of staff of each tenant.</p> <p>MCOHL will also study the feasibility of converting some meeting rooms into office space. It is MCOHL's target to complete the review and consult HAB on the reallocation plan by the end of March 2021.</p> <p>Besides, to boost up the utilisation rate of meeting facilities, MCOHL will further enhance the promotion of the availability of the lecture theatre and the board room for public hiring.</p>
Para. 115 of the PAC Report (page 114)	PAC has strongly urged HAB to work closely with SF&OC to expedite the implementation of interim measures to ease the over-crowding of NSA staff in the Olympic House.	
Procurement issues		
Para. 2.60 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(a) instead of restricting a particular brand of product or services, consider procuring other brands of products or services of similar qualities to achieve better value for money;</p>	<p>(a) SF&OC will review the procurement policies and guidelines to ensure that procurement with single quotation will only be arranged under exceptional circumstances with</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		sufficient grounds and approval from the relevant authority. SF&OC targets to promulgate the updated policies and guidelines by the end of March 2021.
	(b) lay down guidelines for reimbursements of expenses;	(b) SF&OC will devise guidelines on reimbursement of expenses and provide the guidelines to all NSAs and other relevant parties for compliance. It is SF&OC's target to issue the guidelines by the end of March 2021 before the next international multi-sports games.
	(c) take measures to ensure that SF&OC procurement requirements are always followed (e.g. the required numbers of written quotations are obtained and the relevant approving authorities are sought); and (d) in compelling circumstances where tendering is not conducted as required – (i) ensure that approval from the relevant authority is sought for not conducting tendering; and (ii) ensure that quotations are obtained and the quotations are approved by the relevant authority.	(c) and (d) After the promulgation of the updated procurement policies and guidelines, SF&OC will conduct a briefing for its staff members to familiarise them with the changes and remind them of the importance of compliance. In particular, SF&OC will remind the staff members to provide sufficient justifications, seek approval from relevant authority and keep proper documentation for cases involving single quotation or cases where no tendering is to be conducted.
Para. 115 of the PAC Report (page 114)	PAC has recommended that SF&OC should – (a) enhance staff training on its procurement policies and procedures; and	(a) With effect from June 2020, SF&OC will provide a familiarisation programme for all newly recruited staff on procurement policies and

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>procedures and issue reminder to all existing staff on an annual basis on the importance of complying with the procurement policies and procedures.</p> <p>As the follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(b) invite the ICAC to provide its staff with briefings on the best practices in procurement process on a regular basis and to give professional advice on procurement issues.	(b) SF&OC will invite the ICAC to conduct briefings on the best practices in procurement process for its staff and that of NSAs. The first briefing will be arranged before March 2021.
Part 3: Government Funding and Monitoring		
<i>Provision of subventions by Home Affairs Bureau</i>		
Para. 3.15 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) continue to closely monitor the financial positions of SF&OC and MCOHL;</p>	<p>(a) Having regard to SF&OC's financial situation in recent years and increase in operating costs arising from inflation and implementation of various new initiatives, HAB provides an additional recurrent allocation of \$20.75 million to SF&OC (including MCOHL) from 2020-21 onwards. Hence, the recurrent subvention provided to SF&OC (including MCOHL) has increased from about \$20 million in 2019-20 to about \$40 million in 2020-21. HAB will continue to closely monitor the financial position of SF&OC in years to come.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>As the follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) ensure that recurrent subventions are disbursed to SF&OC on a timely basis;</p>	<p>(b) To ensure the timely disbursement of quarterly subvention to SF&OC and MCOHL, HAB has drawn up a checklist to facilitate monitoring of payment matters and submission of relevant reports/accounts by SF&OC and MCOHL. For 2020-21, the first two quarterly payments of subvention have been disbursed to SF&OC and MCOHL pursuant to the payment schedule set out in the subvention agreements.</p> <p>As the follow-up action of the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(c) set scheduled dates of disbursement for MCOHL and ensure that recurrent subventions are disbursed to MCOHL on a timely basis; and</p>	<p>(c) In consultation with MCOHL, HAB has prescribed a schedule for payment of subvention in the subvention agreement for 2020-21. The first two quarterly payments of subvention for 2020-21 have been disbursed pursuant to the payment schedule set out in the subvention agreement.</p> <p>As the follow-up action of the recommendation has been implemented 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
	(d) ensure that the Financial Services and the Treasury Bureau (FSTB) is consulted for inclusion of MCOHL in the list of organisations receiving recurrent funding from the Government, and follow up accordingly.	(d) HAB agreed with the recommendation to include MCOHL in the list of organisations receiving government recurrent subvention in the Financial Circular No. 9/2004. FSTB will update the list in the regular exercise by December 2020.
Para. 3.16 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(a) in consultation with HAB, rectify the inadequacies relating to the charging of management fee on SF&OC Sports Legacy Company Limited (SLCL) and the non-apportionment of office overheads between the Company and subvented programmes, and between the Hong Kong Olympic Fans Club Limited and subvented programmes; and</p>	(a) SLCL has settled the undercharged management fees for the period from 2015-16 to 2019-20 in September 2020. Separately, SF&OC is consulting HAB on the arrangement in future to avoid the recurrence on cross-subsidisation between subvented programmes and non-subvented programmes.
	(b) take measures to ensure that there is no cross-subsidisation between subvented programmes and self-financing activities in future.	(b) To avoid the cross-subsidisation between subvented programmes and self-financing activities, SF&OC is devising a new cost allocation mechanism relating to the self-financing activities, so that the costs incurred in the self-financing activities (in particular the staff costs) will be charged to the respective self-financing associate companies.

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<i>Monitoring by Home Affairs Bureau</i>		
Para. 3.36 of the Audit Report	<p>Audit has recommended that SHA should –</p> <p>(a) ensure that follow-up action is taken to consider appropriate extension of the deadline for submission of management accounts by MCOHL and revise the relevant agreement in the subvention agreement as appropriate;</p>	<p>(a) In view of the time reasonably required for the preparation of the quarterly management accounts, HAB has extended the submission deadline by about ten days (i.e. from the 20th day of the month after the end of a quarter to the last day of that month) and revised the relevant provision in the subvention agreement accordingly. The new submission deadline has taken effect from 2020-21 onwards.</p>
	<p>(b) monitor the submission of accounts and reports by MCOHL and instigate follow-up actions where warranted;</p> <p>(c) require SF&OC and MCOHL to provide explanations for any under-achievements of performance indicators. In circumstances where no explanations are provided or the explanations provided are not satisfactory, take follow-up actions with SF&OC and MCOHL;</p>	<p>(b) and (c) HAB has drawn up a checklist to facilitate monitoring of the payment matters as well as the submission of relevant reports/accounts by SF&OC and MCOHL. Besides, HAB has internally redeployed an additional staff to scrutinise the reports and accounts submitted by SF&OC and MCOHL and follow up on any irregularities and under-achievement of performance indicators as appropriate.</p> <p>As the follow-up actions of the recommendations have been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(d) ensure that MCOHL makes public disclosure of the remuneration of staff of the top three tiers of MCOHL;</p>	<p>(d) MCOHL is going to make public the remuneration of staff of the top three tiers in the annual report for 2019-20 which is under preparation.</p>

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	(e) given that the Government will substantially increase subvention for SF&OC over the next four years, keep in view the proportion between the Government's recurrent subvention provided to SF&OC and the total operating income of SF&OC. In cases where the proportion is increased to more than 50% in future, require SF&OC to make public disclosure of staff of the top three tiers of SF&OC;	(e) In accordance with the Administration Wing Circular Memorandum No. 11/2018, subvented organisations which on average receive more than 50% of their operating income from the Government in a four-year period are required to review the number, ranking and remuneration of staff at their top three tiers and submit a report on the review findings to relevant bureaux. For SF&OC, it on average receives about 45% of its operating income from the Government in the recent four-year period. HAB will keep under review the proportion of government subvention provided to SF&OC on an annual basis. If the proportion exceeds 50%, HAB will remind SF&OC to make public disclosure of staff of the top three tiers and follow up pursuant to the requirements in the above Circular Memorandum.
	(f) encourage SF&OC to adopt the best practices laid down in the BPR; and (g) follow up the implementation of the best practices by SF&OC.	(f) and (g) HAB has urged SF&OC to timely follow up on various Audit's recommendations including the implementation of the best practices as laid down in BPR. HAB will closely monitor the follow-up actions by SF&OC.
Para. 114 of the PAC Report (page 108)	PAC has strongly urged HAB to – (a) closely liaise with SF&OC in taking forward the review exercise, follow up the review progress and achievements on a regular basis, and provide appropriate advice and assistance in a timely manner; and	(a) and (b) From 2020-21 onwards, HAB provides a time-limited allocation of \$5 million per year to SF&OC for five years for setting up a dedicated team to examine the existing governance structure and operation of all NSAs and formulate a code of governance for compliance by

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(b) expedite the drawing up of the subvention agreements with SF&OC and MCOHL for 2020-21 in which performance indicators and targets and expected deliverables for the review exercise should be included to facilitate the monitoring of the implementation of the review and to ensure accountability over the use of government funds for the review by SF&OC.	<p>all NSAs with a view to enhancing their corporate governance, monitoring mechanism and the transparency of their operation. SF&OC will prepare a report on the review findings and recommendations and submit the progress reports to HAB on an annual basis. HAB will closely monitor the progress of the review exercise.</p> <p>The performance indicators/targets and expected deliverables of the review exercise have been included in the subvention agreement for 2020-21 signed between the Government and SF&OC.</p>
Para. 3.37 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(a) take measures to ensure that all the required accounts and reports of MCOHL are submitted in accordance with the time schedules agreed with HAB;</p>	<p>(a) In view of the time reasonably required for the preparation of the quarterly management accounts, HAB and MCOHL agreed to extend the submission deadline as stipulated in the subvention agreement by about ten days. MCOHL will endeavour to submit the management accounts and reports to HAB in a timely manner.</p>
	<p>(b) improve the reporting of achievements of performance indicators to HAB;</p>	<p>(b) All performance indicators will be reviewed and well-defined. SF&OC and MCOHL would report the latest achievements of performance indicators to HAB on a quarterly basis for monitoring.</p>
	<p>(c) make public disclosure of the remuneration of staff of the top three tiers of MCOHL; and</p>	<p>(c) MCOHL would observe the requirements in the subvention agreement to make public the relevant information in the coming annual report for 2019-20.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(d) make further efforts to implement the best practices laid down in BPR.	<p>(d) As regards Board governance, SF&OC is conducting an overall review of its committee structure which will cover the category and number of committees, frequency of meetings and membership of committees. The new structure is expected to take effect from early 2021. Besides, having regard to the best practice in BPR, SF&OC will consider setting up an Audit Committee.</p> <p>For integrity management, SF&OC will arrange capacity building sessions for newly appointed Board members and staff within a month from their appointment to familiarise them with the code and related legislations on anti-corruption.</p> <p>Having regard to the best practice in BPR on administration of membership, SF&OC has uploaded the relevant information on membership onto its website in June 2020. In addition, a time pledge for processing requests for membership admission will be set after consulting the Membership Affairs Committee, which is expected to meet by the end of March 2021.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 4: Governance Issues		
<i>Management of meetings and attendance</i>		
Para. 4.17 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <ul style="list-style-type: none"> (a) review the frequency of meetings of individual committees to ensure that the functions of the Board/committees are effectively carried out; (b) having regard to the review, help individual committees set an appropriate frequency of meetings where necessary; (c) ascertain the reasons for the decrease in rates of attendance at meetings of the Board and at meetings of individual committees, and take measures to improve attendance at meetings; (d) ascertain the reasons for the non-attendance of individual members at meetings, and step up efforts to encourage members to attend meetings; and (e) review the need for regularising any practices of holding informal meetings for the Board/committees. 	<p>SF&OC is conducting an overall review of its committee structure with a view to enhancing effectiveness and efficiency in steering the work of SF&OC and in monitoring the follow-up actions. Issues such as categories, number and membership of committees, clear guidelines on roles and duties of members, mechanisms to ensure compliance, etc. will be covered in the review. For instance, a new two-tier declaration to regularise declaration of interest has been introduced with effect from 1 July 2020; members will have their attendance closely monitored with absences subject to follow up calibrated with the seriousness of the situation. SF&OC expects to complete the review by the end of March 2021.</p>
Para. 115 of the PAC Report (Items (a) and (b) in page 118)	<p>PAC has recommended that SF&OC should –</p> <ul style="list-style-type: none"> (a) review its committee structure on a regular basis and adjust it based on the organization's changing governance needs; 	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	(b) make greater efforts in addressing the issue of members' attendance at meetings of the Board/committees and to ensure that they are aware of their roles and duties and perform them faithfully.	
<i>Management of potential conflicts of interest</i>		
Para. 4.30 of the Audit Report	<p>Audit has recommended that SF&OC should –</p> <p>(a) consider extending the enhancement practice on declaration of interests to cover the Board, and expedite the implementation of the enhancement practice at individual committees;</p> <p>(b) expedite the adoption of the new measures to further facilitate declaring interests among committees;</p> <p>(c) look into the case where the “Conflict of interest disclosure and confidentiality statement” was missing, and take remedial actions as necessary; and</p>	<p>(a) to (c) SF&OC has reviewed the practice on declaration of interests and adopted a new policy with a two-tier declaration mechanism with effect from 1 July 2020.</p> <p>Separately, SF&OC has conducted a briefing session for its staff members in July 2020 to brief them on the implementation details of declaration of interests at meetings (Tier 2). Besides, a register of members' interests (Tier 1) will be kept for the Board and all Committees following the new appointments of members in 2020-21.</p>
	(d) take measures to ensure that committees document in minutes the rulings on interests declared at meetings as well as the deliberations related to the rulings.	<p>(d) SF&OC conducted a briefing for relevant staff members in August 2020 to remind them of the need to properly document the rulings of interests declared at meetings as well as the deliberations related to the rulings in the minutes of meetings. Similar briefings will be provided to newly recruited staff.</p> <p>As the follow-up actions of the recommendation have been implemented and will be carried</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		out on an on-going basis, we recommend deleting this part from the next progress report.
Para. 115 of the PAC Report (Items (c) and (d) in pages 118 and 119)	PAC has recommended that – (c) SF&OC should review the management of potential conflicts of interest relating to the selection of athletes, particularly those involving shortlisted athletes whose family members/relatives are members of the Board/committees of SF&OC, when drawing up the new policy on declaration of interests; and	(c) SF&OC has reviewed the practice on declaration of interests and adopted a new two-tier declaration mechanism with effect from 1 July 2020. Under the new policy, all potential conflicts of interest, particularly family relationship, are required to be declared.
	(d) SF&OC should develop good and proper practices in committee servicing to ensure that the committees are operated with efficiency, effectiveness and propriety.	(d) SF&OC has reminded the secretaries of committees of their roles and responsibilities and will provide more professional training to equip them with good and proper practices when serving the committees.

Employees Retraining Board
Progress in implementing the Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Management of training services		
<i>Planning and development of training courses</i>		
2.23	<p>Audit has recommended that Executive Director (ED), Employees Retraining Board (ERB) should –</p> <p>(a) critically examine the reasons for the decreasing number of young trainees admitted to ERB training courses, the decreasing percentages of young trainees among all trainees, and the low utilisation of training places in the youth training courses;</p>	<p>ERB will sustain its efforts to monitor the utilisation of training places of courses concerned and has planned to conduct a survey aiming at studying the training needs of young people.</p> <p>ERB has commissioned an independent research agency through tendering to conduct the aforesaid survey which is expected to be carried out in the second half of 2020-21.</p>
	<p>(b) step up efforts to improve the popularity of training services for young people;</p>	<p>ERB had completed a review on the dedicated courses for youth in late 2019. The review findings and recommendations were approved by the Course and Service Development Committee (CSDC) in January 2020.</p> <p>ERB is planning to introduce new courses for youth in the second half of 2020-21, including the “Foundation Certificate in Professional Security Services Training”, “Certificate in Youth Inspiration Training”, “Foundation Certificate in All-rounded Performing Artist” and “Foundation Certificate in Community and Cultural Docent”, with a view to attracting young people to enrol.</p> <p>In addition, the “Focus Group on Training for Youth” plans to hold a meeting in the third quarter of 2020-21</p>

Para. No.	Audit's Recommendations	Progress to Date
		to review the implementation progress of various recommendations and to explore new measures to enhance the attractiveness of dedicated youth courses with a view to meeting the training needs of young people.
	(c) critically examine the reasons for the decreasing number of trainees of ethnic minorities and the low utilisation of planned places of courses for ethnic minorities;	ERB will continue to monitor the utilisation of training places of courses concerned and conduct relevant survey. On the latter, ERB is planning to liaise with non-governmental organisations serving ethnic minorities to participate in the survey to be carried out in 2021- 22.
	(d) step up efforts to enhance the attractiveness of training services for ethnic minorities;	<p>ERB has relaxed the admission criteria for courses for ethnic minorities since 2019-20, allowing greater flexibility for them to enrol in the courses.</p> <p>ERB will step up efforts in liaising with stakeholders to collect views on ERB's dedicated courses for ethnic minorities. ERB is also exploring with training bodies the introduction of new courses and supporting measures that are suitable for ethnic minorities.</p> <p>ERB will continue its efforts in monitoring the effectiveness of the above measures and has planned to hold a meeting of the "Focus Group on Training for Ethnic Minorities" in the third quarter of 2020-21 to review the implementation progress of various recommendations and to explore further improvement measures.</p>
	(e) review the existing rates of retraining allowance taking into account the current level of the trainees' expenses for transport and meals and the need of ERB to optimise the use of resources;	With the assistance of the Labour and Welfare Bureau (LWB), ERB has amended Schedule 4 to the Employees Retraining Ordinance to increase the maximum monthly amount of retraining allowance from \$4,000 to \$5,800 (by 45%) with effect from

Para. No.	Audit's Recommendations	Progress to Date
		25 May 2020. The rates of retraining allowance per day for all courses categories (including ERB's regular courses and courses under the "Love Upgrading Special Scheme" and Youth Training Programme) have been increased by 45% accordingly.
	(f) provide in the course proposals and the papers submitted to CSDC information regarding the availability of similar courses in the market and the competitiveness of proposed courses in comparison with those existing in the market;	<p>ERB has arranged for the provision of market information regarding the availability of similar courses and relative competitiveness of the proposed courses in the papers and course proposals submitted to CSDC with effect from August 2020.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(g) rationalise the information requirements for the proposals of courses developed by ERB and those developed by training bodies and revise the guidelines on new course development where necessary;	<p>ERB has already stated "the number of classes proposed to be conducted in the year" in the course proposals developed, and has revised the course development guidelines accordingly. The revised guidelines have taken effect since August 2020.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(h) take measures to ensure that courses are suspended according to the ERB Guidelines unless their continuation is supported and approved; and	ERB has reminded staff concerned again to strictly observe the relevant guidelines in handling course suspension matters. ERB will continue to monitor the implementation.

Para. No.	Audit's Recommendations	Progress to Date
	(i) provide information on course suspension to CSDC and the Course Vetting Committee.	<p>ERB submitted the course suspension list for 2020-21 to CSDC for perusal in June 2020. The list will be updated and reported to the Committee on a regular basis.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<i>Managing waiting times for training courses</i>		
2.29	Audit has recommended that ED, ERB should ascertain the reasons for the long waiting time before the applicants can commence training and endeavour to shorten the waiting time, for example, by encouraging applicants on the waiting lists of a training centre to enrol the same course offered by another training centre nearby.	<p>According to the existing practice, ERB would advise training bodies every quarter to remind applicants on the waiting list of a particular course for longer than three months to consider switching to other training centres or courses in order to shorten their waiting time.</p> <p>ERB has introduced new enrolment condition of two-year validity period for all applications since April 2020. If an applicant has been on the waiting list for a particular course for over two years, the application will lapse and he/she will be reminded to submit a new application in case he/she still wants to enrol in the course. This will incentivise the applicants to enrol in other similar courses or consider switching to other training bodies/centres. ERB will monitor the implementation of the measure and review the effectiveness in shortening the waiting time in 2021-22.</p>

Para. No.	Audit's Recommendations	Progress to Date
<i>Performance measurement</i>		
2.45	<p>Audit has recommended that ED, ERB should –</p> <p>(a) continue to monitor the performance of training courses on various Key Performance Indicators and reference indicators; and</p> <p>(b) endeavour to improve the various aspects of the training services with a view to improving the quality of the services.</p>	<p>ERB will continue its efforts in monitoring the performance of training courses, and request training bodies which are unable to meet the performance targets of certain courses to provide explanation. If the situation prevails, ERB will invite the training bodies concerned for in-depth discussion on the issue and will also take effective improvement measures, e.g. by discussing with respective Course Steering Groups with a view to strengthening the course design in terms of coverage and depth of the training content, duration, attractiveness etc. ERB will continue to monitor and review the performance of training bodies on a regular basis through quarterly reporting to the Quality Assurance and Review Committee.</p> <p>ERB will review the scope and performance levels of various indicators by the fourth quarter of 2020- 21.</p>
Part 3: Quality assurance		
<i>Quality assurance measures</i>		
3.13	<p>Audit has recommended that ED, ERB should –</p> <p>(a) ensure that on-site annual audits and self-evaluations are conducted according to the ERB Guidelines;</p>	<p>To ensure that training bodies will follow ERB Guidelines when conducting “self-evaluation” for their Annual Audit, ERB has revised its relevant guidelines in April 2020 to define more clearly the conditions and procedures for “self-evaluation”</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>arrangements, including that the Executive Office has to conduct on-site audit if the training body has completed “self-evaluation” in the preceding year. This arrangement assures that training bodies would not conduct “self- evaluation” for their Annual Audit in two consecutive years. ERB will also continuously monitor the effectiveness of “self-evaluation” conducted by the training bodies and its impact on their performance.</p>
	(b) keep in view the impact on the performance of training bodies after the relaxation of eligibility criteria for conducting self-evaluation by training bodies;	<p>ERB issued guidelines in April 2020 reminding staff to continuously monitor the performance of training bodies. ERB will cross-check the outcomes of “self-evaluation” with other evaluation data such as student feedback, complaint analysis, effectiveness of the learning outcomes etc. ERB will follow up if irregularities are found.</p>
	(c) take measures to ensure that class surprise inspections are conducted for training centres according to the ERB Guidelines;	<p>ERB has noted the issue and has already upgraded the computer system since February 2019 to strengthen the function on generating samples for surprise class inspections in a timely manner.</p>
	(d) ensure that the course-end assessments are conducted by training bodies in accordance with the ERB Guidelines;	<p>The two cases in 2016 and 2017 as quoted in the Audit report were already investigated with follow-up actions.</p>
	(e) take appropriate follow-up actions with training bodies when non-compliance of course- end assessment guidelines by training bodies is found; and	<p>To ensure that the training bodies will continue to observe ERB Guidelines when conducting course-end assessments, ERB has strengthened its control measures since August 2017 as follows –</p> <p>(a) ERB has intensified its communication efforts with the training bodies via multiple</p>

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	<p>(f) consider whether remedial actions are necessary for those trainees who have passed the assessment but the assessment has not been conducted according to the ERB Guidelines.</p>	<p>channels, reminding them to conduct assessments according to ERB Guidelines;</p> <p>(b) ERB will take immediate actions if non-compliances are spotted in assessment observations. These actions, which may include consulting technical advisors/assessment observers, conducting follow-up assessment observations with evaluations etc., seek to monitor the improvement progress, and ensure that training bodies will conduct assessments according to the guidelines. In case of serious deviation from the ERB Guidelines, ERB may reduce the number of training places allocated to the training bodies in the next round of quota allocation and, if necessary, may even revoke the status of approved examination venue of the training bodies;</p> <p>(c) ERB has improved its mechanism on assessment observation. If the result of the assessment observation is not satisfactory, ERB will consult the technical advisors/assessment observers in order to evaluate the impact on the students' performance and determine the remedial actions if needed; and</p> <p>(d) For those assessments deviated from the ERB Guidelines, students may be required to re-take the assessment.</p> <p>ERB has also planned to refine its mechanism on assessment observations in the second half of 2020-21, and will consider enhanced remedial actions as appropriate.</p>

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<i>Course accreditation</i>		
3.20	<p>Audit has recommended that ED, ERB should endeavour to increase the number of accredited training courses to promote recognition of the qualifications of ERB graduates.</p>	<p>ERB will review the selection criteria and mechanism for course accreditation according to the “Three-year Strategic Plan” for 2020-21 to 2022-23. Preliminary data collection has been conducted. The information will be consolidated and examined to facilitate further review on the work flow of the accreditation process as well as the selection criteria for suitable course for accreditation in 2021-22. ERB will also explore the feasibility of laying down an expected target rate of course accreditation for certain industries for internal reference.</p> <p>In addition, ERB strives to enhance its efforts to upload more courses to the Qualifications Register for accreditation. One such approach is to acquire Programme Area Accreditation (PAA) status from the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). Following the successful attainment of PAA status for the catering industries, ERB had already uploaded 20 new courses onto the Qualification Register as at May 2020.</p> <p>ERB is applying to HKCAAVQ for the PAA status of the Information and Communication Technology (ICT) industries. More courses under the ICT area can be uploaded to the Qualifications Register upon the expected granting of PAA for ICT in 2021-22.</p>

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Part 4: Training support services		
<i>Service Centre and Service Spots</i>		
4.9	Audit has recommended that ED, ERB should take measures to enhance the competition in the tender exercises for operator of the Service Centre and the Service Spots, for instance by relaxing the tender requirements and conditions to attract more operators to submit tenders.	The next round of tender exercises of the Service Centre or Service Spots will commence in the second half of 2021- 22. ERB will complete the review of relevant tender requirements and conditions in September 2021, with a view to striking a reasonable balance between synergy of services and encouragement of competition in the tender exercises, and attracting more operators to submit tenders.
<i>Job referral platforms</i>		
4.30	Audit has recommended that ED, ERB should –	<p>ERB will continue to conduct regular meetings with the operators of the “Smart Living Scheme” to assist them improving their performance by reviewing service progress and performance as well as experience sharing.</p> <p>In response to market development, ERB will complete the review of the “Smart Living Scheme” in September 2021, including the content of various performance indicators. Review results will be used as reference to explore further improvement of the service of the “Smart Baby Care Scheme”.</p> <p>ERB launched the “ERB Helper” mobile application on 30 March 2020 for registered helpers of the “Smart Living Scheme” and “Smart Baby Care Scheme” to search vacancies and apply for jobs. As at end August, around 4 300 helpers had registered as users.</p>
	(a) endeavour to improve the performance of the operators of the “Smart Living Scheme”;	
	(b) continue to closely monitor the performance of the operators of the “Smart Living Scheme” who have failed to achieve service targets laid down in the engagement agreements and where necessary, take appropriate follow-up actions if the operators do not achieve the service targets again; and	
	(c) endeavour to enhance the popularity of the “Smart Baby Care Scheme” and improve the performance of the operator of the Scheme.	

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		<p>ERB is currently developing a mobile application for use by household employers of the “Smart Living Scheme” and “Smart Baby Care Scheme”.</p> <p>ERB will continue to closely monitor the performance of operators of the “Smart Living Scheme” and “Smart Baby Care Scheme” on a monthly basis in accordance with the monitoring mechanism, and take appropriate follow-up actions in case the operators fail to achieve the service targets.</p> <p>ERB will continue to promote and reinforce the brand name of the “Smart Baby Care Scheme”. In the second half of 2020-21, ERB will launch promotion in social media and introduce the concept of “Continuing Professional Development” to enhance the professional skills of post-natal care and infant and child care workers, thereby boosting the confidence of employers in employing the graduate trainees.</p>
Part 5: Corporate governance and administrative issues		
<i>Corporate governance</i>		
5.12	<p>Audit has recommended that ED, ERB should –</p> <p>(a) endeavour to circulate the meeting agendas to Board/Committee members in a timely manner according to the requirement stipulated in the ERB Guidelines;</p>	<p>ERB has already improved the relevant procedures and will continue to monitor their implementation. For Board/Committee meetings held since 2019-20, all meeting agendas were issued to members at least one week before the date of meetings. The Executive Office will regularly remind committee secretaries to adhere to the requirements stipulated in ERB Guidelines.</p>

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		As the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
	(b) set a time target for the issue of draft meeting minutes to Board/Committee members in the ERB Guidelines and take measures to ensure its compliance;	<p>ERB has already improved the relevant procedures and will continue to monitor their implementation. For Board/Committee meetings held since 2019-20, minutes of meeting were issued to members within one month after each meeting according to prescribed guidelines. The Executive Office will regularly remind committee secretaries to adhere to the requirements in the guidelines.</p> <p>As the recommendation has been implemented and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
	(c) in collaboration with LWB, review Memorandum of Administrative Arrangements (MAA) requirements pertinent to the Annual Plan with a view to ensuring that the requirements are practicable and revise them where necessary;	ERB and LWB are reviewing the relevant MAA requirements pertinent to the Annual Plan, and will ensure compliance with such requirements. The review is expected to be completed in first quarter of 2021. Meanwhile, performance indicators will continue to be monitored through various channels.
	(d) take measures to ensure that MAA requirements are complied with; and	
	(e) enhance procedures of making declarations of interests by Board/Committee members, including taking measures to ensure that –	ERB has already enhanced the procedures of making declarations of interests by Board/Committee members in 2020-21, including sending requests for declarations of interests to members within one month upon commencement of each appointment year/upon their appointments, and sending reminders to

Para. No.	Audit's Recommendations	Progress to Date
	<p>(i) requests for declarations of interests are sent to members in a timely manner; and</p> <p>(ii) declarations of interests are submitted by members in a timely manner (e.g. by sending reminders to members) and members are not invited to attend meetings until their declarations of interests have been received.</p>	<p>members to facilitate their timely submission of returns. The relevant procedures will be implemented on a continuous basis.</p>
<i>Human resource management</i>		
5.21	<p>Audit has recommended that ED, ERB should –</p> <p>(a) keep in view the staff turnover rate and explore feasible measures to address the issue if the high turnover rate persists; and</p> <p>(b) include non-cash and retirement benefits in the senior staff remuneration review report submitted to LWB.</p>	<p>ERB will continue to monitor the staff turnover rate and explore feasible measures to address the issue if high turnover rate persists, such as enhancing staff training, and considering the conduct of organisation and salary structure review with a view to retaining talents.</p> <p>LWB will continue to monitor ERB's remuneration structure in accordance with the Government's relevant guidelines on monitoring of the remuneration structure of senior staff of subvented organisations and through regular comparison of the remuneration costs (including non-cash and retirement benefits) of ERB's senior staff with comparable ranks in the civil service, so as to strike a balance between suitable control over ERB's staff remuneration and provision of necessary flexibility.</p>

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		ERB has included non-cash and retirement benefits in the organisation and remuneration review for the top three tiers of staff in 2020.
<i>Management of ERF</i>		
5.29	Audit has recommended that ED, ERB should in collaboration with LWB, monitor the financial condition of ERB to ensure that ERB remains in sound financial condition.	<p>The Government has injected \$2.5 billion into the Employees Retraining Fund to enhance and extend the “Love Upgrading Special Scheme”, and to support the long-term additional expenditure in relation to the increased maximum monthly retraining allowance to \$5,800. LWB will continue to monitor the financial condition of ERB by vetting ERB’s annual plan and through other proper channels.</p> <p>ERB will continue to closely monitor its financial condition and report regularly to the Finance and Administration Committee and the Board.</p>
<i>Financial incentives provided to trainees</i>		
5.39	<p>Audit has recommended that ED, ERB should –</p> <p>(a) explore other effective measures to encourage trainees to achieve a high attendance rate and to deter them from providing false information;</p>	<p>Over the past few years, the overall attendance rate of non-placement-tied courses was above 90%. For the minority of trainees who failed to attain the minimum attendance requirement (i.e. 80%), their absences were mainly due to illness, employment, and other personal and family reasons.</p> <p>ERB will review and strengthen income surveillance measures in the second half of 2020-21 for detecting cases of providing false information, and enhance the efficiency of recovering financial incentives payable by trainees</p>

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		by providing additional fee collection channels (e.g. payment at convenience stores).
	(b) rationalise the follow-up actions taken by different Sections in recovering the financial incentives from trainees; and	ERB adopts different measures to recover financial incentives from trainees based on different nature of the cases involved. The established mechanisms already include taking legal actions if appropriate. ERB will take the Audit's recommendation into consideration in the review of mechanisms to recover financial incentives from trainees according to its "Three-year Strategic Plan" for 2020-21 to 2022-23.
	(c) consider the need to step up efforts to refer cases of provision of false information to law enforcement authorities for legal actions.	
<i>Procurement and inventory management</i>		
5.45	Audit has recommended that ED, ERB should –	ERB will take the Audit's recommendation into consideration in the review of the Procurement Policy and Guidelines in the second half of 2020-21.
	(a) revise the Procurement Policy and Guidelines with a view to making it clear that the authority of different staff levels in accepting quotations is determined by the number of valid quotations received excluding invalid quotations; and	
	(b) consider improving the inventory check procedures and enhance the effectiveness of the checks as far as practicable.	ERB will take the Audit's recommendation into consideration in the review of the Guidelines on Stores Management in the second half of 2020-21.

**Government's efforts in implementing electronic recordkeeping system
Progress in Implementing the Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Planning for the service-wide implementation of electronic recordkeeping system		
2.11	The Government Chief Information Officer, the Director of Administration and the Commissioner for Efficiency should –	
	(a) take further actions to follow up with B/Ds on outstanding electronic recordkeeping system (ERKS) implementation plans;	Action completed. All B/Ds have submitted their ERKS implementation plans by April 2020.
	(b) review B/Ds' ERKS implementation plans to ensure that the workload over the period from mid-2021 to end- 2025 is evenly spread out as far as practicable, and liaise with and provide necessary support to those which have indicated difficulties in meeting the target of service-wide implementation of ERKS by end-2025; and	The Office of the Government Chief Information Officer (OGCIO), Government Records Service (GRS) and Efficiency Office (EffO) have reviewed the implementation plans submitted by B/Ds. The implementation plans proposed by B/Ds are evenly distributed in general. Only one department indicated difficulties in meeting the target of service-wide implementation of ERKS by end-2025. OGCIO, GRS and EffO will provide necessary support and facilitation to assist the department in meeting the implementation target, including the possibility of arranging for ERKS to be implemented by phases.
	(c) remind B/Ds to provide stronger management oversight on the service-wide implementation of ERKS.	OGCIO, GRS and EffO have taken measures to secure B/Ds' senior management support for the service-wide implementation of ERKS through different briefings cum meetings. OGCIO, GRS and EffO will continue with such efforts to enhance management support.

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		<p>In August 2020, OGCIO, GRS and EffO issued guidelines advising B/Ds to, among other things, establish a formal project governance structure to be headed by a directorate officer.</p> <p>In August 2020, OGCIO, GRS and EffO also reminded B/Ds to appoint an Electronic Information Management coordinator at the directorate level to oversee the service-wide implementation of ERKS.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
2.23	<p>The Government Chief Information Officer, the Director of Administration and the Commissioner for Efficiency should –</p> <p>(a) consider the way forward for the electronic management of personnel records by B/Ds, such as promoting the wider adoption of the Government Human Resources Management Services (GovHRMS);</p>	<p>OGCIO, GRS and EffO consider that ERKS possesses comprehensive records management functionalities and B/Ds can make use of ERKS to manage personnel records. In the meantime, as over 70 B/Ds have not yet adopted the system, B/Ds are allowed to continue to manage personnel records in paper form temporarily so as to avoid unnecessary workload and the confusion that may arise when exchanging personnel records of officers who are transferred between B/Ds with and without ERKS implemented. Upon the service-wide implementation of ERKS in 2025, GRS will require all B/Ds to manage personnel records in ERKS. Since records managed and stored in ERKS can be exchanged between B/Ds, there will not be any confusion when exchanging personnel records resulting from staff postings by then.</p>

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		Regarding the handling of human resources management operations, B/Ds will consider adopting the GovHRMS according to their operational needs and HRM initiatives implemented. OGCIO will continue to promote the adoption of GovHRMS to B/Ds, and provide technical support to assist B/Ds in modifying individual functions to meet the needs of their personnel management work.
	(b) in consultation with the Security Bureau, critically evaluate the feasibility of providing remote access to confidential records in ERKS;	OGCIO has been discussing with the Security Bureau the security design requirements of ERKS, including the introduction of security measures required for remote access to confidential records. Relevant requirements will be incorporated in the tender documents as appropriate.
	(c) in implementing ERKS in the remaining B/Ds in future, take into account the implementation plan of the Centrally Managed Messaging Platform (CMMP) as far as practicable; and	OGCIO, GRS and EffO will take into account the implementation plan of CMMP in implementing ERKS in the remaining B/Ds, and if applicable, liaise with individual B/Ds on adjustment of their implementation plans of ERKS and/or CMMP.
	(d) take measures to reduce the extent of manual data input efforts required to capture records into ERKS, including – (i) promoting the wider use of workflow functions in ERKS during the service-wide implementation of ERKS; and (ii) keeping in view the latest technological development in ERM.	To minimise manual data input efforts, the central ERKS will possess functionalities to automate capturing of metadata of records from e-mail system, scanned records and other born-digital records. To further enhance automation, the central ERKS will be equipped with a workflow facility for records management activities, which will also be able to capture most metadata of the records in the workflow automatically. In finalising the requirement specifications of the central ERKS, we will make reference to the experiences from the various ERKS pilot

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		<p>programmes as well as Director of Audit's recommendations to automate capturing of metadata of records as far as possible.</p> <p>OGCIO, GRS and EffO will continue to keep in view the latest technological developments in electronic records management (ERM) with a view to exploring and building in suitable measures to minimise the extent of manual data input efforts in the records capturing process of the central ERKS as far as possible.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
Part 3: Implementation of electronic recordkeeping system pilot programme		
3.26	<p>The Government Chief Information Officer should –</p> <p>(a) draw lessons from the implementation of common base system to improve the monitoring of contractors in the service-wide implementation of ERKS, including –</p> <p>(i) holding regular Project Steering Committee (PSC) meetings to provide strategic direction on project implementation; and</p> <p>(ii) in granting extension of time of target completion dates in ERKS projects for the remaining B/Ds in future, seeking the Department of Justice's advice on whether</p>	<p>To improve the monitoring of contractors in the service-wide implementation of ERKS, OGCI, GRS and EffO will hold regular PSC meetings to provide strategic direction on project implementation; and seek the Department of Justice's advice on whether liquidated damages should be imposed taking into account the contractor's performance and the loss to the Government arising from project delay.</p>

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	liquidated damages should be imposed, having regard to the contractor's performance and the loss to the Government arising from the project delay;	
	(b) closely monitor Contractor B's progress to ensure that ERKS for Marine Department (MD) can be completed by the revised completion date of June 2021 and the errors identified are rectified as soon as possible; and	OGCIO has been working closely with the Contractor B to follow up on the outstanding issues. The implementation of ERKS for MD is on track. OGCIO is closely monitoring the Contractor's progress to ensure that ERKS for MD can be completed by June 2021 and the errors identified are rectified as soon as possible.
	(c) take effective measures to ensure Post Implementation Departmental Returns (PIDRs) of ERKS projects are submitted in a timely manner.	<p>For outstanding PIDRs, apart from issuing monthly reminders, OGCIO will also urge the e-Business Coordinators of the B/Ds concerned to follow up on long overdue cases.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
3.27	<p>The Director of Marine should –</p> <p>(a) strengthen the monitoring of ERKS project progress and hold regular PSC and Project Assurance Team (PAT) meetings to oversee Contractor B's performance; and</p>	<p>MD has completed actions required for this recommendation. The PSC and PAT last met in April 2020 to endorse/recommend the Batch 2 implementation. Regular PSC and PAT meetings for the remaining batches of implementation have been scheduled.</p> <p>The PSC and PAT will continue to hold meetings for discussion and resolution of issues relating to the implementation of the ERKS. Apart from meetings, circulation of papers would also be arranged to seek Members' views as and when necessary.</p>

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	(b) require Contractor B to timely submit Project Progress Reports in accordance with the Project Initiation Document requirements.	<p>Contractor B has been submitting progress reports to MD every month. MD has timely sent the reports to PSC and PAT members for perusal. MD will continue to closely monitor the timely submission of project progress reports by the Contractor.</p> <p>As the recommendations have been implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
3.28	<p>In preparing for the service-wide implementation of ERKS, the Government Chief Information Officer, the Director of Administration and the Commissioner for Efficiency should –</p> <p>(a) set up a mechanism to measure B/Ds' savings in paper/printing costs upon the cessation of the print-and-file practice;</p> <p>(b) promote the good practice of early involvement of GRS in preparing for a timely cessation of the print-and-file practice; and</p>	<p>OGCIO, GRS and EffO will set up a mechanism to measure B/Ds' savings in paper/printing costs upon the cessation of the print-and-file practice. Relevant functional requirements will be included in the central ERKS. Guidelines will be provided to facilitate B/Ds' measuring of the savings.</p> <p>GRS has been taking measures to support B/Ds in dispensing with the print-and-file practice. GRS has developed a "Manual on Evaluation of an Electronic Recordkeeping System" to assist B/Ds in evaluating and validating the compliance of the ERKS and associated departmental records management policies, practices and procedures governing the use, management and maintenance of an ERKS with the ERM standards and requirements. GRS will work with OGCIO to ensure that the central ERKS can meet all the requirements set out in the ERM standards and requirements so</p>

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		<p>that the lead time for processing the applications from B/Ds for ceasing the print-and-file practice could be shortened from three months to one month.</p> <p>GRS will continue to provide sample templates and training to assist B/Ds in developing the associated departmental records management policies, practices and procedures governing the use, management and maintenance of an ERKS so as to facilitate their early cessation of the print-and-file practice.</p>
	(c) strengthen the system acceptance procedures to ensure that technical issues are identified and resolved prior to system rollout as far as practicable.	<p>GRS will strengthen the system acceptance procedures through early involvement in the development stage of the central ERKS so that all records management requirements and technical issues can be identified and resolved prior to system rollout.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
3.29	The Secretary for Commerce and Economic Development should work closely with GRS to dispense with the print-and-file practice in the Communications and Creative Industries Branch (CCIB).	<p>CCIB submitted an application in August 2020 to GRS to dispense with the print-and-file practice by phases.</p> <p>As the recommendation will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
3.30	The Commissioner of Rating and Valuation should work closely with GRS to dispense with the print-and-file practice in the Rating and Valuation Department (RVD) offices which have implemented ERKS.	<p>RVD has been working closely with GRS and has made good progress in implementing system enhancements to the ERKS to comply with the functional requirements as stipulated by GRS. RVD maintains the aim of obtaining the approval of GRS for dispensing with the print-and-file practice within 2020.</p>

Para. No.	Audit's Recommendations	Progress to Date
3.39	<p>The Government Chief Information Officer should, in order to enhance public accountability –</p> <p>(a) remind B/Ds to fully take into account audit requirements in designing their ERKSs in the service-wide implementation of ERKS; and</p>	<p>OGCIO will take into account audit requirements in designing ERKS in the service-wide implementation to facilitate the Audit to have access to ERKS for audit review.</p>
	<p>(b) make necessary adjustments to the design of user profiles of OGCIO's ERKS to meet audit requirements as far as practicable.</p>	<p>OGCIO has studied the feasibility of making adjustments to the design of user profiles of OGCIO's ERKS to meet audit requirements and will include the adjustments in the future enhancement of OGCIO's ERKS.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
3.40	<p>The Director of Administration should remind B/Ds with ERKS to –</p> <p>(a) identify users with low usage and investigate the reasons for taking appropriate action; and</p>	<p>Action completed. GRS has taken measures to support B/Ds in monitoring the operation and usage of ERKS. ERKS is equipped with functionalities for generation of different records management reports and audit logs for monitoring purpose. GRS has regularly reminded B/Ds to implement a departmental monitoring mechanism for their ERKS through ERKS implementation guidelines and briefings. To further monitor the usage rate of ERKS, GRS has updated in October 2020 the guidelines "A Handbook on Records Management Practices and Guidelines for an Electronic Recordkeeping System" to advise B/Ds on how to set up a systematic monitoring mechanism e.g. through conducting surprise checks and</p>

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		surveys on usage of ERKS. As a proactive approach, B/Ds are encouraged to organise regular trainings for new staff and refresher trainings for existing staff to familiarise them with the functionalities and operation of their ERKS.
	(b) formulate guidelines on the time limit for filing records into ERKS.	<p>Action completed. According to the existing records management principles, records should be captured as soon as possible. GRS has updated in October 2020 the guidelines “A Handbook on Records Management Practices and Guidelines for an Electronic Recordkeeping System” to provide more specific guidelines on the capturing of records under ERKS. Officers are advised that under normal circumstances, records should be captured into ERKS within 30 days and under exceptional circumstances, records could be captured within three months.</p> <p>As the recommendations have been implemented, we suggest deleting this part from the next progress report.</p>
3.46	The Government Chief Information Officer, the Director of Administration and the Commissioner for Efficiency should jointly remind the 11 B/Ds under the ERKS pilot programme to keep in view the merits of migrating to the central ERKS when their ERKSs are due for replacement in future.	The Government appreciates the merits for the 11 B/Ds under the ERKS pilot programme to migrate to the central ERKS. To facilitate future migration, GRS has developed the “Recordkeeping Metadata Standard for the Government of the Hong Kong Special Administrative Region” to ensure that all ERKSs adopted by B/Ds will use appropriate and sufficient recordkeeping metadata in a consistent manner. This will facilitate B/Ds’ exporting of records with the required recordkeeping metadata for system migration.

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		<p>In drawing up the tender document for the service-wide implementation of ERKS, we will make reference to the Director of Audit's recommendation and ensure that migration of ERKS for the 11 B/Ds under the ERKS pilot programme to the central ERKS can be catered for.</p> <p>OGCIO, GRS and EffO will keep in view the need for migrating the ERKS for the 11 B/Ds under the ERKS pilot programme to the central ERKS and continue to render all the necessary support to B/Ds for the migration.</p> <p>As the recommendations will be implemented on an on-going basis, we suggest deleting this part from the next progress report.</p>
Part 4: Archiving of electronic records		
4.20	<p>The Director of Administration should –</p> <p>(a) step up efforts to complete the comprehensive study on long-term preservation of electronic records;</p> <p>(b) consider setting up a mechanism to regularly monitor B/Ds' practices in preserving electronic records; and</p>	<p>The Phase 1 consultancy study on long-term preservation of electronic records commenced in November 2019. GRS will closely monitor the progress to ensure that the study will be completed in 2021 as planned.</p> <p>After completion of the consultancy study, GRS will work with OGCI0 to formulate Government-wide policy, strategies, guidelines and practices to deal with the long-term preservation of electronic records in B/Ds. Based on the results of the consultancy study, GRS will develop a mechanism to monitor B/Ds' practices in preserving electronic records including conducting surveys and on-site visits to B/Ds on a regular basis.</p>

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	(c) formulate a long-term strategy for web archiving in the Government and promulgate guidelines on management of electronic records in web environment.	GRS completed a pilot project on archiving of Government websites in November 2019 with a view to assessing the effectiveness of the work and identifying areas requiring attention. GRS is consolidating the experience from the pilot project, including the cost implications in conducting such exercise on a regular basis and will make reference to overseas experience before formulating a long-term strategy for web archiving in the Government. In addition, GRS is drawing up guidelines on the management of electronic records in web environment taking into account experience and best practices of overseas jurisdictions.

**Intellectual Property Department:
Registration and protection of intellectual property
Progress of Implementing Audit's Recommendations**

Para. No.	Audit’s Recommendations	Progress to Date												
Part 2: Registration of trade marks, patents and designs														
Processing of outstanding applications														
2.32	<p>Audit has recommended that the Director of Intellectual Property (DIP) should –</p> <p>(a) closely monitor and continue to take measures to reduce the backlog of outstanding trade mark applications;</p> <p>(b) take measures to expedite the processing of trade mark applications, with a view to increasing the percentage of trade marks registered within six months from the receipt of their applications;</p> <p>(c) take measures to shorten the time taken to issue the first letters during the deficiencies checking stage for trade mark applications;</p> <p>(d) closely monitor and take measures to reduce the backlog of outstanding patent applications;</p> <p>(e) review the lessons learnt from the implementation and development of the new IT system, and take measures to enhance the planning for future projects;</p> <p>(f) closely monitor the waiting time for hearings and take measures to shorten the time when the situation warrants; and</p>	<p>The Intellectual Property Department (IPD) has put in place various measures to enhance its service delivery. Despite the implementation of various special work arrangements in the fight against the COVID-19 pandemic, solid progress has been made as detailed below –</p> <p>Trade marks</p> <p>(a) the number of outstanding trade mark applications was reduced from the peak of 10 860 in May 2019 to 3 429 in June 2020.</p> <p>(b) the percentage of trade marks registered within six months from the date of receipt of applications increased from 7% in June 2019 to 61% in June 2020.</p> <p>(c) during the period from January to June 2020, the Trade Marks Registry issued 16 279 first letters during the deficiencies checking stage and the time taken to issue the first letters was considerably shortened when compared with the period from January 2018 to October 2019 as detailed below –</p> <table><tr><th>Time taken to issue first letters (day)</th><th>% of applications (2018/19 → 2020)</th></tr><tr><td>0 to 30</td><td>43% → 64%</td></tr><tr><td>> 30 to 60</td><td>31% → 23%</td></tr><tr><td>> 60 to 90</td><td>15% → 8%</td></tr><tr><td>> 90 to 180</td><td>10% → 4%</td></tr><tr><td>> 180</td><td>1% → 1%</td></tr></table>	Time taken to issue first letters (day)	% of applications (2018/19 → 2020)	0 to 30	43% → 64%	> 30 to 60	31% → 23%	> 60 to 90	15% → 8%	> 90 to 180	10% → 4%	> 180	1% → 1%
Time taken to issue first letters (day)	% of applications (2018/19 → 2020)													
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> 90 to 180	10% → 4%													
> 180	1% → 1%													

Para. No.	Audit's Recommendations	Progress to Date
	<p>(g) explore measures to further increase the rate of electronic filing for trade mark applications, for example by –</p> <p>(i) conducting user surveys to ascertain the reasons for the relatively lower rate of electronic filing of trade mark applications, and take measures to address the issues accordingly; and</p> <p>(ii) introducing preferential pricing for electronic filing of trade mark applications in due course.</p>	<p>Patents</p> <p>(d) the numbers of outstanding standard patent applications and short-term patent applications were reduced from 10 798 and 406 in December 2019 to 7 916 (down by 27%) and 307 (down by 24%) respectively in June 2020, despite a significant growth in the number of standard patent applications received in 2020¹.</p> <p>Implementation of IT projects</p> <p>(e) IPD will make the best use of the revamped IT infrastructure to improve future performance. For future IT projects, IPD will aim to achieve better planning in advance to avoid, as far as possible, adverse impact on examination capacity and performance of the Registries. IPD will also conduct regular reviews of the manpower requirements and deploy its resources accordingly.</p> <p>Hearings</p> <p>(f) hearing officers have made special arrangements due to the COVID-19 pandemic with a view to holding scheduled hearings as far as possible. In suitable cases and with the agreement of the parties to the proceedings, hearings were conducted by paper submissions or via telephone conferences. While some physical hearings were held whenever circumstances permitted, others have to be adjourned until a later date. Hearing officers will continue to conduct hearings through all practicable means with a view to shortening the average</p>

¹ The number of standard patents applications increased by more than 7% in the first six months of 2020, compared with the same period of 2019.

Para. No.	Audit's Recommendations	Progress to Date
		<p>waiting time where possible, including fixing more inter partes substantive hearings in the fourth quarter of 2020 when the pandemic situation becomes more stable. IPD will also explore the feasibility of conducting hearings via video conferences.</p> <p><i>Electronic filing</i></p> <p>(g) after introducing a host of user-friendly features in New Integrated IT System (NIS) and system refinements in response to feedback from users, the e-filing rate for trade mark applications had progressively increased from 69% in 2018, 73% in 2019 to 76% in the first half of 2020.</p> <p>IPD will continue to explore further enhancement measures to facilitate the users to file their applications electronically. New features to be added to the NIS include iAM Smart ² and Faster Payment System. IPD will also collect feedback from users of IPD's Public Service Counter for considering appropriate measures to encourage them to go online.</p> <p>A new business management unit will operate in full swing in the first quarter of 2021 to handle fees and charges matters in a dedicated manner, and a fresh costing review of registry operations will be conducted. The feasibility and effectiveness of introducing preferential pricing for e-filing of trade mark applications will be considered as part and parcel of the review.</p>

² iAM Smart is one of the key infrastructure projects for smart city development, allowing Hong Kong residents to use a single digital identity and authentication to conduct government and commercial transactions.

Para. No.	Audit's Recommendations	Progress to Date
		As appropriate follow-up actions to implement Audit's recommendations have been taken or will be implemented on an on-going basis, we propose to delete this part from the next progress report.
<i>Performance measurement and reporting</i>		
2.37	Audit has recommended that DIP should review the coverage of IPD's existing targets on the timeliness of processing trade mark, patent and design applications and consider setting a target on the time taken to issue the first report during examination on formal requirements for patent and design applications	<p>IPD has revised the performance target on "processing standard patent applications within ten days" from 86% to 95% in the 2020-21 Controlling Officer's Report (COR).</p> <p>IPD will regularly review the COR targets, including their coverage taking into account any new initiatives to be implemented as well as the overall manpower situation of the Registries.</p> <p>Notably we have been closely monitoring the workload, performance and timelines of processing trade mark, patent and design applications, and observed in particular a significant growth in the number of standard patent applications in recent years. The case of setting new targets will be critically considered in the light of trends discerned over time and all other material circumstances, optimizing the resources available for best results overall.</p> <p>As the above measure will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
Costing review		
2.44	<p>Audit has recommended that DIP should –</p> <p>(a) ensure that the prevailing government guidelines on fees and charges are complied with; and</p> <p>(b) keep in view the development in the arrangements relating to government fees and charges, and resume conducting fee reviews when appropriate.</p>	<p>IPD has tightened its internal procedures to ensure compliance with all prevailing government guidelines on fees and charges. A new business management unit will handle fees and charges matters in a dedicated manner. IPD will keep in view the development in the arrangements relating to government fees and charges, and resume conducting fee reviews when appropriate.</p> <p>As the above measure will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>
Part 3: Promotion of intellectual property protection		
Publicity and educational activities		
3.11	<p>Audit has recommended that DIP should –</p> <p>(a) step up efforts on promotion of public awareness of intellectual property (IP) protection; and</p> <p>(b) in the light of the results of the Surveys on Public Awareness of Intellectual Property Right Protection (PAIP surveys), review and revise where necessary, the distribution of promotion efforts among the promotion channels for IP protection with a view to achieving the best promotion effect.</p>	<p>(a) IPD has continued to press ahead with its promotion efforts despite the COVID-19 pandemic and many of the planned activities in 2020 were implemented as scheduled through web-based platforms. Examples include the release of promotional videos featuring the World Intellectual Property Day on online platforms (such as Facebook and different websites) in April 2020 and the posting of key milestones on Hong Kong's IP development on IPD's website with an anniversary logo to mark its 30 years of service in July 2020.</p> <p>Further activities in the pipeline for 2020-21 include – (i) launching an Inter-school Online IP Quiz Contest in the fourth quarter of 2020; (ii) producing television and</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>radio Announcements of Public Interest (API); and (iii) conducting the PAIP survey.</p> <p>(b) Channels perceived to be most effective for promoting IP protection in the PAIP survey 2018 are television, IPD's website, emails and other websites (including the social media). As such, IPD's promotion activities in 2020-21 have been enhanced by – (i) allocating a larger portion of the advertising budget on social media, online news websites and mobile applications; (ii) releasing the API on both television and online platforms; and (iii) revamping and modernizing IPD's website to make it more user-friendly.</p> <p>As appropriate follow-up actions to implement Audit's recommendations have been taken or will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>
<i>Administration of the No Fakes Pledge Scheme</i>		
3.33	<p>Audit has recommended that DIP should –</p> <p>(a) explore potential trade associations and organisations and invite them to become new issuing bodies (IBs) of the No Fakes Pledge (NFP) Scheme with a view to boosting the membership of the NFP Scheme;</p> <p>(b) keep in view the trend of online shopping and boost the coverage of the NFP Scheme among online shops as far as possible;</p>	<p>As coordinator of the NFP Scheme, IPD held an annual review meeting with the IBs in June 2020 and agreed to take forward a number of initiatives as detailed below –</p> <p>(a) IPD and the IBs will continue to identify potential trade associations of good standing to join the NFP Scheme as new IBs with a view to expanding the membership of the NFP Scheme.</p> <p>(b) in view of the increasing trend of online shopping, the NFP Scheme was extended to online shops in 2018. The number of online</p>

Para. No.	Audit's Recommendations	Progress to Date
	<p>(c) in collaboration with the IBs, expedite the membership renewal for the participating merchants and shops of the NFP Scheme as far as possible;</p> <p>(d) promulgate procedure guidelines on returning expired No Fakes (NF) stickers or tent cards to IBs for disposal;</p> <p>(e) take measures to prevent misuse of the NF logo on promotional materials by shops which are not members of the NFP Scheme;</p> <p>(f) in collaboration with the Customs and Excise Department (C&ED), take measures to ensure that prompt follow-up actions are taken against participating merchants of the NFP Scheme upon raid operations for IP rights infringement; and</p> <p>(g) take measures to improve the accuracy of the information provided by the NFP App.</p>	<p>shops increased by 77% in 2019 and a further 30% in the first seven months of 2020. IPD will continue to promote the NFP Scheme among online shops.</p> <p>(c) IPD and the IBs have agreed to advance the timeframe and refine the procedures to facilitate timely renewal of membership.</p> <p>(d) IPD and the IBs have tightened the procedural guidelines for members to return expired NF stickers and tent cards to the IBs for disposal. Any member of the NFP Scheme who fails to return expired NF stickers and tent cards will be required to provide proof of own disposal or a written declaration of the default reason to the relevant IB. Uncooperative merchants will not be allowed to renew its membership in the following year.</p> <p>(e) For merchants who are not members of the NFP Scheme, as explained in para. 3.24 in the Audit Report, a cease and desist letter would be issued to the infringing retailer demanding it to take down the infringing logo and refrain from all infringement act. For persistent infringement, IPD will work with the Department of Justice to institute legal proceedings against the infringers in appropriate cases. IPD would commission a contractor to conduct random site visits to retail shops in end 2020 to monitor the implementation of the NFP Scheme.</p> <p>(f) IPD and C&ED have worked out a refined notification mechanism for timely communication of raids and enforcement actions taken against</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>members of the NFP Scheme. The refined mechanism has been working well with no further case of delay in information sharing observed.</p> <p>(g) IPD has been working closely with the contractor of the NFP App to ensure accuracy of the information provided. No further anomaly has been observed since July 2020.</p> <p>As appropriate follow-up actions to implement Audit's recommendations have been taken or will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>
<i>Management of the IP Manager Scheme</i>		
3.43	<p>Audit has recommended that DIP should –</p> <p>(a) step up efforts to boost the attractiveness of the IP Manager Scheme and to promote the Scheme; and</p> <p>(b) explore further measures to boost the attendance rate of the training programme under the IP Manager Scheme.</p>	<p>(a) IPD has enhanced the content of the IP Manager Scheme training programmes with more breadth and depth in various IP issues to cater for the specific career needs of IP Managers with varied experiences and at different levels. An education service provider has been appointed to advise on the content and format of the training programmes and the means to reach out to more potential participants. The enhanced IP Manager Scheme PLUS is expected to be launched in the fourth quarter of 2020. IPD has also allocated more resources for promotion on online platforms.</p> <p>(b) To boost the attendance rate of the training programmes, IPD has stepped up its promotion efforts to targeted participants. The appointed education service provider will also promote the training programmes to wider</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>sectors of potential participants, including its member institutes, alumni and training boards of different industries and students. Some of the training programmes will be conducted by webinars as part of the social distancing measures. At the same time, IPD would also take the opportunity to gauge participants' receptiveness to alternative modes of delivery of the programmes. Timely reminders will also be sent to registrants to attend scheduled training programmes.</p> <p>As appropriate follow-up actions to implement Audit's recommendations have been taken, we propose to delete this part from the next progress report.</p>
Part 4: Administrative issues		
<i>Administration of outsourcing contracts</i>		
4.16	<p>Audit has recommended that DIP should –</p> <p>(a) in conducting tender exercises for the procurement of outsourced services, set evaluation criteria that dovetail with the new pro-innovation government procurement policy and the Financial Circular No. 2/2019;</p> <p>(b) conduct market research or non-binding expression of interest (EOI) exercises for tender exercises with a view to ascertaining the market supply of the services required; and</p>	<p>(a) and (b)</p> <p>All tenders issued by IPD on or after 1 April 2019 were strictly in accordance with the pro-innovation government procurement policy. IPD will regularly review its operational needs, particularly in relation to Office Operation Services ³ and should outsourced services be procured in future, IPD will conduct market research or non-binding EOI exercise where necessary to identify and ascertain the availability of potential service providers.</p> <p>(c) In line with Audit's recommendation, all Management Committee meetings and business review meetings have been held at</p>

³ Office Operation Services include front office service for a public counter (e.g. receipt of applications and supply of forms and printed guides), and back office service for providing clerical support mainly to the Trade Marks, Patents and Designs Registries. See para. 4.2(c) in Chapter 5 of Audit Report No. 74.

Para. No.	Audit's Recommendations	Progress to Date
	<p>(c) take measures to strengthen the monitoring of the contractor's performance –</p> <p>(i) state clearly in the contract the requirements relating to the frequency of Management Committee meetings and business review meetings;</p> <p>(ii) ensure that all Management Committee meetings and business review meetings are conducted in a timely manner to facilitate monitoring the contractor's performance and taking timely remedial actions; and</p> <p>(iii) enhance the guidelines on monitoring the contractor's performance to facilitate checking of the performance reports prepared by the contractor.</p>	<p>intervals of less than three months since December 2019. IPD will continue to review the contractor's performance and take timely remedial actions when required. IPD will ensure that future contractual provisions would be clear to avoid any ambiguity as far as practicable.</p> <p>To strengthen the monitoring of the contractor's performance, IPD will formulate more detailed guidelines on the review of performance reports provided by the contractor.</p> <p>As appropriate follow-up actions to implement Audit's recommendations have been taken or will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>
<i>Human resources management – Prolonged employment of some Non-Civil Service Contract (NCSC) staff</i>		
4.24	Audit has recommended that DIP should phase out the NCSC positions with prolonged employment and replace them by civil service posts as soon as possible.	<p>IPD will continue its progressive efforts to replace the NCSC positions by civil service posts where appropriate while minimising the impact on promotion and public education work.</p> <p>As the above follow-up action will be implemented on an on-going basis, we propose to delete this part from the next progress report.</p>

Management of insolvency services
Progress of Implementing Audit's Recommendations

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Administration of in-house insolvency services		
<i>Administration of casework</i>		
2.27	<p>Audit has recommended that the Official Receiver should –</p> <ul style="list-style-type: none"> (a) 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; (b) specify more clearly in the COR the performance target for completion of procedures for distribution of dividends; (c) formulate effective strategies for clearing the 200 pre-2002 long outstanding insolvency cases as soon as practicable; (d) formulate effective strategies for handling bankruptcy cases involving landed properties; (e) take measures to expedite the resolution of complex legal issues encountered in the administration of insolvency cases; and (f) 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 	<p>The Official Receiver's Office (ORO) has –</p> <ul style="list-style-type: none"> (a) continued to closely monitor the 18-month target achievement rate and has already reviewed the common problems/difficulties that are holding up cases, and will promulgate additional specific guidelines or internal circulars for case officers to help progress the cases; (b) revised the performance target which will be set out in the next COR to be released in 2021 to specify more clearly the starting point for counting the target processing time for completing the dividend distribution; (c) compiled a list of all remaining pre-2002 cases and reviewed each case. Of the 200 pre-2002 insolvency cases identified in the Audit Report, 25 cases had already been concluded as at early August 2020 and according to the review, it is expected that further 62 cases can be completed by end 2020. <p>For the remaining 113 pre-2002 cases, 15 cases had already been reviewed by Case Administration Meeting (CAM) as at early August 2020. The other remaining cases will be referred to CAM for review and development of focused strategies to conclude them as soon as possible;</p>

Para. No.	Audit's Recommendations	Progress to Date
	Liquidation Account and the Bankruptcy Account where appropriate in a timely manner.	<p>(d) continued to refine and develop strategies to handle the outstanding landed properties, and has also stepped up efforts in exploring ways to resolve the issues involved in the cases, for example, liaising with stakeholders and relevant parties including financial creditors and the Hong Kong Housing Authority, and will critically review the outstanding cases having regard to their unique circumstances;</p> <p>(e) put in place performance pledge for the Legal Services Division 1 to provide timely legal advice on all cases referred and resolved over half of the complex legal issues affecting the administration of insolvency cases. Except for one issue concerning a bankrupt's interest in a mandatory provident fund or a provident fund that may take longer to resolve and may require possible application to court for direction, it is targeted to resolve the remaining complex legal issues in stages by end 2020; and</p> <p>(f) continued 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. ORO has also introduced enhancement to the procedure for opening suspense accounts to strengthen control.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
Part 3: Monitoring of private insolvency practitioners		
<i>Management of outsourcing schemes</i>		
3.18	<p>Audit has recommended that the Official Receiver should –</p> <ul style="list-style-type: none"> (a) implement the procedures on conducting quality audits for the Panel T scheme as soon as practicable; (b) remind the Financial Services Division to take measures to ensure that the target coverage of field audits is met; (c) keep in view the need of issuing warning letters for Private Insolvency Practitioners' (PIPs) unsatisfactory performance including any prolonged delay in the submission of preliminary examination questionnaires (PEQ) in future; (d) take measures to enhance the reporting and recording of unsatisfactory conduct or performance of PIPs; (e) ensure that the registers of unsatisfactory conduct of PIPs are maintained properly; and (f) make continuous improvement in monitoring the performance of PIPs. 	<ul style="list-style-type: none"> (a) ORO has formulated the detailed procedures and logistics for quality audits to be conducted, and will arrange internal and external briefings for staff and stakeholders with a view to conducting quality audits from the first half of 2021. (b) The Financial Services Division of ORO has already revised the process for selecting cases for field audit to ensure that the target coverage will be met. (c) ORO has reviewed 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. The present mechanism for issuing warning letters to PIPs ensures that unsatisfactory performance of the PIPs will result in the issuance of a warning letter unless, after full consideration of the reasons for non-compliance, the ORO accepts that there were genuine difficulties faced by the PIPs in completing the PEQ in individual cases. ORO considers the process fair and reasonable, and will continue monitoring the process and introduce appropriate measures where necessary. (d) To ensure that the registers of unsatisfactory conduct of PIPs are maintained in a more comprehensive and timely manner,

Para. No.	Audit's Recommendations	Progress to Date
		<p>ORO has reviewed and enhanced the existing reporting and recording of unsatisfactory conduct or performance of PIPs, including consolidating the existing four registers into one and refining the relevant procedures and processes.</p> <p>(e) Guidelines for reporting unsatisfactory conduct of PIPs have been revised and updated. A mechanism for referring substantiated or partially substantiated complaints/allegations against PIPs to the Compliance and Regulatory Section for recording and necessary follow-up actions has also been put in place.</p> <p>(f) ORO has been regularly reviewing and seeking continuous improvement on its monitoring and regulatory mechanism for PIPs. In addition, ORO will introduce an electronic submission system to, inter alia, facilitate submission of various documents from PIPs and automate certain monitoring processes, thus enhancing the corresponding monitoring and regulatory work of ORO.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>
<i>Accounts submitted by private insolvency practitioners</i>		
3.26	Audit has recommended that the Official Receiver should review and enhance –	

Para. No.	Audit's Recommendations	Progress to Date
	<p>(a) the follow-up actions taken on long overdue accounts from PIPs; and</p> <p>(b) the current procedures on the examination/checking of accounts from PIPs.</p>	<p>(a) ORO has reviewed the current mechanism for submission of accounts from PIPs and aims to revise the process of the issuance of warning letters to PIPs for outstanding accounts by end 2020.</p> <p>(b) ORO has reviewed the current procedures for the examination/checking of accounts and will adopt a new mechanism, namely a risk-based approach, in selecting cases with substantial assets realised for detailed checking of the accounts submitted by PIPs, and aims to implement the revised procedures by end 2020.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>
Part 4: Way forward		
<i>Modernisation of insolvency provisions</i>		
4.12	<p>Audit has recommended that the Secretary for Financial Services and the Treasury should, in collaboration with the Official Receiver –</p> <p>(a) take action to introduce the bill on corporate rescue procedure and insolvent trading provisions into the LegCo in a timely manner; and</p> <p>(b) continue to consider how to take forward the domestic cross-border insolvency legislation and conduct public consultation as appropriate.</p>	<p>(a) FSTB is further engaging stakeholders to discuss specific legislative proposals in order to finalise the bill on corporate rescue procedure and insolvent trading provisions. It plans to introduce the bill into the LegCo in the 2020-21 legislative session.</p> <p>(b) FSTB and ORO will consider how to take forward the domestic cross-border insolvency legislation on the basis of the Model Law on</p>

Para. No.	Audit's Recommendations	Progress to Date
		Cross-Border Insolvency of the United Nations Commission on International Trade Law.
<i>Alternative to personal bankruptcy</i>		
4.22	Audit has recommended that the Official Receiver should further explore with stakeholders to determine what additional measures can be introduced to facilitate the use of individual voluntary arrangement (IVA) in Hong Kong.	<p>ORO has continued taking steps to inform members of public of the consequences of bankruptcy as well as possible alternatives to bankruptcy, including IVA. Some specific frequently asked questions on the relevant aspects of IVA have already been put on the ORO's website. Posters with information on IVA have been produced to increase the public awareness of that option as an alternative to bankruptcy. ORO has also recently produced an information slideshow, which can be viewed in the ORO public waiting area as well as the website, to give additional information on alternatives to bankruptcy so as to educate the public on the options.</p> <p>ORO will continue to engage stakeholders (e.g. financial creditors, PIPs and the relevant professional bodies such as the Hong Kong Institute of Certified Public Accountants, The Law Society of Hong Kong and Hong Kong Institute of Chartered Secretaries) and explore additional measures to facilitate wider use of IVA in Hong Kong, 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 IVA.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
<i>Deployment of manpower of Official Receiver's Office</i>		
4.28	<p>Audit has recommended that the Official Receiver should –</p> <p>(a) 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 the coming period; and</p> <p>(b) conduct a cost-and-benefit analysis in planning the implementation of the information technology projects.</p>	<p>(a) ORO will complete a strategic review on future manpower deployment by the first half of 2021 to cope with backlog cases and other anticipated needs. This will include the implementation of those projects proposed in the Departmental Information Technology Plan Study commenced in 2018.</p> <p>(b) ORO has always kept in view the costs and benefits in planning and implementation of information technology projects and will continue to do so.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>
<i>Review of fees structure of Official Receiver's Office</i>		
4.36	<p>Audit has recommended that the Official Receiver should explore measures to minimise the impact of the fluctuating cost recovery rates on fee charging.</p>	<p>ORO has completed a preliminary review comparing its fees structure with other jurisdictions and is considering the best possible options for minimising the impact of the fluctuating cost recovery rates on fee charging with a view to completing the review by the first half of 2021.</p> <p>As follow-up actions have been taken and will continue on an ongoing basis, we propose to delete this part from the next progress report.</p>

Management of short term tenancies by the Lands Department
Progress in implementing the Audit's recommendations

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Granting and Renewal of Short Term Tenancies		
2.16	<p>Audit has recommended that the Director of Lands should –</p> <p>(a) strengthen measures to ensure that adequate and timely actions are taken by the Lands Department (LandsD) staff in following up the granting of short term tenancy (STT) sites, including the processing of STT applications and ensuring the fulfilment of the related tenancy conditions for granting the STT (including the case identified by Audit in para. 2.6);</p> <p>(b) consider setting a time target for processing STT applications;</p>	<p>LandsD has taken/will pursue the following measures –</p> <p>(a) and (b) LandsD is considering the appropriate time target to be set for processing STT applications. In the event that STT applications are not completed within the time target, the relevant District Lands Officer's personal attention should be required for follow-up actions.</p>
	<p>(c) provide guidelines for processing applications involving applicants with no capacity to sign tenancy agreements and handling of STT applications with lack of policy support from the relevant policy B/Ds;</p>	<p>In May 2020, LandsD issued additional guidelines advising the District Lands Offices (DLOs) to obtain information from applicants who are not applying in a personal capacity (e.g. those applying in the capacity of an organisation) on their legal capacity to sign tenancy agreements as early as possible upon receiving applications for STTs from this type of applicants.</p> <p>For applications without policy support, DLOs have been advised to reject the applications immediately and advise the applicant to contact the relevant B/Ds directly if he or she would like to know more about the reasons of these B/Ds not supporting the application.</p>

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation has been implemented, we recommend deleting this part from the next progress report.
	(d) take measures to ensure that the tenant complies with tenancy requirements (including the related fire service requirements) before commencement of operation;	<p>LandsD issued additional guidelines in May 2020 to DLOs to require tenants to fulfill the tenancy requirements within the period specified in the tenancy agreements. The STT will be terminated if the tenant fails to comply with the relevant conditions without reasonable justifications.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	(e) consider providing further guidelines on demanding deposits from non-profit-making or charitable organisations for STTs involving erection of permitted structures; and	To ensure consistency and considering that such STTs are supported by the relevant policy bureau for promoting specific policy objectives, LandsD issued guidelines in September 2020 to waive the requirement of deposit for all STTs granted at nominal rent to non-profit-making or charitable organisations. The deposit waiver was previously applied only to some of these STTs at the District Lands Officer's discretion, on the consideration of safeguarding the Government against the cost which might be incurred for demolition of structures erected on the STT site. On review, it was considered that the deposit waiver can be applied across-the-board to STTs granted at nominal rent to non-profit-making or charitable organisations, as the requirement for removal of structures erected on the STT site at the tenant's expense and in all respect to the satisfaction of the District Lands Officer will continue to be incorporated in the tenancy conditions where appropriate. If the ex-tenant fails to

Para. No.	Audit's Recommendations	Progress to Date
		<p>remove the structures upon termination of the STT, the relevant DLO will take follow-up actions, including legal actions where appropriate in accordance with the tenancy agreement. Track record of the organisation in its past tenancies will also be taken into account when the DLO processes STT applications from the same organisation in future.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	<p>(f) consider setting a time frame for publishing tenancy information of all STTs granted on GeoInfo Map.</p>	<p>LandsD has since December 2018 been uploading to the GeoInfo Map the information on newly granted STTs (either by open tender or direct grant) or those with regular review conducted on or after 1 January 2018, based on a disclosure clause under the respective tenancy agreements. For the remaining STTs, the disclosure clause will progressively be incorporated in the tenancy agreements upon the regular review of STTs conducted at an interval of three to five years. Given the regular review cycle of STTs, LandsD aims to publish information of all STTs on the GeoInfo Map by 2023.</p> <p>As the recommendation has been implemented and the publishing of STT information on the GeoInfo Map will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
2.25	<p>Audit has recommended that the Director of Lands should –</p> <p>(a) ensure that LandsD staff –</p> <ul style="list-style-type: none"> (i) analyse the reasons for allowing the same tenants to continue their STTs for a long time; (ii) ascertain whether the statutory planning requirements regarding temporary or short-term uses of land are met; and (iii) do so regularly with results provided to senior management for monitoring purpose; 	<p>LandsD has taken/will pursue the following measures –</p> <p>LandsD analysed the reasons for continuation of the relevant STTs and set out the findings in the reply to the PAC dated 4 June 2020. As explained in the reply, LandsD would continue to consult relevant B/Ds, including the Planning Department, on the details of each proposed STT grant, including, among others, the length of the tenancy term, before letting out the STTs, to ensure compliance with the requirements under respective administrative and statutory regimes, including the town planning requirements.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
	<p>(b) ensure that site inspections are conducted for rental review purpose in accordance with LandsD guidelines; and</p>	<p>LandsD issued additional guidelines to DLOs in May 2020 which required them to conduct an additional one-off stock-taking exercise for all STT cases to work out an inspection programme for those STTs that are due for inspection for approval by the senior management and will complete the inspection in accordance with the programme.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	<p>(c) consult the relevant policy B/Ds on the need to obtain regular information about the tenants' operations and incorporate this as a tenancy requirement for STTs directly granted for non-profit-making purposes.</p>	<p>As a standard practice, LandsD will consult relevant B/Ds on the need of obtaining information about tenants' operations and include as appropriate the relevant requirements in the tenancy agreement of the STT to facilitate the monitoring by relevant B/Ds.</p>

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
Part 3: Monitoring of Tenancy Conditions		
3.5	Audit has recommended that the Director of Lands should take measures to ensure that LandsD staff conduct site inspections as required and improve their effectiveness (e.g. conducting inspections outside office hours if situation warrants).	<p>LandsD reminded all DLOs in September 2020 to carry out site inspections in relation to STTs effectively. In particular, if the complaint about potential breach of tenancy conditions took place in weekends or holidays, DLO staff should carry out site inspections outside office hours as necessary.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
3.12	<p>Audit has recommended that the Director of Lands should –</p> <p>(a) strengthen enforcement actions against breaches of STT conditions (including the cases identified by Audit in para. 3.9); and</p> <p>(b) take measures to ensure that applications for rectification of breaches of STT conditions are processed promptly and enforcement actions are taken in the event the applications are not approved (including the case identified by Audit in para. 3.11).</p>	<p>LandsD is drawing up guidelines to implement the following measures –</p> <p>(i) A centralised database of tenants with poor performance will be kept. The information will be taken into account when processing STT applications in future. Warning letters issued to the relevant tenants who breached STT conditions will also be kept in this centralised database.</p> <p>(ii) For tenants of direct grant STTs let at market level rent who have been issued three or more warnings during the past three years, DLO will be given the discretion to charge a penalty deposit up to three times of the normal deposit to ensure compliance of conditions.</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>(iii) DLOs have been reminded to duly prioritise enforcement cases such that more serious breaches involving public safety to life and properties or considerable revenue loss, as well as high profile cases with public concerns, etc., should be dealt with promptly and efficiently.</p> <p>(iv) To facilitate timely processing of applications for regularisation as a means of rectification of breaches of STT conditions, target time frame for completion of processing by DLOs will be set. Should the tenant fail to submit necessary information for processing within a specified time period, DLOs will consider rejecting the applications and requiring the tenants to rectify the breaches within a specified time period. Further extension of rectification deadline will only be given by LandsD Headquarters where very strong justifications are provided.</p>
3.19	<p>Audit has recommended that the Director of Lands should take measures to –</p> <p>(a) ensure the completeness and accuracy of STT information in the Tenancy Information System (TIS); and</p> <p>(b) make better use of information technology (e.g. TIS or other related computer systems) for providing management information for monitoring the management of STTs.</p>	<p>As an interim measure, the TIS is being modified to enhance the accuracy and completeness of its records. DLOs have also been reminded to update their respective cases in TIS in a timely and accurate manner to facilitate monitoring of the granting and renewal of STTs. LandsD will engage a consultant on the revamp of TIS. The revamp exercise of TIS for monitoring the management of STTs is estimated to be completed in three years.</p>

Para. No.	Audit's Recommendations	Progress to Date
Part 4: Management of Vacant Government Sites suitable for short term tenancy use		
4.11	<p>Audit has recommended that the Director of Lands should –</p> <ul style="list-style-type: none"> (a) make continued efforts to ensure the completeness and accuracy of lists of vacant government sites (VGSs) suitable for STT use; (b) early complete the reviews on suitability for STT use of the sites identified by Audit in para. 4.5(b) and 4.6(c); (c) improve the documentation of – <ul style="list-style-type: none"> (i) the selection criteria for VGSs suitable for STT use as endorsed by the District Review Boards (DRBs); and (ii) the decisions of DRBs on the suitability of VGSs for STT use; and (d) make better use of information technology to record information of VGSs suitable for STT use (e.g. exploring the feasibility to incorporate information relating to VGSs suitable for STT use in TIS or other related computer systems) with a view to enhancing the provision of management information for monitoring purposes. 	<p>(a) to (c)</p> <p>In January 2020, LandsD fine-tuned and elaborated the guidelines regarding the overall management of VGSs and the assessment criteria for identifying sites suitable for STT. In May 2020, DLOs were reminded to hold DRB meetings on a regular basis and to document the decisions at DRB meetings, including categorising VGSs with reasons and justifications in the minutes of DRB meetings.</p> <p>LandsD has completed the review on all VGSs on their suitability for STT use, including the 67 sites and 13 sites identified by Audit in para. 4.5(b) and 4.6(c) respectively.</p> <p>As the recommendations have been implemented, we recommend deleting this part from the next progress report.</p> <p>LandsD will engage a consultant on the revamp of TIS and records of VGSs. The revamp exercise is estimated to be completed in three years.</p>

Para. No.	Audit's Recommendations	Progress to Date
4.18	<p>Audit has recommended that the Director of Lands should, with a view to putting VGSs suitable for STT use to beneficial use –</p> <ul style="list-style-type: none"> (a) consult the B/Ds concerned on applications for temporary use of VGSs suitable for STT use and reserved for development; (b) fully explore with the B/Ds concerned possible ways of addressing their concerns in considering applications for temporary use of VGSs suitable for STT use and reserved for development; and (c) consider using the co-management arrangement to put VGSs suitable for STT use to beneficial use as and when appropriate. 	<p>LandsD reminded DLOs in May 2020 to seek comments from B/Ds responsible for the projects under planning before considering the applications for VGS where the sites are reserved for specific development programmes. Where B/Ds concerned express concerns on the application, DLO would explore with them on the possible way forward. LandsD has also required DLOs to explore the arrangements of co-management for VGSs as and where appropriate, in which the facilities are co-managed by various B/Ds responsible for different operational matters under their respective purview, when considering applications for temporary use of VGSs reserved for permanent development.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
4.19	<p>Audit has recommended that the Secretary for Development should, in collaboration with the Director of Lands, keep under review the effectiveness of the “Funding Scheme to Support the Use of Vacant Government Sites by Non-Government Organisations” (Funding Scheme) and enhance publicity as and when needed with a view to making better use of VGSs suitable for STT use and of no general commercial interest to the public by non-governmental organisations.</p>	<p>LandsD will continue collaborating with Development Bureau in publicising the Funding Scheme and enhancing its effectiveness.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
4.32	<p>Audit has recommended that the Director of Lands should –</p> <p>(a) take measures to improve the site management of VGSs suitable for STT use, including –</p> <p>(i) taking timely enforcement actions against unauthorised occupation of VGSs suitable for STT use; and</p> <p>(ii) making continued efforts to ensure that the site management problems at Site C are timely resolved; and</p>	<p>LandsD in September 2020 issued additional guidelines requiring DLOs to take timely land control enforcement actions and to deploy guarding services where necessary in accordance with the guidelines. In addition, DLOs are advised to consider deploying unmanned aerial vehicles and/or other technology devices such as installation of closed-circuit television for facilitating the management of VGSs, especially for those black spots at remote locations with access difficulties.</p> <p>The management problems of Site C have been resolved. Repair works, weeds cutting and removal of objects from site were completed in March 2020. A 24-hour security guard has been put in place since April 2020. Inspection on 25 May 2020 revealed that there was no unauthorised occupation of Government land.</p> <p>As the recommendation has been implemented, we recommend deleting this part from the next progress report.</p>
	<p>(b) take measures to improve the disclosure of information relating to VGSs suitable for STT use on the Government's GeoInfo Map web page (e.g. providing more comprehensive site condition information) with a view to facilitating interested parties in making STT applications.</p>	<p>LandsD is compiling information on site conditions of VGSs and will publish the information in a more consistent and user-friendly format to facilitate interested parties in making STT applications.</p>

**Provision and management of Community Green Stations
Updated Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to Date
Part 2: Provision of Community Green Stations		
<i>Development of Community Green Stations</i>		
2.7	<p>Audit has recommended that the Director of Environmental Protection should make continued efforts to address the challenges faced in the development of the remaining Community Green Stations (CGSs) (including identification of suitable sites) and expedite actions in exploring alternative ways to deliver core CGS services for districts with no CGSs.</p>	<p>The Environmental Protection Department (EPD) will continue to identify suitable sites for development of CGSs in the remaining six districts. Meanwhile, EPD is working to expand the network of Community Recycling Centres (CRCs) to cover the entire territory. It can also serve as a temporary alternative for districts with no CGSs to deliver the core functions of CGSs, including the provision of community recycling and environmental education support. CRCs are operated by non-profit making organisations with funding from the Government. 22 CRCs will commence operation progressively starting from end October. The new CRCs will provide similar community recycling support as CGSs. For instance, CRCs accept all eight types of recyclables currently accepted by CGSs. In addition, CRCs are progressively setting up regular kerb-side collection points in their serving districts with a view to providing more convenient recycling outlets to the community.</p> <p>Separately, EPD has obtained the support of CGS operators adjacent to two of the districts without CGS (i.e. Tsuen Wan District and North District) to provide off-site educational support in those two districts. EPD plans to progressively engage other CGS/CRC operators to provide educational support to the remaining four districts</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>without CGS (i.e. Southern, Central & Western, Kowloon City and Yau Tsim Mong).</p> <p>EPD is also expanding its outreaching services to the six districts without CGS. The outreaching team will provide on-site technical support to property management companies and residents of housing estates/buildings in promoting and implementing waste separation and clean recycling.</p> <p>As the recommendations have been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
Management of works projects		
2.22(a)	Audit has recommended that the Director of Architectural Services should monitor the works progress and endeavour to complete the works as soon as practicable in implementing the construction works of CGS projects.	In implementing the remaining CGS projects, the Architectural Services Department (ArchSD) will closely monitor the works progress and endeavour to complete the works as soon as practicable according to programme, and will share the experience learnt from the CGS projects with its staff and remind them to timely and proactively liaise with relevant authorities/parties involved for timely issuance of the necessary approvals by the relevant authorities/parties for future CGS projects.
2.22(b)	Audit has recommended that the Director of Architectural Services should strengthen actions to ensure that contractors comply with the contract requirements of carrying out construction works after approval of the related drawings and in accordance with the approved drawings.	ArchSD will share the experience learnt from the case of Sham Shui Po CGS with its staff and will also remind its staff to strengthen monitoring actions on the contractor's site works and take appropriate actions including (1) avoiding works being carried out before approval of relevant design drawings; (2) ensuring works in compliance with various approved

Para. No.	Audit's Recommendations	Progress to Date
		<p>design drawings; and (3) early identification of any design conflicts through better coordination, in implementing the construction works of future CGS projects. If the performance of the contractor is unsatisfactory, warning letter will be issued timely to demand immediate improvement by the contractor. Its performance will also be duly reflected in the performance reports. If persistently poor performance is observed, actions will be taken as per the established procedures stipulated in the Contractor Management Handbook, such as temporary suspension from tendering.</p>
2.22(c)	<p>Audit has recommended that the Director of Architectural Services should draw lessons from the problems of water leakage and toilet flushing at Sha Tin CGS and stagnant water at Eastern CGS with a view to improving the implementation of CGS projects.</p>	<p>ArchSD will share its experience gained with its staff with a view to improving the implementation of future CGS projects.</p> <p>In the implementation of subsequent CGS projects, roof systems of higher grade have been adopted instead of this type of simple roof systems to enhance their reliability especially in waterproofing performance.</p>
2.22(d)	<p>Audit has recommended that the Director of Architectural Services should in collaboration with the Director of Environmental Protection, liaise closely with CGS operators on proposed works at CGSs with a view to improving communications.</p>	<p>In handling future repair requests which might involve enhancement works at CGS, ArchSD will coordinate with EPD in liaising closely with CGS operators for early finalisation of the proposal and completion of the works required.</p> <p>Enhancement works have been included as a regular agenda item in the communication meetings between EPD and ArchSD for effective following up.</p> <p>EPD has established a new communication platform with all CGS operators. They will be provided with</p>

Para. No.	Audit's Recommendations	Progress to Date
		<p>updates on the development and implementation of new works at CGSs through this platform.</p> <p>As the recommendations have been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
Part 3: Services Provided by Community Green Stations		
<i>Environmental educational services</i>		
3.15(a)	<p>Audit has recommended that the Director of Environmental Protection should early complete the review of the minimum quantity requirements for educational events, having regard to CGS operation and the need of local residents for such services.</p>	<p>EPD has completed a review of the minimum quantity requirements for educational events. The review suggests that it is more pragmatic to adopt an overall target for on-site and outreach educational events, having regard to the practical situations faced by CGS operators and the change of prevailing demand of local residents for such services from time to time.</p> <p>The new approach has been incorporated into the latest contract specifications.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
3.15(b)	<p>Audit has recommended that the Director of Environmental Protection should share among CGS operators their experience in providing educational services (e.g. difficulties encountered) with a view to facilitating them to provide such services.</p>	<p>EPD will arrange annual workshops for all CGS operators to share their experience in the preceding year. The first one will be held in early 2021. The operators concerned in the particular cases mentioned in the Audit Report will be invited to share their practical experience, and highlight, for instance, the importance of allowing sufficient time to complete a special community event for collection and subsequent distribution of second hand items.</p>

Para. No.	Audit's Recommendations	Progress to Date
3.15(c)	Audit has recommended that the Director of Environmental Protection should disseminate the methodology in counting the number of educational events held by CGSs to EPD staff and CGS operators, with a view to standardising the practice and facilitating CGS operators' organisation of such events.	<p>EPD has reviewed the current counting methods taking into account the experience of different CGSs, and developed a set of updated counting method for incorporation into latest contract specifications.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
3.15(d)	Audit has recommended that the Director of Environmental Protection require CGS operators to conduct feedback surveys of participants for educational events held (e.g. including the requirement of conducting feedback surveys in operating contracts).	<p>EPD has incorporated the requirement of conducting feedback surveys for regular education events (where the participants will stay for around one hour), as well as other applicable types of educational events, in latest contract specifications.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<i>Recyclables collection services</i>		
3.33(a)	Audit has recommended that the Director of Environmental Protection should keep under review the minimum tonnage requirements for collection of recyclables, having regard to the operation of and difficulties encountered by CGS operators.	<p>EPD has reviewed the minimum tonnage requirements for collection of recyclables, taking into account the common difficulties encountered by operators during the initial contract period. We found that the first year targets were in general too aggressive, having regard to the lead time for commissioning of initial operation. EPD will reduce the minimum tonnage requirements for the first year while maintaining the overall three-year requirements unchanged in future contracts. The new approach has been adopted in the latest tenders invited in October 2020.</p>

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.
3.33(b)	Audit has recommended that the Director of Environmental Protection should encourage CGS operators to publicise the collection services for different types of recyclables.	<p>In collaboration with CGS operators, EPD has launched a “Reduce & Recycle 2.0” campaign since June 2020 to promote the collection of eight types of recyclables by CGSs, namely paper, metals, different types of plastics (including styrofoam), glass containers, fluorescent lamps and tubes, rechargeable batteries, small electrical appliances and regulated waste electrical and electronic equipment.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
3.33(c)	Audit has recommended that the Director of Environmental Protection should require CGS operators to include the calculation of the coverage rate of housing collection points in the annual summaries of monthly reports for EPD's verification.	<p>EPD has incorporated the requirement in the latest contract specifications.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
3.33(d)	Audit has recommended that the Director of Environmental Protection should expedite the review on the approach for provision of mobile collection points at public places to collect recyclables with a view to better serving the local community's waste recycling need.	EPD has completed the review, which suggests that setting up fixed-time-fixed-location recyclables collection points at public places is an effective means to serve waste recycling needs of local communities. EPD will progressively set up a network of such recyclables collection points throughout Hong Kong.

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.
3.33(e)	Audit has recommended that the Director of Environmental Protection should review the seven-day maximum storage specification for storage of recyclables, having regard to the latest operating conditions of CGSs and hygiene conditions of recyclables stored therein.	<p>EPD has completed the review of relevant general contract specifications. The 'seven-day maximum storage rule' has been removed from the latest contract specifications. A more general requirement to maintain environmental hygiene in CGS operations has been retained.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<i>Visitors' patronage of Community Green Stations</i>		
3.44(a)	Audit has recommended that the Director of Environmental Protection should review the effectiveness of CGS operators' methodologies for counting the number of visitors with a view to enhancing the counting methodologies.	EPD has invited the CGS operators to explore and adopt an effective and consistent methodology in physical counting of number of visitors. The aim is to adopt the new method by all CGS operators in early 2021.
3.44(b)	Audit has recommended that the Director of Environmental Protection review the expected number of persons served by both on-site and outreach activities of CGSs with a view to fully reflecting the service level of CGSs and monitor the achievement of the expected number as adopted after the review.	<p>To allow a more comprehensive reflection of the services provided by CGSs, EPD has reviewed and updated the monthly report template for the operators to include the number of participants in off-site activities.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
3.44(c)	<p>Audit has recommended that the Director of Environmental Protection to remind CGS operators to –</p> <ul style="list-style-type: none"> (i) timely disseminate information on activities to be conducted; (ii) provide exact locations of mobile collection points for recyclables on their social media pages to facilitate the public in identifying the collection points; and (iii) promulgate the arrangements for on-line booking of multi-purpose rooms on their social media pages. 	<ul style="list-style-type: none"> (i) EPD has invited the CGS operator concerned to look into the specific case held on 1 June 2019 as mentioned in para. 3.43(a) of the Audit Report and, where appropriate, adopt necessary enhancements to current practice; (ii) EPD will display the exact locations of all fixed-time-fixed-location recyclables collection points operated by CGSs in the Waste Less Mobile App; (iii) CGS operators will include a link to the Waste Less Mobile App in the kerb-side collection schedule on their internet pages; and (iv) CGS operators have all promulgated the arrangements for on-line booking of multi-purpose rooms. <p>As the recommendations have been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
Part 4: Other Management Issues		
<i>Inspection of Community Green Stations</i>		
4.9(a)	<p>Audit has recommended that the Director of Environmental Protection to timely update EPD inspection guidelines and the related inspection forms to cover new types of events and services included in the operating contracts of CGSs.</p>	<p>EPD has revised the existing operating guidelines and the related inspection forms, and will update them from time to time to cover new types of events and services included in the operating contracts of CGSs.</p>

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.
4.9(b)	Audit has recommended that the Director of Environmental Protection should document the analysis of the observations found during inspections with a view to identifying those commonly found for assessing the need for helping CGS operators enhance their operation.	<p>EPD has made it a standing practice to conduct regular and collective analysis of the inspection results every six months. The review for the first half of 2020 was completed in September 2020. Relevant part of the review results will be shared with all CGS operators in the annual workshop under planning.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.9(c)	Audit has recommended that the Director of Environmental Protection explore the use of information technology for keeping inspection records of CGSs.	<p>EPD has made effective use of web-based input of field inspection results in its outreaching operations, and has since October extended the application to CGS inspections.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<i>Vetting of reports submitted by Community Green Station operators and monitoring their compliance with reporting requirements</i>		
4.25(a)	Audit has recommended that the Director of Environmental Protection should enhance CGS operators' reporting of recyclables collected and dispatched.	EPD has updated the general contract specifications to facilitate CGS operators to report recyclables collected and dispatched. Prior approval by EPD is no longer needed for sending secondary recyclables meeting certain conditions (e.g. not suitable for re-distribution nor donation, exceeding storage capacity of a CGS, etc.) to recyclers as permitted

Para. No.	Audit's Recommendations	Progress to Date
		<p>recyclables. The quantity of such secondary recyclables is now recorded in the monthly report.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(b)	<p>Audit has recommended that the Director of Environmental Protection should enhance the vetting by EPD staff of the quantities of permitted and secondary recyclables reported by CGS operators.</p>	<p>EPD has revised the operational guidelines, the relevant reporting forms, and made use of web-based reporting to this effect (see also 4.9(a) and 4.9(c)).</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(c)	<p>Audit has recommended that the Director of Environmental Protection should expedite actions in reviewing the existing reporting requirements for CGS operators, including the submission time of regular reports.</p>	<p>EPD has completed the review in consultation with CGS operators. Suitable adjustments to the existing contract requirements have been introduced, having regard to both the need for timely monitoring and practical constraints faced by operators.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(d)	<p>Audit has recommended that the Director of Environmental Protection should remind CGS operators to comply with the contract requirements for timely submission of audited financial statements.</p>	<p>EPD has reminded all operators of the need to comply with the contract requirements of timely submission of audited financial statements.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to Date
4.25(e)	Audit has recommended that the Director of Environmental Protection should consider revising the contract requirement for reporting information about targeted households for featured educational events.	<p>EPD has adopted an updated requirement for CGS operators to report actual (rather than targeted) number of participants for completed activities.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(f)	Audit has recommended that the Director of Environmental Protection should require CGS operators to provide information on meeting the contract requirement for housing collections in their monthly reports.	<p>EPD has revised the reporting template to facilitate CGS operators to demonstrate the fulfilment of the relevant contract requirements.</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(g)	Audit has recommended that the Director of Environmental Protection should explore the use of information technology to facilitate CGS operators' submission of reports and EPD's monitoring actions.	EPD will explore the use of information technology with CGS operators in the annual exchange workshop in early 2021. Please see 3.15(b).
4.25(h)	Audit has recommended that the Director of Environmental Protection should consider promulgating good practices identified over the years for sharing among CGS operators with a view to improving the services of CGSs.	<p>EPD will hold annual experience sharing workshops starting from 2021. Please see 3.15(b).</p> <p>As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
4.25(i)	Audit has recommended that the Director of Environmental Protection should maintain proper documentation on the experience sharing meetings held with CGS operators.	EPD has reminded its staff responsible for the CGSs to maintain record of experience sharing meetings with CGS operators.

Para. No.	Audit's Recommendations	Progress to Date
		As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.
<i>Specification of quantities in Bills of Quantities and minimum service requirements</i>		
4.31	Audit has recommended that the Director of Environmental Protection should continue to keep under review the specification of the quantities in Bills of Quantities and the minimum service requirements for CGS services.	EPD has incorporated this recommendation into its standing operational practice. As the recommendation has been implemented and will be carried on an on-going basis, we recommend that this part be deleted from the next progress report.
