

立法會
Legislative Council

LC Paper No. AS 361/04-05

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**Paper for the House Committee Meeting
on 8 July 2005**

**Third Report
of the Subcommittee on Members' Remuneration
and Operating Expenses Reimbursement**

Purpose

This paper seeks Members' endorsement on the recommendations of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement regarding the review of the Independent Commission Against Corruption (ICAC) on "Rules and Practices for the Reimbursement of Members' Operating Expenses".

The Subcommittee

2. The Subcommittee was formed at the House Committee meeting on 15 October 2004. It comprises nine members. A membership list of the Subcommittee is in **Appendix I**.

3. Under the chairmanship of Hon Patrick Lau Sau-shing, the Subcommittee has held seven meetings, including one with the Administration and two with ICAC.

4. The Subcommittee has examined the following three main issues:

- (a) Members' operating expenses reimbursement (OER);
- (b) Members' medical and retirement benefits; and
- (c) ICAC's review on "Rules and Practices for the Reimbursement of Members' Operating Expenses".

This report covers item (c), while the other items have been covered in the Subcommittee's second report submitted to the House Committee on 24 June 2005.

Background

5. In response to the offer of the Corruption Prevention Department (CPD) of ICAC, the Subcommittee decided to invite CPD to conduct a review of the procedures for administering LegCo Members' OER claims. At its meeting held on 19 November 2004, the House Committee endorsed the first report of the Subcommittee seeking Members' cooperation with ICAC in its review. In February 2005, ICAC completed its review, a report on which was circulated to Members (LC Paper No. AS197/04-05) and forwarded to the Director of Administration for information.

ICAC's findings

6. ICAC's findings are that the LegCo's existing rules and guidelines, in comparison with those of the overseas jurisdictions under research, appear to be insufficient in providing practical guidance to steer Members away from potential pitfalls when incurring public expenses. There is room for LegCo to provide more specific guidelines on claiming expenses in order to enhance the accountability of Members when using public funds and alleviate public concerns arising from individual incidents.

ICAC's recommendations

7. The guiding principles recommended by ICAC are that since the operating expenses are met from the public coffer, there is strong public expectation that these funds should be used in a fair, accountable and transparent manner. To meet the high public expectation, it is imperative that a Member must not profit or seen to have profited for himself, his relative or close acquaintance by virtue of his LegCo office. Given the above considerations, it is advisable that LegCo Members should separate their private and LegCo operations/interests as far as possible, and be seen to be doing so to avoid any perception of conflict of interest and personal benefit.

8. A summary of ICAC's recommendations is in **Appendix II**.

The Subcommittee's deliberations and recommendations

9. In general the Subcommittee accepts ICAC's recommendations, with modifications to some of them. Deliberations of the Subcommittee on some of ICAC's recommendations are detailed in paragraphs 10 to 32 below.

Deletion of “close acquaintance”

10. ICAC recommends, inter alia, that:
- (a) “A Member should refrain from any transactions from which he himself, his relative or close acquaintance/business associate may be perceived to have benefited”;
 - (b) “A Member should avoid renting his ward office from his close acquaintance/business associate, political party or affiliated organization”; and
 - (c) “Members and their staff should not engage a contractor or supplier in which they have a financial interest, or companies owned/run by their relatives/close acquaintances; and if this cannot be avoided, they should declare interest and document the justifications for doing so (e.g. sole supplier, more competitive price from bulk purchase)”.
11. Some Members express the view that clear definitions of “close acquaintance” and “business associate” are necessary for compliance with ICAC’s recommendations. The Subcommittee understands from ICAC that there are no definitions for these terms. After deliberation, the Subcommittee concludes that the recommendations listed in paragraph 10 should be accepted with the deletion of references to “close acquaintance”, because this term is too vague and broad.

Office accommodation

12. The majority of Members accept ICAC’s recommendation that “Members should not claim reimbursement to lease office accommodation in which he or his relative has any financial interest”. However, some Members are concerned that this is unfair to a Member who, for administrative convenience, subleases part of his private office for LegCo duties. So long as he declares interest, provides justifications, obtains independent valuation of the market rental and clearly demarcates the Member’s office, he should be allowed to claim reimbursement to lease office accommodation in which he or his relative has any financial interest. If the whole arrangement is transparent and subject to audit, the Member concerned cannot benefit from the leasing.
13. ICAC explains that its recommendation is to avoid public perception that a Member subleases a part of his private office in order to subsidise his own private operations.

Recruitment of staff

14. ICAC recommends that “a Member should recruit his staff based on merits, preferably with open recruitment and declare any conflict of interest, ensure that the total remuneration offered commensurate with the candidate’s skills, and document the selection process and decision. Documentation concerned should be deposited with the LegCo Secretariat to enhance transparency.”

15. The Subcommittee generally supports this recommendation. To facilitate compliance with this recommendation, it proposes that the LegCo Secretariat should design a standard form for Members to provide information on the recruitment process and decision. However, the candidates’ personal data should not be included in the form. The completed form should be deposited in the LegCo Secretariat.

Intermingling of private business and LegCo duties

16. The Subcommittee has strong reservations about ICAC’s original recommendation that “intermingling of private and LegCo duties is undesirable; a Member should not claim reimbursement for using his private employees for LegCo work.” The Subcommittee considers that there is a practical need for some Members (particularly those returned from functional constituencies (FC Members) who are required to have substantial connection with the constituencies they represent) to intermingle the services of some of their staff, e.g. secretaries, on private and LegCo duties. Moreover, there are practical difficulties and inconvenience, in some circumstances, to separate the services of these staff members on private and LegCo duties. It is noted that, in some cases, Members’ companies or affiliated associations are actually subsidising their LegCo work by sharing a disproportionate amount of their assistants’ remuneration, rather than the other way round. It is therefore impracticable and unreasonable to preclude such Members from claiming a part of the salary for those staff whose duties are partially on LegCo duties. This should be allowed, provided that the percentage of the work relating to LegCo business is clearly specified in the claims. Moreover, if Members were to separately employ staff for LegCo work solely for the purpose of compliance with ICAC’s recommendation, this would not be efficient and economical use of resources. Additional resources would be required for implementing this recommendation, if the already inadequate OER provision is not to be further strained.

17. ICAC’s response to the Subcommittee’s views is that its review is undertaken against a backdrop of allegations and public concern that LegCo funds can be misused for possible personal gain. Hence, the objective of the review is to assist LegCo to put in place a credible reimbursement mechanism that would inspire public confidence. Given this paramount consideration, it considers that a clear delineation of LegCo resources vis-a-vis Members’ private resources would be the best way to demonstrate that Members spent all the reimbursed amounts solely on activities related to their LegCo duties. As stated in its report, intermingling of these resources can easily give rise to allegations that a Member has used public funds to subsidise his private business. This consideration underscores the basis of its recommendations.

18. The Subcommittee reiterates some Members' difficulties and requests ICAC to consider alternative arrangements on this issue which are acceptable both to Members and the public. In response, ICAC proposes the following measures which would enhance transparency and accountability in the sharing of LegCo and private resources:

- (a) declare in the employment contract whether the staff member he proposes to hire is also in his private employ and the capacity in which the staff member is employed;
- (b) detail the duties involved and, if the staff member is also employed in the Member's private business, the percentage of work that is related to his LegCo business;
- (c) make available a copy of the employment contract for public inspection (personal identifiers and data may be blocked out if necessary); and
- (d) certify on the monthly reimbursement claim form that the staff member has performed the duties as detailed in the employment contract.

19. The majority of Members accept ICAC's alternative arrangements.

Entertainment and Travelling Expenses (ETE)

20. ICAC's original recommendation is that "LegCo should review the whole ETE arrangement. If the reimbursement arrangement is to be continued, then it should be made clear to the Members that the claims are accountable and Members should be reminded that they could only claim the exact amount of what they have actually expended. Alternatively, ETE should be made non-accountable in the form of a lump-sum allowance, or part of a Member's remuneration." It further recommends that "Members should keep a log of their ETE, and where practicable, retain receipts issued for such expenses."

21. The Subcommittee notes that the existing mechanism on Members' OER (including ETE) operates in accordance with the principles recommended by the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the Hong Kong Special Administrative Region (the Independent Commission) and endorsed by the Executive Council. ETE used to be granted on a partially accountable basis (50% accountable and 50% non-accountable). Since 1 July 1999, to streamline administrative arrangements and save costs, claims for ETE have become fully non-accountable on the recommendation of the Independent Commission. No receipts are required to be submitted with Members' claims. Also, no requirement for retention of receipts or logging of expenses is specified by the Independent Commission. The Subcommittee considers ICAC's recommendation a retrograde step. Moreover, it will be administratively very cumbersome, if not impossible in some cases, to obtain receipts and log down every meal and trip (e.g. refreshments for visitors and MTR/bus fares).

22. In response to the Subcommittee's reservations, ICAC states that the key point of its recommendation is that LegCo should review the whole arrangement for such reimbursement, i.e. whether the expenses should continue to be on a reimbursement basis (in which case it is accountable) or whether the expenses should be made non-accountable in the form of a lump sum allowance, or as part of a Member's remuneration. If LegCo decides to continue with the present reimbursement mode, ICAC would encourage Members to retain receipts as far as practicable or at least keep a log of the expenses for their own protection in the event of an allegation that these claims are fraudulent in nature. ICAC understands that at present, some Members and their assistants do keep a record of the expenses in order to calculate the total amount of claims each month. Therefore, its recommendation to keep receipts or a log should not give rise to extra administrative work. It also understands that this is a common practice in the public sector.

23. Taking into account ICAC's comments, the Subcommittee has sought Members' views in an opinion survey on the following four options:

- (a) adopt ICAC's original recommendation; i.e. if ETE continues to be on a reimbursement basis, it should be accountable;
- (b) adopt ICAC's alternative recommendation, i.e. ETE should be made non-accountable in the form of a lump-sum allowance, or part of a Members' remuneration;
- (c) maintain the existing arrangement; and
- (d) introduce a hybrid arrangement, i.e. for expenses with receipts, classify as reimbursement; for expenses without receipts, classify as allowance or Members' remuneration.

24. The great majority of Members are of the view that the existing arrangement should continue.

Procurement

25. The Subcommittee supports in principle ICAC's recommendation that "LegCo should adopt procurement guidelines requiring Members to obtain quotations for purchases exceeding, say, \$5,000, to ensure value for money." Taking into account some Members' views on the level of the value of purchases requiring quotations and the extra administrative work involved, the Subcommittee recommends that quotations for purchases exceeding \$20,000 should be obtained.

26. In view of the already very heavy workload of the LegCo Secretariat, the Subcommittee does not consider it necessary for the Secretariat to assist Members in co-ordinating and purchasing commonly used goods, such as IT equipment, on behalf of Members, e.g. using government's standing contracts.

Sharing of other office operation expenses

27. The Subcommittee generally has no objection to ICAC's recommendation that "only expenses (e.g. sharing of telephone lines, computer systems, photocopiers and electricity) that are individually identifiable, clearly separable from private purposes and wholly attributable to Council business may be claimed." However, some members of the Subcommittee express concern that, in order to comply with this requirement, a separate set of equipment may have to be acquired and placed in their small offices. All this causes much inconvenience to Members and further strains the already inadequate provision of OER for Members.

28. ICAC appreciates that such an approach in having separate staff and equipment for LegCo and private operations may cause Members some initial inconvenience and extra costs. However, it believes that this is a small price worth paying in order to maintain LegCo's long-term credibility, free from perception or allegations of financial impropriety (which often can arise from misunderstanding) in the reimbursement procedures. Hopefully, the initial inconvenience would be short-lived, as Members get used to the new arrangements, and the extra costs minimal.

Compliance audit

29. In elaborating its recommendation on the establishment of an audit capability in ensuring Members' compliance with the principles and procedures recommended by ICAC when claiming their OER, ICAC states that the recommendation does not require every item of expenditure to be verified. Verification can be undertaken at random. Compliance audit does not mean "patrolling". The establishment of a mechanism for checking compliance is practised in most organizations. The extent of the compliance audit is determined by the organization concerned.

30. The Subcommittee accepts ICAC's recommendation. Members of the Subcommittee are of the view that, unlike the checking of claim documents conducted by the Accounts Office of the LegCo Secretariat, the compliance audit should be field audits on Members' offices, focussing on ICAC's recommended procedures to enhance transparency and accountability in Members' OER claims. A balance should be struck in conducting the compliance audit because too much "policing" or "patrolling" will cause inconvenience to Members. Public scrutiny and media monitoring are already very effective in providing the necessary safeguards against abuse.

31. The Subcommittee recommends that compliance audit on Members' OER claims should be conducted on an annual basis. For transparency and credibility reasons, an external professional auditor should be hired for the work. For the sake of cost-effectiveness and consistency in standards, the LegCo Secretariat should centrally co-ordinate the audit for all Members and appoint an auditor for this purpose. Additional financial resources should be sought from the Administration for the conduct of the compliance audit.

Implementation

32. The Subcommittee recommends that, subject to the endorsement of its recommendations by the House Committee, the LegCo Secretariat should revise the Guide for Reimbursement of Operating Expenses for Members of the Legislative Council with a view to implementing ICAC's recommendations in the 2005-06 LegCo session. Seminars will be conducted by the LegCo Secretariat, in collaboration with ICAC, for Members' staff on the new arrangements before their implementation.

Consultation

33. Members' views on the Subcommittee's recommendations were sought through an opinion survey (LC Papers No. AS 323 and 326/04-05). 53 Members responded. A summary of Members' views is in **Appendix III**. The Subcommittee's recommendations in this report have taken into account Members' views expressed in the opinion survey.

Advice sought

34. Members are invited to endorse the Subcommittee's proposals to accept ICAC's recommendations as summarized in Appendix II, with modifications to some of them as follows:

- (a) delete references to "close acquaintance" when implementing ICAC's recommendations (paragraph 11);
- (b) accept ICAC's alternative proposals in respect of "intermingling of private business and LegCo duties" (paragraph 19);
- (c) maintain the existing arrangements for granting of ETE (paragraph 24);
- (d) obtain quotations for purchases exceeding \$20,000 (paragraph 25);
- (e) need not require the Secretariat to assist Members in co-ordinating and purchasing commonly used goods, such as IT equipment, on behalf of Members, e.g. using government's standing contracts (paragraph 26); and
- (f) conduct compliance audit on Members' OER claims on an annual basis. The audit should be undertaken by an external auditor and centrally coordinated by the LegCo Secretariat. Funds should be obtained from the Administration for this purpose (paragraph 31).

35. Members are also invited to endorse the Subcommittee's proposal to implement the new arrangements in the 2005-06 LegCo session (paragraph 32).

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Administration Division
Legislative Council Secretariat
6 July 2005

立法會議員酬金及工作開支償還款額小組委員會成員名單
Membership List of Subcommittee on Members' Remuneration and
Operating Expenses Reimbursement

劉秀成議員, SBS, JP (主席)
Hon Patrick Lau Sau-shing, SBS, JP (Chairman)

呂明華議員, SBS, JP
Dr Hon Lui Ming-wah, SBS, JP

周梁淑怡議員, GBS, JP
Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP

張文光議員
Hon Cheung Man-kwong

楊孝華議員, SBS, JP
Hon Howard Young, SBS, JP

劉慧卿議員, JP
Hon Emily Lau Wai-hing, JP

石禮謙議員, JP
Hon Abraham Shek Lai-him, JP

黃定光議員, BBS
Hon Wong Ting-kwong, BBS

譚香文議員
Hon Tam Heung-man

(合共 : 9 位委員)
(Total : 9 members)

Legislative Council (LegCo) (立法會) Rules and Practices for the Reimbursement of Members' Operating Expenses Summary of Recommendations

The Corruption Prevention Department of the Independent Commission Against Corruption recommends that:-

Guiding Principles

- LegCo should consider adopting the following guiding principles for its Members to observe in claiming expenses reimbursement (para. 34 of ICAC's report):-
 - ◆ a Member or his relative must not have any direct or indirect financial interest in, or be able to derive financial benefits from, any transaction against which reimbursement is claimed;
 - ◆ a Member should refrain from any transactions from which he himself, his relative or close acquaintance/business associate may be perceived to have benefited;
 - ◆ a Member should use the reimbursement in an open, fair and accountable manner;
 - ◆ if a conflict of interest cannot be avoided or has arisen, a Member should make a declaration which should be made available for public inspection;
 - ◆ should any conflict of interest become a matter of public concern, the Member should take steps to resolve the conflict in favour of the public interest;
 - ◆ Members should separate their private and LegCo operations/interests as far as possible, and be seen to be doing so to avoid any perception of conflict of interest and personal benefit (also paras. 36-37, 41, 47 of ICAC's report).

Office Accommodation

- Members should not claim reimbursement to lease office accommodation in which he or his relative has any financial interest (para. 35 of ICAC's report).
- Should LegCo consider it appropriate for a Member to rent office accommodation from his affiliated association/political party having regard to his constituents' interest or public interest, the Member should declare interest, provide justifications and obtain independent valuation of the market rental (para. 39 of ICAC's report).

Recruitment of Staff

- A Member should recruit his staff based on merits, preferably with open recruitment and declare any conflict of interest, ensure that the total remuneration offered commensurate with the candidate's skills, and document the selection process and decision (para. 40 of ICAC's report).

Entertainment and Travelling Expenses (ETE)

- LegCo should review the whole ETE arrangement. If the reimbursement arrangement is to be continued, then it should be made clear to the Members that the claims are accountable and Members should be reminded that they could only claim the exact amount of what they have actually expended (para. 44 of ICAC's report).
- Members should keep a log of their entertainment and travelling expenses and, where practicable, retain receipts issued for such expenses (para. 44 of ICAC's report).

Procurement

- Members and their staff should not engage a contractor or supplier in which they have a financial interest; or companies owned/run by their relatives/close acquaintances; and if this cannot be avoided, they should declare interest and document the justifications for doing so (e.g. sole supplier, more competitive price from bulk purchase) (para. 45 of ICAC's report).
- LegCo should adopt procurement guidelines requiring Members to obtain quotations for purchases exceeding, say, \$5,000 to ensure value for money (para. 45 of ICAC's report).

Others

- LegCo should provide practical examples of situations in which expenses are reimbursable or not reimbursable and in which conflict of interest should be avoided/declared; and revise the operating expenses reimbursement claim form to facilitate the declaration of conflict of interest (para. 48 of ICAC's report).
- LegCo should draw up a Code of Conduct for staff employed by its Members, and organize training/briefings for them (para. 50 of ICAC's report).
- LegCo should establish an audit capability in ensuring Members' compliance with the above principles and procedures when claiming their expenses reimbursement (para. 51 of ICAC's report).

Summary of Responses

Subcommittee on Members' Remuneration and
Operating Expenses ReimbursementResult of Opinion Survey on ICAC's Recommendations on
"Rules and Practices for the Reimbursement of Members' Operating Expenses"

(As at 17 June 2005)

No. of respondents : 53

No. of non-respondents : 7

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
1. <u>Guiding Principles</u>					
(a) A Member or his relative must not have any direct or indirect financial interest in, or be able to derive financial benefits from, any transaction against which reimbursement is claimed.	(42)	(0)	(11)	(0)	✓
(b) A Member should refrain from any transactions from which he himself, his relative or close acquaintance/business associate may be perceived to have benefited.	(43)	(0)	(10)	(0)	✓ (Note: The Subcommittee accepts ICAC's recommendation with the deletion of references to "close acquaintance" because some members consider that, in the absence of a definition, this term is too vague and broad.)
(c) A Member should use the reimbursement in an open, fair and accountable manner.	(43)	(0)	(10)	(0)	✓
(d) If a conflict of interest cannot be avoided or has arisen, a Member should make a declaration which should be made available for public inspection.	(43)	(0)	(10)	(0)	✓
(e) Should any conflict of interest become a matter of public concern, the Member should take steps to resolve the conflict in favour of the public interest.	(43)	(0)	(10)	(0)	✓

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
(f) Members should separate their private and LegCo operations/interests as far as possible, and be seen to be doing so to avoid any perception of conflict of interest and personal benefit.	(42)	(1)	(10)	(0)	✓
2. <u>Office Accommodation</u>					
(a) Members should not claim reimbursement to lease office accommodation in which he or his relative has any financial interest.	(40)	(13)	(0)	(0)	✓
(b) A Member should avoid renting his ward office from his close acquaintance/ business associate, political party or affiliated organization.	(48)	(4)	(0)	(1)	✓ (Note: The Subcommittee accepts ICAC's recommendation with the deletion of references to "close acquaintance" because some members consider that, in the absence of a definition, this term is too vague and broad.)
(c) Should LegCo consider it appropriate for a Member to rent office accommodation from his affiliated association/political party having regard to his constituents' interest or public interest, the Member should declare interest, provide justifications and obtain independent valuation of the market rental.	(51)	(0)	(2)	(0)	✓

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
<p>3. <u>Recruitment of Staff</u></p> <p>(a) A Member should recruit his staff based on merits, preferably with open recruitment and declare any conflict of interest, ensure that the total remuneration offered commensurate with the candidate's skills, and document the selection process and decision. Documentation concerned should be deposited with the LegCo Secretariat to enhance transparency.</p>	(48)	(2)	(0)	(3)	<p style="text-align: center;">✓</p> <p>(Note: Members would provide information on the recruitment process and decision on a standard form to be designed by the LegCo Secretariat. No personal data of candidates for the recruitment exercise would be included. The standard form should be deposited in the LegCo Secretariat.)</p>
<p>(ICAC's original recommendation)</p> <p>(b) Intermingling of private and LegCo duties is undesirable; a Member should not claim reimbursement for using his private employees for LegCo work.</p>	(23)	(15)	(1)	(14)	<p style="text-align: center;">X</p> <p style="text-align: center;">(Please see 3(c) below.)</p>

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
<p>(ICAC's proposed alternative arrangements in the light of the Subcommittee's concern that its original recommendation may cause practical difficulty and inconvenience to Members.)</p> <p>(c) Intermingling of private and LegCo duties should be avoided as far as practicable. If LegCo work and private business cannot be clearly separated and accounted for, the following arrangement may be considered:</p> <p>(i) declare in the employment contract whether the staff member he proposes to hire is also in his private employ and the capacity in which the staff member is to be employed;</p>	(42)	(11)	(0)	(0)	✓
<p>(ii) detail the duties involved and, if the staff member is also employed in the Member's private business, the percentage of work that is related to his LegCo business;</p>	(40)	(13)	(0)	(0)	✓
<p>(iii) make available a copy of the employment contract for public inspection (personal identifiers and data may be blocked out if necessary); and</p>	(40)	(13)	(0)	(0)	✓
<p>(iv) certify on the monthly reimbursement claim form that the staff member has performed the duties as detailed in the employment contract.</p>	(41)	(12)	(0)	(0)	✓

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
<p>4. <u>Entertainment and Travelling Expenses (ETE)</u></p> <p>(ICAC's original recommendation)</p> <p>LegCo should review the whole ETE arrangement. If the reimbursement arrangement is to be continued, then it should be made clear to the Members that the claims are accountable and Members should be reminded that they could only claim the exact amount of what they have actually expended. Alternatively, ETE should be made non-accountable in the form of a lump-sum allowance, or part of a Member's remuneration.</p>					(Please see 4(a) - (d) below.)
<p>(Four options for Members' consideration)</p> <p><i>(a) <u>Adopt ICAC's original recommendation:</u></i></p> <p><i>If the current reimbursement arrangement is to be continued, Members' claims should be accountable and Members can only claim the exact amount of what they have actually expended. Members should keep a log of their entertainment and travelling expenses and, where practicable, retain receipts issued for such expenses.</i></p>	(3)	(0)	(0)	(0)	X
<p><i>(b) <u>Adopt ICAC's alternative recommendation:</u></i></p> <p><i>ETE should be made non-accountable in the form of a lump-sum allowance, or part of a Member's remuneration, which is taxable.</i></p>	(2)	(0)	(0)	(0)	X

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
<p>(c) <u>Maintain the existing arrangement:</u></p> <p><i>According to the Independent Commission's recommendation in 1999, which had been endorsed by the Executive Council, no receipts for ETE, which are non-accountable, were required to be submitted. Also, no requirement for retention of receipts or logging of expenses was specified by the Independent Commission.</i></p>	(43)	(0)	(0)	(0)	✓
<p>(d) <u>Introduce a hybrid arrangement:</u></p> <p><i>For expenses with receipts, classify as reimbursement, which will be non-taxable; and for expenses without receipts, classify as remuneration of the Member, which will be taxable.</i></p>	(5)	(0)	(0)	(0)	X
<p>5. <u>Procurement</u></p>					
<p>(a) Members and their staff should not engage a contractor or supplier in which they have a financial interest, or companies owned/run by their relatives/close acquaintances; and if this cannot be avoided, they should declare interest and document the justifications for doing so (e.g. sole supplier, more competitive price from bulk purchase).</p>	(41)	(1)	(11)	(0)	<p>✓</p> <p>(Note: The Subcommittee accepts ICAC's recommendation with the deletion of references to "close acquaintance" because some members consider that, in the absence of a definition, this term is too vague and broad.)</p>
<p>(b) LegCo should adopt procurement guidelines requiring Members to obtain quotations for purchases exceeding, say, \$5,000 to ensure value for money.</p>	(39)	(2)	(12)	(0)	<p>✓</p> <p>(Note: The Subcommittee recommends obtaining quotations for purchases exceeding \$20,000.)</p>

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
(c) The Secretariat may consider assisting Members in co-ordinating and purchasing commonly used goods such as IT equipment on behalf of Members, e.g. using government's standing contracts.	(28)	(3)	(20)	(2)	X (Note: In view of the already very heavy workload of the Secretariat, the Subcommittee considers it unnecessary for the Secretariat to divert its scarce resources to the task of co-ordinating and purchasing office supplies for Members' offices.)
6. <u>Sharing of Other Office Operation Expenses</u> Only expenses (e.g. sharing of telephone lines, computer systems, photocopiers and electricity) that are individually identifiable, clearly separable from private purposes and wholly attributable to Council business may be claimed.	(41)	(2)	(10)	(0)	✓
7. <u>Others</u> (a) The Secretariat should provide practical examples of situations in which expenses are reimbursable or not reimbursable and in which conflict of interest should be avoided/declared; and revise the operating expenses reimbursement claim form to facilitate the declaration of conflict of interest.	(43)	(0)	(10)	(0)	✓

ICAC's recommendations	Result of opinion survey				The Subcommittee's final recommendations taking into account the result of the opinion survey
	Agree	Disagree	No views	Other views	
(b) LegCo should draw up a Code of Conduct for Members' staff on the procurement of goods and services, and organize training/briefings for them.	(41)	(2)	(10)	(0)	✓
(c) LegCo should establish an audit capability in ensuring Members' compliance with the above principles and procedures when claiming their expenses reimbursement.	(42)	(1)	(10)	(0)	✓

() No. of Members