**Further progress made by the Hong Kong Tourism Board on matters outstanding in the Government Minute**

**Report No. 49 of the Director of Audit (DoA) — Chapter 5**

| | **DoA's Recommendations** | **HKTB's Response in October 2007** | **Progress To date** |
|---|---|---|---|
| **Corporate Governance** | | | |
| **1.** | (a) Monitor the attendance of members at Board/Committee meetings and ascertain the reasons for low attendance.<br>(b) Take action to improve the attendance of members at Board/Committee meetings. | HKTB agrees with the audit recommendations and has implemented the following measures –<br>(a) attendance records of members at Board/Committee meetings in the past six months are provided to members to serve as a reminder to members about their attendance and similar reminders will be sent to members every six months thereafter;<br>(b) with the Board's approval, records of members' attendance will be disclosed;<br>(c) to facilitate members' participation facilities for conference calls will be arranged during meetings and in case members are not available for the meetings, HKTB will actively invite their written comments;<br>(d) include number and frequency of meetings for individual committees in the Terms of Reference of the respective Committee, and the existing arrangement of setting tentative dates for the Board meetings at the beginning of each year will continue so that members can make arrangements in advance. | Completed. HKTB has taken a series of actions to monitor and improve the attendance of members at the Board/Committee meetings. HKTB has provided members with their attendance records every six months, installed telecommunication equipments for conference calls, revised individual committees' terms of reference to include the number and frequency of meetings, and invited members who were not available for meeting to provide written comments. In July 2008, the Board approved disclosure of overall and individual members' attendance at Board and Committee Meetings in HKTB's Annual Report. To delete this part from the next progress report. |
| **Performance Measurement And Reporting** | | | |
| **2.** | Consider enhancing its performance measures in the annual Business Plan and Budget, making reference to good practices and performance measures adopted by leading National Tourism Organisations (NTOs). | HKTB has continuously enhanced its performance measures regularly making reference to best practices of international bodies and NTO. In addition to the Key Performance Indicators (KPIs), HKTB monitors a number of indicators to measure the performance of its marketing activities and review on a regular basis the relevancy of these indicators to its marketing activities. | Completed. HKTB has made reference to the practices adopted by leading NTOs and developed a framework to enhance its performance measurement. To delete this part from the next progress report. |

| | DoA's Recommendations | HKTB's Response in October 2007 | Progress To date |
|---|---|---|---|
| **Remuneration And Recruitment** | | | |
| **3.** | Ensure that there are good reasons for allowing staff to receive a salary higher than the maximum of their respective salary ranges. | HKTB will continue to identify ways to resolve such cases. | In progress. There is only one remaining case where a staff member receives a salary higher than the maximum of her salary range. HKTB will resolve it by April 2009 taking into account the coming annual salary review exercise and the overall review of the team structure of the staff concerned. |
| **Procurement Matters** | | | |
| **4.** | (a) Taking into account the Government's guidelines, consider –<br>(i) reviewing its marking scheme guidelines under the Financial Policies and Procedures (FPP), particularly the normal weightings for the technical score and the price score;<br>(ii) adopting open tendering for procurement with value exceeding a certain amount. | HKTB will review the procurement procedures and make recommendations to the Board. | (a) (i) Completed. Revised marking scheme guidelines under the FPP were approved by the Board in June 2008. To delete this part from the next progress report.<br>(ii) In progress. HKTB is working on the procedure for open tendering. The target completion date is the end of 2008. |

| | DoA's Recommendations | HKTB's Response in October 2007 | Progress To date |
|---|---|---|---|
| **Other Administrative Issues** | | | |
| **5.** | (a) Improve the control for project-related entertainment expenses.<br><br>(b) Maintain separate accounts for entertainment expenses to record the amounts incurred for budgetary control purpose. | (a) HKTB will effect a procedural change within this financial year to separate the food and beverage expenses of projects and events from ordinary entertainment expenses and submit to Staff and Finance Committee for approval.<br><br>(b) For project-related entertainment expenses, by working out the food and beverage budget for each project under the proposed new policy, HKTB can account for the expenses incurred. | Completed. New policy and procedures to manage and account for food and beverage expenses of projects and events, separately from ordinary entertainment expenses, have been put in place since 1 August 2008. To delete this part from the next progress report. |
| **6.** | (a) Improve the control for project-related business travel expenses.<br><br>(b) Maintain separate accounts for business travel expenses to record the amounts incurred for budgetary control purpose. | (a) Respective project owners will be required to estimate the budget for each activity under a project, business travel being one, for control purposes.<br><br>(b) For project-related business travel, by working out the duty travel budget for each project under the new policy, the HKTB can account for the expenses incurred. | In progress. New policy and procedures to manage and account for project-related business travel expenses will be put in place by the end of 2008. Separate accounts for business travel expenses will be kept for budgetary control purpose after the new policy and procedures are promulgated. |

**Further progress made by the Hong Kong Tourism Board on matters outstanding in the Government Minute**

**Report No. 49 of the DoA — Chapter 6**

| | DoA's Recommendations | HKTB's Response in October 2007 | Progress to Date |
|---|---|---|---|
| **Worldwide Offices And Representative Offices** | | | |
| **1.** | HKTB to consider -<br>(a) laying down guidelines and objective criteria for determining the establishment of Worldwide Offices (WWOs) and Representative Offices in overseas markets;<br>(b) periodically review the set up of WWOs having regard to relevant pre-determined criteria. | HKTB is committed to constantly reviewing the establishment of its WWOs and Representative Offices so as to take into account the changing market conditions and to tie in with its marketing strategies. HKTB has also responded that it will take into consideration various factors and criteria to closely monitor the development of the source markets and reviews the need to establish a WWO or Representative Office. Recommendations will be submitted to the Board for consideration and approval. | In progress. The target completion date is the end of 2008. |
| **Execution And Evaluation of Other Marketing Activities** | | | |
| **2.** | Set performance targets for its advertising and promotion campaigns to evaluate the effectiveness of the campaigns in achieving their intended objectives. | HKTB had conducted pre-campaign and post-campaign tracking studies to assess the changes before and after the launch of the worldwide promotion campaign for 2005-06 to 2006-07. These tracking studies directly measured the effectiveness of the marketing initiatives under the campaign, whereas the overall results of the campaign were measured by the defined KPIs set for the campaign period, such as visitor arrivals, spending, satisfaction and revisit intention. | In progress. HKTB had completed a study and put forward recommendations on the corporate performance measurement framework. Building upon this framework, HKTB had started to review the performance measures to evaluate the effectiveness of its advertising and promotion campaigns. The target completion date is the end of 2008. |

| | DoA's Recommendations | HKTB's Response in October 2007 | Progress to Date |
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| **Quality Tourism Services (QTS) Scheme** | | | |
| **3.** | Explore ways to enable the QTS Scheme to achieve self-financing. | In the long run, HKTB aims to recover the operating expenditure directly related to merchant accreditation. The expenses on the promotion of the Quality Tourism Services (QTS) Scheme will continue to be funded by the HKTB as part of its effort to promote Hong Kong's destination image in quality service. | In progress. The QTS Review which covers the issue on cost recovery has been completed and the results will be submitted to the QTS Committee for review and comment in Q4 2008. |