

**LEGISLATIVE COUNCIL
PANEL ON HOME AFFAIRS**

**Creation of an Assistant Director of Accounting Services Post and
Downgrading of the Assistant Director (Administration) Post from
Senior Principal Executive Officer to Principal Executive Officer in
the Leisure and Cultural Services Department**

PROPOSAL

This paper seeks Members' advice on the Leisure and Cultural Services Department's proposal to create an Assistant Director of Accounting Services (ADAS) post (D2) for undertaking the duties of the Assistant Director overseeing the Finance and Supplies Division and to downgrade the existing Assistant Director (Administration) [AD(A)] post from Senior Principal Executive Officer (SPEO) (D2) to Principal Executive Officer (PEO) (D1) for undertaking the duties of the Departmental Secretary (DS).

BACKGROUND

2. The Leisure and Cultural Services Department (LCSD) is one of the five largest government departments in terms of establishment. It manages some 2 000 sports and cultural venues. The number of permanent directorate posts deployed on the delivery of leisure and cultural services has been significantly cut from 17 in the days of the former Municipal Councils to 10. In order to further enhance operational efficiency and cost-effectiveness, the department has critically reviewed the directorate complement of its Administration Branch. The department has just completed the review and it is established that a permanent DS to take up the administration and human resource management functions and a permanent Assistant Director (Finance) [AD(F)] to render support to the Director of Leisure and Cultural Services (the Director) on financial management and control of a large operating expenditure budget (\$4.8 billion for 2005-06) are required. Details of the justifications are set out in the ensuing paragraphs.

JUSTIFICATIONS

3. The LCSD is divided into three branches, viz. the Leisure Services Branch, the Cultural Services Branch and the Administration Branch. The two

/operation

Encl. 1 operation branches are each headed by a Deputy Director (DD) at the D3 level, and the Administration Branch is currently headed by a supernumerary Deputy Director (Administration) [DD(A)] post at the rank of Administrative Officer Staff Grade B (AOSGB) (D3). The current organization chart of the LCSD is at Enclosure 1.

4. During the process of the review, a new management framework has been laid down and the operation of the human resources teams, the financial and contract management teams, the facility planning teams, information technology teams as well as the quality audit team has been consolidated. In the light of the experience during the conduct of the review, it is proposed that the division of labour within the Administration Branch be slightly adjusted such that the AD(F) will oversee the accounting, value for money/quality audits, supplies as well as IT functions; and the housekeeping, human resource management and planning functions will be performed by a DS at the rank of PEO (D1). Also, it is considered that operationally, the Information and Public Relations Section should report directly to the Director in order to render timely support on emergency and operation matters. The proposed staff complement is both cost-effective and functional.

The AD(F) Post

5. Given the multi-faceted operation of the LCSD which not only includes sports and cultural promotion, but also major event organization, subvention management and monitoring as well as outsourcing, we need to put in place prudent financial control to ensure that our operating expenditure budget (\$4.8 billion for 2005-06) is well spent. The department has earlier reviewed its overall financial operations and come to the view that a professional and experienced Treasury Accountant at the ADAS level is required to lead a dedicated Finance and Supplies Division to oversee financial management, contract management, information and control systems as well as supplies and stores management. A supernumerary AD(F) post was therefore created under delegated authority in 2004 by holding against the AD(A) post on a trial basis.

6. With the experience during the conduct of the review, the department considers that the AD(F) post should be made permanent to direct and oversee the operation of a revamped Finance and Supplies Division, which includes the Finance Section, Supplies Section, Management Services and Statistics Section and the Information Technology Section. He will also provide functional support to the Director in supervising the work of the Quality Assurance Section. Details of the justifications for the proposed AD(F) post are set out in paragraphs 7 – 10 below.

Increased Responsibilities and Complexity of the Work of the AD(F)

7. The department has a substantial annual operating expenditure envelope of about \$4.8 billion and a revenue collection of over \$730 million for 2005-06. The

LCSD also manages \$321 million in subventions for 2005-06. Besides, the department processes and manages over 859 contracts ranging from the provision of cleansing services, acquisition of bird food, bathing sheds to catering services with an aggregate contract value of \$3 billion as at the end of 2005.

8. For a department with a complex financial structure and an annual recurrent budget of such scale, an experienced professional at the ADAS level is required to serve as the departmental finance manager. He should be a key member of the department's senior management team and plays a major role in the department's policy formulation and planning processes. He is required to plan, supervise, monitor and control the accounting, costing and procurement activities, as well as to assess the financial and resource implications of both new and established policies and services, and to formulate options to ensure that objectives are achieved with optimum efficiency.

9. The AD(F) reports to the Director and works closely with the operational DDs and their branch administration teams. As the departmental finance manager, the AD(F) supervises and oversees the whole range of financial and supplies functions, and in particular, is responsible for the following –

- (a) *Strategic Financial Management* – The AD(F) takes up managerial, accounting and controlling responsibilities for the finances of the LCSD, including formulation of financial policies and objectives, developing and managing financial performance indicators in support of various financial management processes.
- (b) *Subvention Management* – The AD(F) manages and monitors the subventions to sports and arts organizations, including the allocation and payment of subventions, expenditure control of the subvented organizations, and the development of information and control systems to ensure the effective use of subvention funds.
- (c) *Contract Management* – The AD(F) is responsible for the development and management of an effective contract management system to improve the standards and practices in the selection and supervision of contractors. He will monitor the contractors' performance, refine and review the financial and accounting arrangements and enforce contract terms and conditions across the department. He will also direct and oversee the development of a comprehensive computer system, i.e. the Contract Management System for automating the procurement and contract management processes.
- (d) *Value-for-money Studies* – The AD(F) provides financial advice, analyzes and evaluates efficiency enhancement projects and directs value-for-money and business process re-engineering studies on the department's operations.

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- (e) *Development of Financial Management and Information Systems* – The AD(F) is responsible for the development, management and maintenance of the departmental financial management and information systems, such as the full launching of the Purchasing Card System and the Direct Purchasing Authority System in 2006. Both programmes will facilitate work flow and enhance efficiency on low value purchases that account for an annual expenditure of over \$200 million.
- (f) *Management of Internal Audit* – The department’s internal audit and subvention inspection functions performed by the Quality Assurance Section will directly report to the Director to maintain independence of the Section. The AD(F) will advise the Director on the management and development of the functions to assure the professional quality of service delivery. These functions have become increasingly important and complex with the growth of the department and the subvented sector.

Alternatives Considered

10. We have considered the alternative of downgrading the AD(F) post to a Chief Treasury Accountant post. However, the duties and responsibilities of the AD(F) as departmental finance manager have grown very significantly both in complexity and importance. It is more appropriate to have an AD(F) to undertake the financial responsibility to support a large department like the LCSD for the provision of cost-effective services to the public.

The DS Post

Departmental Administration

11. The DS reports to the Director. He will supervise and oversee the operation of a new Administration Division after the dissolution of the Administration Branch. The Administration Division will include the General Administration Section, Personnel Services Section, Personnel Resources Section, Translation and Interpretation Section and the Training Section. He is expected to work independently on the whole range of departmental administration functions. These include developing strategies to enhance occupational safety and health, formulating and enforcing departmental policy on the protection of personal data and equal opportunities, developing a cross-branch training strategy to cater for operational needs and fostering a green management strategy within the department. We consider that a directorate officer at the PEO rank is appropriate to deal with these responsibilities.

/Human

Human Resource Management

12. The LCSD has a complex staff mix comprising about 9 600 full-time employees. In addition, the department employs a few thousands part-time staff such as part-time instructors, carnival organizers, ushers, ticketing assistants, etc during peak periods of every year. As the departmental human resource manager, the DS will be responsible for the full range of human resource management functions including recruitment, employment terms and benefits, training and development, promotion, establishment control, manpower and succession planning, discipline, conditions of service, etc. He will also need to oversee staff relations matters. There are currently 19 staff unions/associations representing the various grades and groups of staff in the department. Apart from communicating with staff through the formal consultative machinery as represented by the Departmental Consultative Committee and the General Grades Consultative Committee, the department, as a good practice, organizes regular meetings with individual staff unions twice a year. The DS will steer his staff relations team in fostering vertical and lateral communication within the department and he will be the head of over 1 800 general grades staff in the department. He will also play a crucial role on the formulation of human resource strategy for the management of all departmental staff as well as non-civil service contract staff.

Overall Facility Planning

13. The Deputy Director (Leisure Services) [DD(LS)] will serve as the overall departmental coordinator over planning policies and strategies which cover both leisure and cultural facilities and oversees the interface with the District Councils on the planning of such projects. The DS will provide support to the DD(LS) in monitoring the implementation of all projects and will work with the two operation branches to identify priority projects.

Alternatives Considered

14. We have considered the feasibility of taking up the above duties by internal deployment of staff. However, for a large department of this scale, it is impracticable for the existing directorate officers to share out the DS's duties without adversely affecting the discharge of their own schedules of duties. There are no better alternatives than the proposed downgrading of the AD(A) post from SPEO to PEO.

Encls. 15. The job descriptions of the proposed AD(F) and DS posts are at
2 & 3 Enclosures 2 and 3 respectively. The revised directorate structure of the LCSD is at
Encl. 4 Enclosure 4.

/FINANCIAL

FINANCIAL IMPLICATIONS

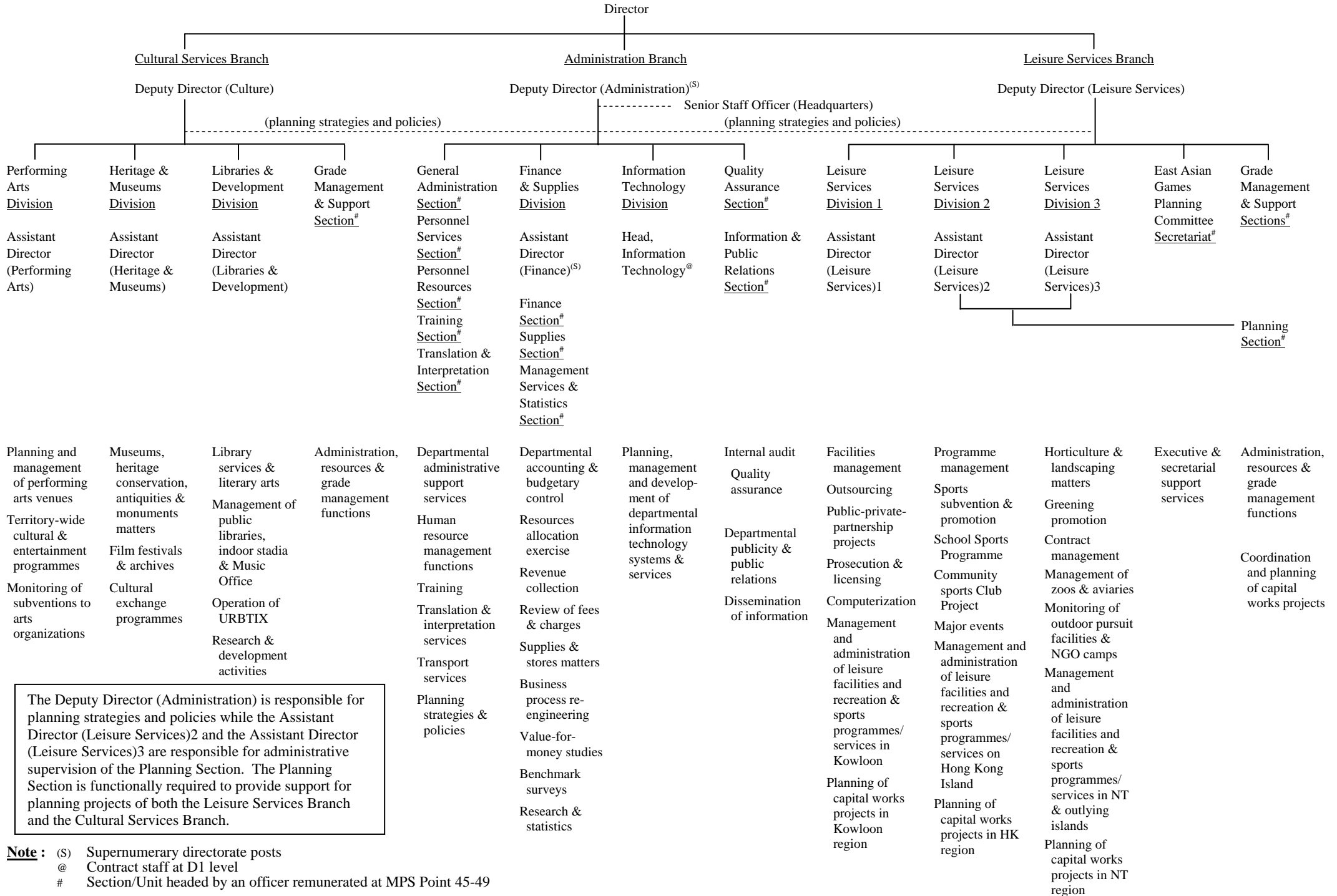
16. The additional notional annual salary cost of the proposal at mid-point is \$1,144,200. The additional full annual average staff cost of the proposal, including salaries and staff on-cost, is \$1,784,000. There are sufficient funds in the 2006-07 Estimates to meet the cost of the proposal.

ADVICE SOUGHT

17. Members are invited to advise whether the recommendation for the creation of the AD(F) post and the downgrading of the AD(A) post from SPEO to PEO for the purpose stated in paragraph 1 above is supported. Subject to Members' views, we intend to submit the proposal to the Establishment Sub-Committee of the Finance Committee at its meeting on 3 May 2006.

Home Affairs Bureau
March 2006

Current Directorate Structure of the Leisure and Cultural Services Department



The Deputy Director (Administration) is responsible for planning strategies and policies while the Assistant Director (Leisure Services)2 and the Assistant Director (Leisure Services)3 are responsible for administrative supervision of the Planning Section. The Planning Section is functionally required to provide support for planning projects of both the Leisure Services Branch and the Cultural Services Branch.

Note : (S) Supernumerary directorate posts
 @ Contract staff at D1 level
 # Section/Unit headed by an officer remunerated at MPS Point 45-49

JOB DESCRIPTION

Post Title : Assistant Director (Finance)

Rank : Assistant Director of Accounting Services (D2)

Responsible to : Director of Leisure and Cultural Services

Main Duties and Responsibilities :

1. To oversee the provision of financial, accounting and procurement services in the department, provide professional advice on financial and procurement issues and direct the implementation of financial management policies and initiatives.
2. To serve as member of various planning and resource committees/steering groups and be responsible for strategic financial planning for development of new or expanding services, advise on financial implications in policy formulation, evaluate efficiency enhancement initiatives and direct value for money studies.
3. To direct the preparation of annual estimates and monitor the deployment of financial resources to meet the requirements of individual branches/divisions and corporate objectives of the department.
4. As Chairman of the Working Group on Contract Management; to develop, review and monitor the implementation of departmental policies and practices in strategic contract management and administration with a view to improving uniformity of standards and practices in the selection and supervision of contractors, management of their performance and enforcement of contract provisions across the department.
5. To advise, monitor and review the policy and mechanism for administering subventions to leisure and cultural organizations following corporatization of the three performing companies and the dissolution of the Hong Kong Sports Development Board.
6. To oversee the development, implementation and maintenance of all financial management information systems and financial indicators. This includes responsibility for the effective use of IT in financial systems and activities of the department.
7. To coordinate reviews of fees and charges on leisure and cultural services in consultation with the Home Affairs Bureau and the Financial Services and the Treasury Bureau in the light of the relevant policy objectives and costing factors.

8. To oversee and direct the work of the Management Services and Statistics Section, providing advice and support for business process re-engineering, cutting red tapes and better modes of service delivery with a view to achieving productivity gains.
9. To supervise and oversee the operation of the Information Technology Section.
10. To provide functional support to the Director in supervising the work of the Quality Assurance Section.

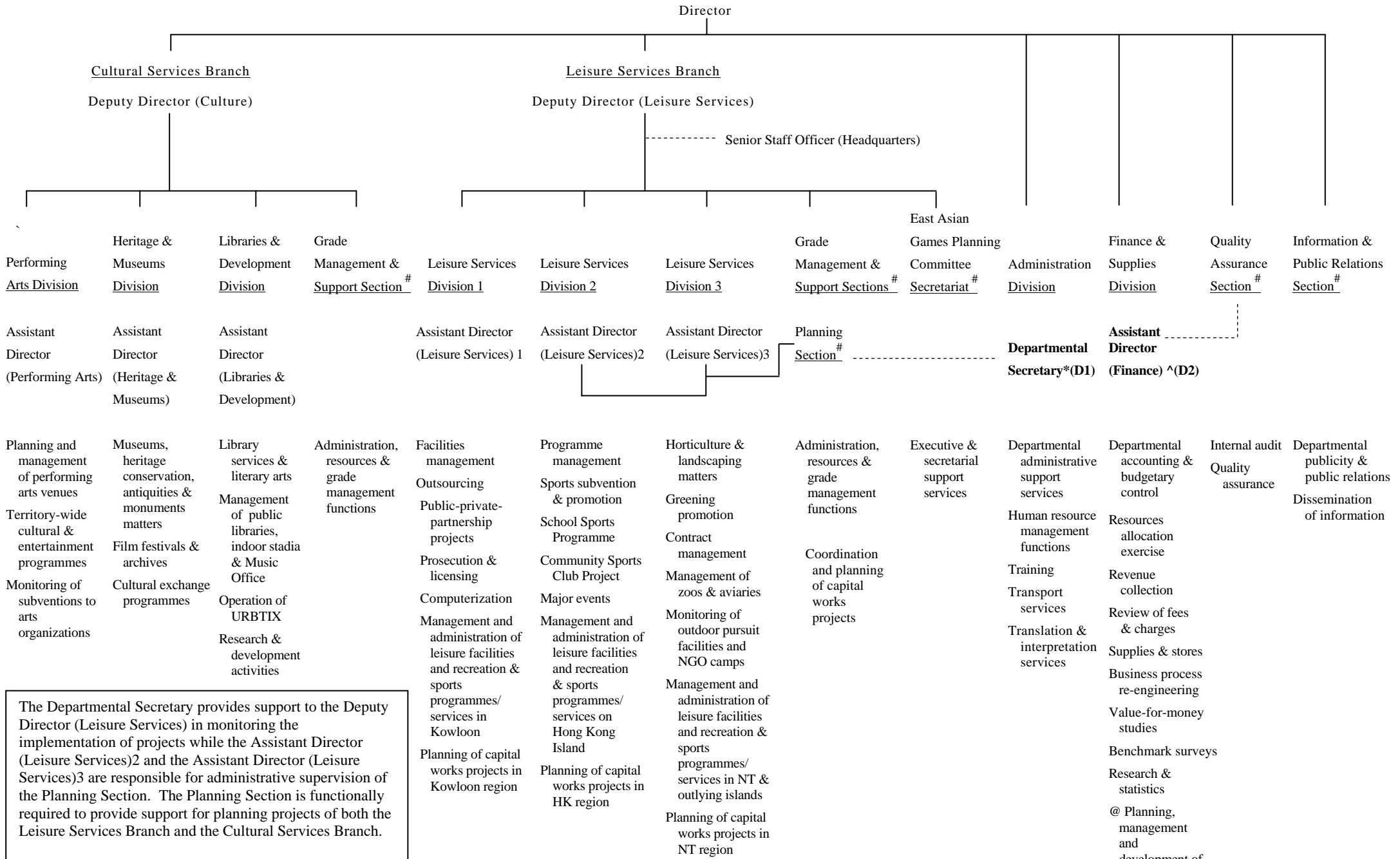
JOB DESCRIPTION

Post Title : Departmental Secretary
Rank : Principal Executive Officer (D1)
Responsible to : Director of Leisure and Cultural Services

Main Duties and Responsibilities :

1. To supervise and oversee the day-to-day operation of the General Administration Section, Personnel Services Section, Personnel Resources Section, Translation and Interpretation Section and Training Section.
2. To supervise and oversee the execution of the department's human resource management functions such as recruitment, employment terms and benefits, training and development, promotion, establishment control, manpower and succession planning, discipline, conditions of service, etc.
3. To devise and provide strategic and logistic support to the senior directorate on formulating and implementing human resource policy and planning.
4. To formulate staff relations and staff consultation strategies and action plans, and to deal with staff relations and training issues, and to serve as a management representative of the Departmental Consultative Committee and to chair the Departmental Training Committee.
5. To be the head of all general grades staff in the department and to chair the General Grades Consultative Committee.
6. To oversee the provision of administrative support to the department, including office organization, procedures, security, accommodation, office equipment, record-keeping, translation, clerical and secretarial services, etc.
7. To provide support to DD(LS) in monitoring the progress of implementation of projects under planning/construction and work with the two operation branches to identify priority projects.
8. To formulate and implement strategies for any ad hoc management initiatives, e.g. promoting the use of Chinese, providing information to the public in compliance with the Code on Access to Information, formulating departmental policy on the protection of personal data, discrimination ordinances, occupational safety and health, and designing and implementing measures to promote environmental awareness in the department.

Proposed Directorate Structure of the Leisure and Cultural Services Department



The Departmental Secretary provides support to the Deputy Director (Leisure Services) in monitoring the implementation of projects while the Assistant Director (Leisure Services)2 and the Assistant Director (Leisure Services)3 are responsible for administrative supervision of the Planning Section. The Planning Section is functionally required to provide support for planning projects of both the Leisure Services Branch and the Cultural Services Branch.

- Notes :**
- * Proposed downgrading of post from Senior Principal Executive Officer to Principal Executive Officer
 - ^ Supernumerary directorate post proposed for permanent retention
 - @ The Information Technology Section under the Finance & Supplies Division is headed by a contract staff at D1 level.
 - # Section/Unit headed by an officer remunerated at MPS Point 45 – 49.

systems & services