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Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2014-15

Controlling Officer : Director of Audit

Session No. : 10

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**CONTROLLING OFFICER'S REPLY**

**AUD001**

**(Question Serial No. 1246)**

Head: (24) Audit Commission  
Subhead (No. & title): (-) Not Specified  
Programme: (1) Regularity Audit  
Controlling Officer: Director of Audit (Mr David SUN)  
Director of Bureau: -  
This question originates from: Estimates on Expenditure Volume 1 Page 60 (if applicable)

Question (Member Question No. 5):

As indicated in Programme (1), during 2014–15 the Commission will continue to enhance the research work on industry practice and audit methodology in line with latest international standards. In this connection, will the Administration advise this Committee:

1. What are the “latest international standards”? What are the major differences between these standards and the existing ones?
2. How does the cost of adopting the “latest international standards” compare with the cost of continuing the existing audit models?

Asked by: Hon. CHAN Chi-chuen

Reply:

1. The “latest international standards” referred to in Programme (1) are those issued by the International Federation of Accountants and the International Organisation of Supreme Audit Institutions. These standards are reviewed and revised by the two international standard setting bodies from time to time. As the Audit Commission keeps track of and complies with these “latest international standards”, there are no significant differences between the Audit Commission’s auditing standards and the “latest international standards”.
2. The cost of adopting the “latest international standards” is mainly the time cost incurred by the audit staff in updating their knowledge on the revised standards and in implementing them in their audit work. This cost is included in the regularity audit cost of the Audit Commission.

**CONTROLLING OFFICER'S REPLY**

**AUD002**

**(Question Serial No. 2364)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (1) Regularity Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 60 (if applicable)

Question (Member Question No. 42):

As regards the indicator man-hours spent, the estimated number for 2014-15 will increase significantly as compared with the number in 2013-14, and there will also be a growth in the size of establishment. However, the operational targets remain unchanged. What are the reasons for that?

Asked by: Hon. CHAN Hak-kan

Reply:

As compared with the revised estimate of 2013-14, the number of man-hours to be spent on Programme (1) Regularity Audit has increased by 7.2% from 87 604 to 93 937. This is mainly due to the fact that additional staff resources (1 Auditor, 1 Senior Examiner and 1 Examiner) are required for conducting more in-depth compliance audits in 2014-15. These compliance audits will focus on major programme areas involving significant government resources and covering multiple bureaux and departments (B/Ds). The objective is to ensure that relevant and applicable laws and regulations governing the management of public funds have been complied with by B/Ds and that public funds have been spent for the purposes voted by the Legislative Council.

**CONTROLLING OFFICER'S REPLY**

**AUD003**

**(Question Serial No. 4942)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 60 (if applicable)

Question (Member Question No. 265):

Will the Audit Commission provide more resources in 2014-15 to further increase the number of audit subjects in each value for money audit exercise, so that more items of Government expenditure can be audited at the same time? If so, please provide details; if not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

With growing demand for public accountability, the Audit Commission considers it increasingly important to strike a balance between the number and coverage of the audits when planning value for money audit studies. Given a fixed pool of resources and their sequential engagement in assignments throughout the year, our value for money audits are generally planned and scheduled about one year in advance, after taking into account factors such as availability of resources, and the materiality, risk, auditability and valued-added in selecting subjects for value for money audit. We conduct a value for money audit when the situation warrants an in-depth review. When we select a topic, we review the economy, efficiency and effectiveness with which the audited body has discharged its functions and focus more on identifying any systemic issues. In general, each study takes 5 to 8 months to complete, depending on the scope of the exercise. We monitor our resources requirements closely and seek additional resources from the Administration when there is a need to do so. In 2014-15, we will create 1 new Auditor post to strengthen our support for conducting value for money audit.

**CONTROLLING OFFICER'S REPLY**

**AUD004**

**(Question Serial No. 4943)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: -

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: -

Question (Member Question No. 266):

I have learnt that many members of the public write to the Audit Commission and request it to carry out audit of individual departments or public organisations. How many complaint cases against individual departments or organisations were received by the Audit Commission in the past 3 years? Please provide a breakdown by department and by organisation.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Information of complaints against government bureaux/departments and audited organisations received by the Audit Commission from 2011 to 2013 is given at the Appendix. The Commission takes into account factors such as materiality, risk, auditability and valued-added in selecting subjects and allocating resources for value for money audit. In general, we do not conduct value for money audit based on individual complaints. However, the information and views provided in the complaints are analysed and summarised, and taken into account in planning our value for money audits.

**Complaints against government bureaux/departments and audited organisations  
received by the Audit Commission  
(2011 to 2013)**

<b>Item</b>	<b>Bureau/department/ audited organisation</b>	<b>2011 (Number)</b>	<b>2012 (Number)</b>	<b>2013 (Number)</b>	<b>Total (Number)</b>
1	Agriculture, Fisheries and Conservation Department	5	14	11	30
2	Architectural Services Department	3	3	6	12
3	Audit Commission	3	7	7	17
4	Auxiliary Medical Service	1	4	0	5
5	Buildings Department	15	23	34	72
6	Census and Statistics Department	3	1	9	13
7	Chief Executive's Office	3	8	8	19
8	Civil Aviation Department	1	11	13	25
9	Civil Engineering and Development Department	2	4	7	13
10	Civil Service Bureau	2	6	4	12
11	Commerce and Economic Development Bureau	1	1	5	7
12	Companies Registry	3	0	4	7
13	Consumer Council	0	0	3	3
14	Correctional Services Department	0	0	4	4
15	Customs and Excise Department	1	0	1	2
16	Department of Health	6	7	10	23
17	Department of Justice	5	11	2	18
18	Development Bureau	5	19	28	52
19	Drainage Services Department	1	11	3	15
20	Duty Lawyer Service	1	0	1	2
21	Education Bureau (including government schools)	13	33	25	71
22	Electrical and Mechanical Services Department	8	8	13	29
23	Environment Bureau	1	2	2	5
24	Environmental Protection Department	9	17	30	56
25	Equal Opportunities Commission	2	2	1	5
26	Financial Services and the Treasury Bureau	1	2	2	5
27	Fire Services Department	11	11	17	39
28	Food and Environmental Hygiene Department	42	63	55	160
29	Food and Health Bureau	1	3	3	7
30	Government Laboratory	0	1	0	1
31	Government Logistics Department	0	3	4	7
32	Government Property Agency	0	3	4	7
33	Highways Department	42	18	36	96
34	Home Affairs Bureau	5	7	7	19
35	Home Affairs Department	14	34	19	67

<b>Item</b>	<b>Bureau/department/ audited organisation</b>	<b>2011 (Number)</b>	<b>2012 (Number)</b>	<b>2013 (Number)</b>	<b>Total (Number)</b>
36	Hong Kong Academy for Performing Arts	1	0	0	1
37	Hong Kong Applied Science and Technology Research Institute Company Limited	1	0	0	1
38	Hong Kong Education City Limited	0	0	1	1
39	Hong Kong Export Credit Insurance Corporation	2	0	0	2
40	Hong Kong Housing Authority	1	4	26	31
41	Hong Kong Monetary Authority	1	3	0	4
42	Hong Kong Observatory	0	0	2	2
43	Hong Kong Police Force	11	25	30	66
44	Hong Kong Productivity Council	0	5	2	7
45	Hong Kong Sports Institute Limited	0	0	2	2
46	Hongkong Post	5	6	2	13
47	Hospital Authority	17	22	31	70
48	Housing Department	41	38	22	101
49	Immigration Department	17	11	9	37
50	Independent Commission Against Corruption	0	1	3	4
51	Independent Police Complaints Council	5	2	0	7
52	Inland Revenue Department	5	7	6	18
53	Judiciary	3	12	5	20
54	Labour and Welfare Bureau	1	3	6	10
55	Labour Department	4	6	3	13
56	Land Registry	1	0	0	1
57	Lands Department	51	127	68	246
58	Legal Aid Department	2	6	5	13
59	Legal Aid Services Council	0	2	0	2
60	Legislative Council Commission	3	6	5	14
61	Leisure and Cultural Services Department	52	32	32	116
62	Marine Department	1	7	3	11
63	Non-governmental organisations subvented by Social Welfare Department	12	6	0	18
64	Office of the Commissioner of Insurance	0	0	1	1
65	Office of the Communications Authority	1	1	8	10
66	Office of the Government Chief Information Officer	3	4	7	14
67	Office of The Ombudsman	4	9	6	19
68	Office of the Privacy Commissioner for Personal Data	0	4	4	8
69	Offices of the Chief Secretary for Administration and the Financial Secretary	4	3	6	13
70	Official Receiver's Office	0	2	2	4

<b>Item</b>	<b>Bureau/department/ audited organisation</b>	<b>2011 (Number)</b>	<b>2012 (Number)</b>	<b>2013 (Number)</b>	<b>Total (Number)</b>
71	Performing arts groups subvented by Home Affairs Bureau	1	1	3	5
72	Planning Department	5	3	7	15
73	Prince Philip Dental Hospital	1	0	0	1
74	Radio Television Hong Kong	1	4	3	8
75	Rating and Valuation Department	1	4	0	5
76	Registration and Electoral Office	2	0	0	2
77	Schools receiving recurrent subvention under Code of Aid	6	3	0	9
78	Schools under the Direct Subsidy Scheme	1	0	0	1
79	Security Bureau	1	1	2	4
80	Social Welfare Department	17	12	42	71
81	Sports associations subvented by Leisure and Cultural Services Department	0	0	1	1
82	Student Financial Assistance Agency	6	2	2	10
83	The Society for the Aid and Rehabilitation of Drug Abusers	3	0	0	3
84	Trade and Industry Department	0	0	1	1
85	Transport and Housing Bureau	4	6	7	17
86	Transport Department	15	30	26	71
87	Treasury	2	11	6	19
88	University Grants Committee	1	0	0	1
89	University Grants Committee funded institutions	6	6	2	14
90	Vocational Training Council	7	5	3	15
91	Water Supplies Department	19	9	14	42
92	West Kowloon Cultural District Authority	0	0	3	3
<b>Total</b>		<b>558</b>	<b>788</b>	<b>797</b>	<b>2 143</b>



**CONTROLLING OFFICER'S REPLY**

**AUD005**

**(Question Serial No. 4944)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 60 (if applicable)

Question (Member Question No. 267):

Many items of Government expenditure, such as major infrastructure projects, have aroused great controversies in society, but the Audit Commission has carried out very few value for money audits of matters of public concern. Will the Audit Commission explain the selection criteria of audit subjects? Will it review the selection criteria? If so, please provide details; if not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Public Accounts Committee of the Legislative Council shows keen interest in the audit subjects in the Director of Audit's Reports. Of the 18 subjects in the Director of Audit's Reports No. 60 and 61 tabled in the Legislative Council in the past year, the Committee selected 6 subjects for public hearings. They are : Administration of road safety measures; Pre-primary Education Voucher Scheme; Preventive education and enlisting public support against corruption; Direct land grants to private sports clubs at nil or nominal premium; Management of roadside skips; and Allocation and utilisation of public rental housing flats. The Director of Audit's Reports No. 60 and 61 also covered the audits of major infrastructure projects such as Tung Chung Road Improvement Project and Tamar Development Project. All of them relate to matters of public concern.

The Commission has an established system of keeping in view controversies involving significant government expenditure. Apart from public concern, we also take into account other factors such as materiality, risk, auditability and valued-added in selecting subjects and allocating resources for value for money audit. Pursuant to the agreement between the Legislative Council, the Administration and the Director of Audit, a public body is subject to value for money audit only when one of the following criteria is met: (a) whose accounts the Director of Audit is empowered under any Ordinance to audit; (b) receiving more than half its income from public moneys (or by virtue of an agreement made as a condition of subvention, is subject to value for money audit by the Director); and (c) the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122). We conduct a value for money audit when the situation warrants an in-depth review. In general, we plan and schedule our value for money audits about one year in advance. When we select a topic, we review the economy, efficiency and effectiveness with which the audited body has discharged its functions and focus more on identifying any systemic issues. We keep the selection criteria under regular review and will further improve them where necessary.

**CONTROLLING OFFICER'S REPLY**

**AUD006**

**(Question Serial No. 2101)**

Head: (24) Audit Commission

Subhead (No. & title): (000) Operational expenses

Programme: (-) Not Specified

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 65 (if applicable)

Question (Member Question No. 37):

The Budget states that “subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$106,502,000.” What circumstances will necessitate the deletion of non-directorate posts? And how will the salaries originally approved be used?

Asked by: Hon. CHIANG Lai-wan

Reply:

In general, deletion of posts will be made when there is a cessation of the related service/operational needs or a drop in the demand for manpower resources after process re-engineering, organisational review or outsourcing. The salary saving will be redeployed to meet requirements under the same salary subhead or those under other subheads.

**CONTROLLING OFFICER'S REPLY**

**AUD007**

**(Question Serial No. 2589)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (1) Regularity Audit, (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: -

Question (Member Question No. 44):

Regarding the records management work in the Audit Commission over the past 3 years :

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear meters of records	Retention period approved by GRS	Are they confidential documents

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Reply:

1. In the Audit Commission, 1 Chief Executive Officer and 1 Executive Officer I have been designated as the Departmental Records Manager and Assistant Departmental Records Manager respectively to assist in establishing, implementing and reviewing the records management programme of the Commission. Six officers of the Auditor or Examiner grade also assist in overseeing the records management matters of their respective divisions. The day-to-day work relating to filing, classification, retrieval and storage of records is performed by the clerical grades officers.
2. Information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in the past 3 years is as follows :

Category of records	Years covered by the records	Number and linear meters of records	Retention period approved by GRS	Are they confidential documents
<b>2011</b>				
Administrative files	1994-2011	136 / 11.3 lm	2 – 7 years	76 files (Note 1) contained confidential documents
Programme files	1993-2011	83 / 6.9 lm	7 years	40 files contained confidential documents
<b>2012</b>				
Administrative files	2003-2012	65 / 5.4 lm	2 – 7 years	No files contained confidential documents
Programme files	1981-2012	82 / 6.8 lm	7 years	17 files contained confidential documents
<b>2013</b>				
Administrative files	1993-2013	84 / 7.0 lm	2 – 7 years	6 files contained confidential documents
Programme files	1993-2013	62 / 5.2 lm	7 years	11 files contained confidential documents

Note 1 : With the implementation of new records classification scheme for confidential administrative files, the active parts of the confidential administrative files were also closed for re-classification of the files with new file codes in late 2011. The figure has also included the number of confidential administrative files closed for such purpose.

3. No administrative files or programme files were transferred to GRS for retention in the years of 2011, 2012 and 2013.
4. Information on records which have been approved for destruction by GRS in the past 3 years is as follows :

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
<b>2011</b>					
Administrative files	Nil				
Programme files	1981-2003	49 / 7.0 lm	2011	7 years	No
<b>2012</b>					
Administrative files	1991-2003	517 (Note 2) / 40.8 lm	2012	2 – 7 years	No
Programme files	Nil				

<b>2013</b>					
Administrative files	2001-2005	65 / 5.5 lm	2012 and 2013	2 – 7 years	No
Programme files	Nil				

Note 2 : A large number of administrative files were opened with new file codes in 2003 due to the implementation of new records classification scheme for administrative files. The retention period for these files expired in 2011 and GRS's approval for destruction of some of these files was obtained in 2012.

**CONTROLLING OFFICER'S REPLY**

<b>AUD008</b>
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**(Question Serial No. 4580)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (1) Regularity Audit, (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: -

Question (Member Question No. 76):

Regarding the studies (if any) conducted by the Audit Commission for the purpose of formulating and assessing policies, please provide information in the following format.

(a) Using the table below, please provide information on studies on public policy and strategic public policy for which funds had been allocated in the past 2 financial years (2012-13 and 2013-14):

Name of consultant	Mode of award (open auction/ tender/ others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Administration on the study report and their progress (if any)	For completed projects, have they been made public? If yes, through what channels? If no, why?

(b) Are there any projects for which funds have been reserved for conducting consultancy studies this year (2014-15)? If yes, please provide the following information:

Name of consultant	Mode of award (open auction/ tender/ others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Administration on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?

(c) What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The Audit Commission has not conducted any studies for the purpose of formulating and assessing public policies or strategic public policies in 2012-13 and 2013-14. The Commission does not have any plan for such studies and has not earmarked any provision for the purpose in 2014-15.

**CONTROLLING OFFICER'S REPLY**

**AUD009**

**(Question Serial No. 4597)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (1) Regularity Audit, (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: -

Question (Member Question No. 96):

1. Regarding the expenses on entertainment and gifts of the Audit Commission over the past 3 years, please provide details using the table below:

Bureau/ branch/ department and year	Estimated expenses on entertainment and gifts in the year	Actual expenses on entertainment and gifts in the year	Cap on entertainment expenses (including beverages) per head for the year	Cap on gift expenses per guest for the year	Number of receptions held and total number of guests entertained in the year

2. Regarding the expenses on entertainment and gifts of the Audit Commission in 2013-14, please provide details using the table below:

Bureau/ branch/ department	Date of reception (day/ month/ year)	Departments/ organisations and titles of the guests entertained (grouped by department/ organisation and indicating the number of guests)	Food expenses incurred in the reception	Beverage expenses incurred in the reception	Gift expenses incurred in the reception	Venue of the reception (department office/ restaurant in government facilities/ private restaurant/ others (please specify))

3. Please provide the estimated expenses on entertainment and gifts for 2014-15 using the table below:

Bureau/ branch/ department	Estimated provision for expenses on entertainment and gifts	Cap on entertainment expenses per guest	Cap on gift expenses per guest

Asked by: Hon. HO Sau-lan, Cyd



Reply:

When official entertainments need to be arranged, our officers will exercise prudent judgement and economy, and observe the relevant guidelines, rules and regulations on the hosting of official entertainments in order to avoid any public perception of extravagance. The prevailing guideline on the expenditure limits for official lunch and dinner was set at \$450 per person and \$600 per person respectively, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charge and tips.

For the years of 2011-12, 2012-13 and 2013-14 (up to 28 February 2014), the actual expenditure on official entertainment for the Audit Commission was \$16,128, \$10,340 and \$2,450 respectively. For 2014-15, the provision for official entertainment is \$25,000.

In line with the Government's green policy, government officials should as far as possible refrain from exchanging gifts/souvenirs during meetings and visits involving outside parties. According to the prevailing guidelines, where it is considered necessary or unavoidable to bestow gifts or souvenirs due to operational, protocol or other reasons, such items should not be lavish or extravagant and the number should be kept to a minimum. Our officers would observe the above guidelines when considering bestowal of gifts. The expenditure on the procurement of gifts/souvenirs for official use is normally absorbed by the General Departmental Expenses vote and no provision will specifically be reserved for this purpose in 2014-15.

**CONTROLLING OFFICER'S REPLY**

**AUD010**

**(Question Serial No. 4650)**

Head: (24) Audit Commission

Subhead (No. & title): (-) Not Specified

Programme: (1) Regularity Audit, (2) Value for Money Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: -

Question (Member Question No. 148):

In regard to the growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which the Audit Commission has been involved.

(a) For Hong Kong/Mainland cross-boundary projects or programmes, please provide information in 2011-12 to 2013-14 as per following table:

Project / Programme	Details, objective and whether it is related to the Framework Agreement on Hong Kong/ Guangdong Co-operation (the Framework Agreement)	Expenditure involved	Mainland official and department/ organisation involved	Progress (% completed, commencement date, target completion date)	Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons?	Details of the legislative amendments or policy changes involved in the project/ programme

(b) For Hong Kong/Mainland cross-boundary projects or programmes in 2014-15, please provide information as per following table:

Project / Programme	Details, objective and whether it is related to the Framework Agreement on Hong Kong /Guangdong Co-operation (the Framework Agreement)	Expenditure involved	Mainland official and department/ organisation involved	Progress (% completed, commencement date, target completion date)	Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons?	Details of the legislative amendments or policy changes involved in the project/ programme

- (c) Apart from the projects or programmes listed above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation? If so, what are they? What were the manpower and expenditure involved over the past 3 years? How much financial and manpower resources have been earmarked in the Estimates for 2014-15?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The Audit Commission has not been involved in any Hong Kong/Mainland cross-boundary co-operation activities in 2011-12 to 2013-14. The Commission does not have any plan for such activities and has not earmarked any provision for the purpose in 2014-15.

**CONTROLLING OFFICER'S REPLY**

**AUD011**

**(Question Serial No. 5862)**

Head: (24) Audit Commission

Subhead (No. & title): (000) Operational expenses

Programme: (1) Regularity Audit

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 60 (if applicable)

Question (Member Question No. 586):

1. Will the Administration inform this Committee of the criteria that the Audit Commission has adopted in selecting auditees?
2. Will the Administration inform this Committee whether there are audited bodies that have not been selected as auditees for more than a decade? If so, what are they and what are the reasons?
3. Will the Administration inform this Committee of the last time the Audit Commission had audited the Exchange Fund and the trading funds?

Asked by: Hon. LEUNG Kwok-hung

Reply:

1. In respect of Programme (1) Regularity Audit, the Audit Commission conducts regularity audits mainly in accordance with the Audit Ordinance (Cap. 122) and other relevant legislation. In the conduct of such regularity audits, we select special audit areas for more detailed examination on a risk basis.
2. Regularity audits are conducted on an annual basis. Therefore, there are no audited bodies that have not been selected for audit for more than a decade.
3. The Audit Commission conducts audits of the Exchange Fund and the trading funds annually and their audited financial statements are published by these organisations and available at their respective websites. The latest audited financial statements of the Exchange Fund and the trading funds were for the year ended 31 December 2012 and 31 March 2013 respectively.

**CONTROLLING OFFICER'S REPLY**

**AUD012**

**(Question Serial No. 5595)**

Head: (24) Audit Commission

Subhead (No. & title): (001) Salaries

Programme: (-) Not Specified

Controlling Officer: Director of Audit (Mr David SUN)

Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 63 (if applicable)

Question (Member Question No. 76):

Regarding the change in establishment, please advise:

- (a) What is the estimated expenditure for the recruitment of staff in 2014-15?
- (b) How many officers will be involved in the exercise and what are their ranks?
- (c) What kinds of staff will be recruited?
- (d) Please provide the progress and timetable for 2014-15.
- (e) Will the Audit Commission consider further recruitment of staff? If so, what is the estimated expenditure; if not, what are the reasons?

Asked by: Hon. TO Kun-sun, James

Reply:

In 2014-15, the Audit Commission plans to recruit 4 Auditors and 6 Examiners. The abovementioned number of recruits has already included 4 vacancies arising from creation of new posts and 6 vacancies due to natural wastage. The additional annual staff costs of the 4 recruits for filling the new posts, in terms of notional annual mid-point salary value, are about \$2.40 million. As the waiting lists for appointment drawn up from the last open recruitment exercises on the Auditor and Examiner ranks are yet to expire, there is no plan to conduct fresh recruitment exercises in 2014-15. Recruitment boards are set up when recruitment exercises on the Auditor and Examiner ranks are conducted. Directorate officers/Auditor grade officers/Examiner grade officers will serve on the recruitment boards, each of which normally comprises 4 officers and the board composition takes into consideration the recruiting rank. One Chief Executive Officer and 1 Executive Officer I, assisted by 3 officers of the clerical grade, will be responsible for the administrative arrangements, the expenditure of which has been included in the cost of the establishment.

**CONTROLLING OFFICER'S REPLY**

**AUD013**

**(Question Serial No. 3161)**

Head: (24) Audit Commission  
Subhead (No. & title): (000) Operational expenses  
Programme: (-) Not Specified  
Controlling Officer: Director of Audit (Mr David SUN)  
Director of Bureau: -

This question originates from: Estimates on Expenditure Volume 1 Page 63 (if applicable)

Question (Member Question No. 9):

The Audit Commission plans to create 4 new posts in 2014-15. Please provide information on the ranks of these posts and the reasons for the creation of such posts. What will be the salaries for these posts?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

Information on the 4 new posts to be created in the Audit Commission in 2014-15 is as follows:

<b>Programme Concerned</b>	<b>Rank of Post</b>	<b>No. of Post</b>	<b>Notional Annual Mid-point Salary</b>	<b>Reasons for Creation of Posts</b>
(1) Regularity Audit	Auditor	1	\$808,440	The 3 new posts are to strengthen the staffing support for conducting more in-depth compliance audits on government bureaux and departments (B/Ds) to ensure that relevant and applicable laws and regulations governing the management of public funds are complied with by B/Ds and that public funds are spent for the purposes voted by the Legislative Council.
	Senior Examiner	1	\$621,900	
	Examiner	1	\$393,120	
(2) Value for Money Audit	Auditor	1	\$808,440	The new post is to make up for the staffing shortfall in one of the Value for Money Audit Divisions.

**CONTROLLING OFFICER'S REPLY**

**AUD014**

**(Question Serial No. 5229)**

Head: (24) Audit Commission  
Subhead (No. & title): (000) Operational expenses  
Programme: (-) Not Specified  
Controlling Officer: Director of Audit (Mr David SUN)  
Director of Bureau: -  
This question originates from: Estimates on Expenditure Volume 1 Page 65 (if applicable)

Question (Member Question No. 5):

What is the 2014-15 estimate for the Audit Commission's duty visits to the Mainland? Please provide information about the theme of the duty visits to the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

No provision is set aside specifically for visits to the Mainland. The expenditure on duty visits to the Mainland will be absorbed by the provision reserved for overseas duty visits.

According to the existing plan, three officers of the Audit Commission will participate in a two-day audit conference to be organised by the China Audit Society in Shandong Province in May 2014. The purpose of the conference is to exchange views and ideas on topics relating to public sector auditing through presentation of papers and discussion with the participants.

All the duty visits undertaken by officers of the Audit Commission need to be approved by Director of Audit personally while those of Director of Audit himself are approved by the Permanent Secretary for Financial Services and the Treasury (Treasury). Details about the duty visits, including purpose of visit, persons and/or organisations to be met with, duration, location, name and rank of officers involved, programme, cost, etc. are included in the applications for duty visits. The prevailing guidelines on duty visits stipulate that non-official elements should be avoided and proper prior approval is necessary. When subsequent changes become necessary, the approving authority should be informed of the changes as soon as practicable and the approving authority would assess the need to consider the application afresh.