

民政事務總署  
香港灣仔軒尼詩道一百三十號  
修頓中心二十九及三十樓



**Home Affairs Department**  
29th and 30th Floors, Southern Centre,  
130 Hennessy Road,  
Wan Chai,  
Hong Kong.

本署檔號： HAD HQ CR/4-35/10/(C)  
來函檔號： CB4/PAC/R68  
電話： 2835 1483  
傳真： 2834 5466

(By e-mail only)

6 June 2017

Mr Anthony CHU  
Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr Chu,

**Public Accounts Committee**  
**Consideration of Chapter 4 of the Director of Audit's Report No. 68**  
**Provision of district council funds for community involvement projects**

Thank you for your letter of 18 May 2017. We are pleased to provide the information requested as per attached at Appendix.

Yours sincerely,

(Howard YAM)  
for Director of Home Affairs

c.c. (By fax only)

Director of Leisure and Cultural Services (fax no. 2691 4661)  
Secretary for Financial Services and the Treasury (fax no. 2147 5239)  
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee**  
**Consideration of Chapter 4 of the Director of Audit's Report No. 68**  
**Provision of district council funds for community involvement projects**

**Replies to written questions**

**For the Home Affairs Department**

**Part 2: Allocation and use of district council funds for community involvement projects**

Q1 According to paragraph 1.5, the Home Affairs Department ("HAD") provides funds to District Councils ("DCs") for implementing community involvement ("CI") projects in districts annually (the funds are referred to as DC-CIP funds). According to paragraph 2.2(b), a portion of the DC-CIP funds was allocated to individual DCs taking into account a number of factors (e.g. population and socio-economic factors). However, according to paragraph 2.5, HAD had not taken into account changes in the factors in allocating the DC-CIP funds. For example, for the allocation of DC-CIP funds in 2015-2016, an amount of \$256.11 million was allocated based on old data (e.g. district population) of 2008-2009, 2012-2013 and 2013-2014. Why was this so? According to paragraphs 2.6 and 2.7, Director of Home Affairs agreed to conduct a review of the allocation of DC-CIP funds. Has the review been conducted? What measures will be taken to ensure that the funds are allocated in the most appropriate manner? When will the measures be taken?

A1 To maintain a reasonable degree of certainty and continuity in funding, a baseline allocation was calculated for each district and the baseline allocation would be maintained unless there was increase in overall funding for District Council ("DC") funds. Between 2008-09 and 2016-17, there were three increases in overall funding for DC funds respectively in 2012-13, 2013-14 and 2015-16. When there was increase in the total provision of DC funds, the allocation for the DCs in the past year would be allocated as baseline allocation. As for the additional provision, a portion of which would be allocated on an equal basis to the DCs and the remaining portion would be allocated according to the relevant factors (e.g. population and land area) by using the latest data.

Considering the above allocation mechanism has been in place for years and in view of Audit's recommendation, HAD has duly reviewed and adopted a new allocation arrangement. Starting from 2017-18, less than half of the total provision would be allocated based on individual DC's allocation in the past year, and the major portion of the total provision would be allocated according to the latest data of the relevant factors (e.g. population and socio-economic factors). We plan to adopt this arrangement to recalculate the allocation at the beginning of a new DC term, or when there is further increase in the total provision in future. This would ensure any changes to the relevant factors could be duly and timely reflected in the allocation.

Q2 According to paragraph 2.9, for the period 2011 to 2015, the number of CI projects decreased by 3.3% (from 39 127 to 37 827), and the number of participants decreased by 13.3% (from 21.49 million to 18.63 million). According to paragraph 2.10, in the same period, the expenditure of CI projects increased by 17% (from \$272.35 million to \$319.52 million). Please provide explanation for:

- a) reasons for the increase in the expenditure of CI projects despite the decrease in the number of participants. Given that the Consumer Price Index and the Consumer Price Index (A) has risen 17% and 19% respectively during the same period, was the increase in expenditure attributable to factors such as inflation and/or programme content improvement; and
- b) many participating organizations reflected that a loss would normally be incurred for organizing CI projects. Has HAD ascertained with participating organizations regarding the situation and reasons for incurring a loss?
- c) According to paragraphs 2.28(a) and 2.30, Director of Home Affairs has agreed to keep under review the number of CI projects and participants in the projects vis-à-vis the expenditure of the projects and take improvement measures as appropriate. What is the current position regarding the number of CI projects and participants as well as the expenditure? Is there a need to take improvement measures? If yes, what improvement measures will be taken?

A2(a) DCs may identify and initiate projects for implementation to meet the needs of their districts. Depending on the scale and nature of projects carried out by the 18 DCs, the number of projects and participants may vary from year to year. In fact, the Government has not set any target for DCs on the number of CI projects to be carried out or the number of participants of these projects.

The implementation of CI projects involves the procurement of goods and services as well as the engagement of project staff. The increase in price level and staff cost over the years would have a bearing on the number and nature of projects organised/sponsored. For example, the Composite Consumer Price Index increased by 16.8% for the period 2011 to 2015 (and by 7.6% from 2013 to 2015). Furthermore, both DCs and other implementation parties like the Leisure and Cultural Service Department (LCSD) have been striving to enhance the quality and variety of CI projects. Therefore, higher operational costs for implementing CI projects had been observed.

A2(b) The CI projects are not implemented on a profit or loss basis and HAD has not received reports from the participating organisations that a loss would normally be incurred for organising CI projects.

The participating organisations are required to carry out CI projects in accordance with the provisions contained in the funding guidelines and the approved plans and budgets. There might be occasions that the proposed budgets of these organisations were not fully approved after DCs' vetting and scrutiny. In that case and if the organisations considered it necessary to proceed with the unfunded items, they would need to finance the shortfalls by coming up with alternative sources of funding.

A2(c) We have compared the latest figures for 2016 against those set out in the Audit report up to 2015 and found that the expenditure per participant is comparable – it was \$17.2 in 2015 and \$17.8 in 2016. We would continue to keep under review the number of CI projects and participants in the projects vis-à-vis the expenditure of the projects. In case there are any abnormal trends, we would take follow-up action.

Q3 In paragraphs 2.17 to 2.18, the Audit Commission ("Audit") analyzed the use of funds by DCs in 2015-2016 and revealed that

of the \$205.63 million of funds spent on the 15 project categories, \$146.27 million (71%) were spent on the three categories of arts and cultural activities, recreational and sports activities, and festival celebrations and district festivals. The funds spent on some project categories were small. For example, each of civic education (\$2.42 million) and building management (\$1.7 million) incurred a spending of less than 2% of the sum spent on the 15 project categories. In addition, Audit analyzed the 2015-2016 DC projects and found that for some projects targeting specific groups of people, the number of projects and participants was low (paragraph 2.21).

- a) Will HAD consider providing incentives or implementing strategies to encourage DCs to initiate projects of other categories and targeting specific groups of people?
- b) Director of Home Affairs has agreed the Audit's recommendations highlighted in paragraphs 2.28(b) and (c). When will HAD implement the recommendations and what is the expenditure and manpower involved?

A3(a)(b) As DC members are conversant with the needs of their respective districts/constituencies, they are in a better position to initiate projects that meet the needs of their districts. Starting from 2017-18, we would, as recommended in para. 2.28(b) and (c) of the Audit report, provide DCs with an analysis of the approved projects by categories for DCs' reference. DCs can make reference to the analysis in considering allocation of DC funds to the various project categories.

Q4 According to paragraph 2.27, Audit examined the use of funds by DCs for arts and cultural activities in 2015-2016 and found that 10 of the 18 DCs had used funds designated for these activities on other activities, involving amounts ranging from \$220,000 to \$1.09 million. Audit considers that HAD needs to take measures to ensure that the funds for arts and cultural activities are spent as designated.

- a) Has HAD ascertained the reasons why the funds designated for arts and cultural activities were used on other activities?
- b) How would HAD monitor the use of funds after they have been approved?

- c) If the DCs concerned have not fully used up the approved funds on the activities, how would the residual funds be handled?
- d) What measures will be taken to ensure that funds allocated for arts and cultural activities were solely used for that purpose? When will these measures be implemented?

A4(a)(c) Since the provision of designated funds to arts and cultural activities (designated funds) for the first time in 2013-14, HAD has required DCs to ensure that they will spend in each of the following years an amount no less than the amount spent by them on arts and cultural activities in 2012-13 (i.e. the amount they spent before the designated fund was first provided in 2013-14) and that the two additional designated funds will be spent solely on such activities.

We understand that DCs would endeavour to approve the required amount for implementing different arts and cultural activities in their respective districts. However, there would be cases where the actual expenditure incurred by these activities is less than the approved budget/amount or some projects were cancelled due to inclement weather or other unforeseen circumstances.

All unspent DC funds, including those designated for arts and cultural activities, will lapse at the end of the financial year, i.e. DCs cannot carry forward the unspent balance in a year to the following year. In order to fully utilize the district allocation for the benefit of the community, DCs may decide to use the unspent balance of the designated funds to settle payments for approved CI projects in other categories. This is possible because, as a budgetary strategy, DCs may approve over-commitments of up to 25% of their respective district allocations such that the funds available can be fully utilized even when there is underspending or delay in the implementation of some CI projects.

A4(b)(d) HAD regularly reminds District Officers (DOs) that the designated funds should be fully spent on arts and cultural activities. HAD has included this specific reminder when notifying DOs of the annual district allocation at the start of the financial year. It has also encouraged DC secretariats from time to time to speed up payments to ensure full utilisation of the designated funds.

To ensure DCs can fully use the designated funds, we have asked DC secretariats to enhance budgetary control and management of the funds, e.g. by suitably considering over-committing on arts and culture projects, so that the funds can be spent as far as possible by the close of the financial year.

Q5 According to paragraphs 2.24 and 4.15, Audit noted cases where inaccurate and incomplete information had been input by district offices into the District Council Funds Information System ("DCFIS"), such as lack of prompt update of the number of participants and improper classification of projects and incorrect input of project names. Also, the evaluation results as contained in the project evaluation forms had not been input into DCFIS by the DC secretariat concerned.

- a) What is the procedure in place for HAD/DC secretariat to process information in DCFIS, and the manpower and expenditure involved in this regard?
- b) Who will be responsible for verifying the input of information to ensure their accuracy? Why have the above mistakes not been identified?

A5(a)(b) DC secretariat inputs project data into the DCFIS upon the approval of CI projects and after key milestones have been reached, e.g. approval for releasing advance payment, receipt of final reports and evaluation forms, reimbursement for a CI project, etc. User procedures manual and guidelines on the classification of CI projects have been provided to assist the secretariat staff in inputting data into the system.

The DC secretary is responsible for ensuring the accurate recording of DC projects in DCFIS. HAD has reminded DC secretariats to keep the data in the DCFIS accurate, updated and complete.

Q6 According to paragraph 2.9, the number of CI projects (comprising DC projects and the Leisure and Cultural Services Department ("LCSD") projects) and the number of participants in CI projects are the two key performance indicators shown in HAD's Controlling Officer's Report. According to paragraph 2.14, in March 2017, HAD and LCSD were verifying the accuracy

of the CI project statistics (i.e. the number of CI projects and the number of participants in CI projects). Why was it necessary to verify the CI project statistics which had already been reported in the HAD's Controlling Officer's Reports? Had the statistics not been properly verified before they were published in the Controlling Officer's Reports? What was the procedure in place in compiling and verifying the statistics to ensure their accuracy? According to paragraphs 2.29 to 2.31, Director of Home Affairs has agreed to complete the verification of the CI project statistics as soon as possible and take measures to ensure the accuracy of the project statistics. Has the verification been completed? Has the verification revealed any inaccuracies in the project statistics reported in the HAD's Controlling Officer's Reports? What measures will be taken to ensure the accuracy of the project statistics in future?

A6 In light of the Audit's analysis of the project figures, both HAD and LCSD agreed that there was the need to verify the figures again. Upon verification, HAD and LCSD found that the figures on DC-funded CI projects undertaken by LCSD were collated at district level based on information from various sources. Some discrepancies had arisen due to different categorisation and timeframe of the statistics. HAD and LCSD have enhanced coordination at the Headquarters and district levels, and agreed to adopt measures to ensure the uniformity and accuracy of the project statistics. Specifically, a template will be made available for district staff to ensure the figures are provided on the same basis among the 18 districts. The relevant figures will be verified by the LCSD Headquarters and compiled by the HAD Headquarters using a coordinated mechanism and consistent approach.

### **Part 3: Management of conflicts of interest in community involvement projects**

Q7 According to paragraphs 3.9(a) and 3.10, Director of Home Affairs has agreed to provide guidelines with broad principles of what constitute "other declarable interests" to DC/committee members as appropriate to facilitate the reporting of such interests. Have the guidelines been prepared? What are the guidelines? Under the new guidelines, do "other declarable interests" include key decision making or influential positions (e.g. president or



chairperson) held by DC/committee members in implementation parties? If no, why not?

A7 HAD has consulted ICAC for its advice on preparation of the guidelines and action is in train. We aim to provide broad principles of what constitute “other declarable interests” and along the line that key decision-making or influential positions in implementation parties held by DC/committee members should be considered as “other declarable interests” under the guidelines.

Q8 According to paragraph 3.8(a), at the beginning of every financial year, DCs might earmark funding for implementation parties for budgetary purpose. Audit noted that 34 DC/committee members might have overlooked the need to declare connections with implementation parties when attending meetings to consider the earmarking of funding. According to paragraphs 3.9(b) and 3.10, Director of Home Affairs has agreed to take more measures to ensure that DC/committee members declare their interests before earmarking funding for implementation parties. What measures have been taken so far? What further measures will be taken?

A8 It is worthwhile to explain that earmarking of funding is for budgetary and planning purposes only. Despite that funding has been earmarked, all funding applications from implementation parties are subject to DCs’ vetting, scrutiny and separate approval. We have already requested DOs to remind DC/committee members to declare interest before earmarking of funding and the rulings made should be recorded in the minutes of meetings.

Q9 According to paragraph 3.3, under the District Council Ordinance (Cap. 547), a DC may make standing orders for regulating its procedures and those of its committees, including procedures for managing conflicts of interest in CI projects. HAD has provided a model text of standing orders for DCs' reference. DCs have generally adopted the model text, with variations to suit their individual needs. Audit discovered that some practices of DCs have deviated from the District Council Ordinance, such as allowing working groups to endorse CI project applications without seeking their DCs' further endorsement, and some DCs did not require their members to declare interests when handling matters through circulation of papers.

Has HAD reviewed the standing orders, procedures and forms used by each DC to make declaration of interests to ensure that they are appropriate and in compliance with the provisions of the District Council Ordinance? If yes, the details; if no, timetable for review and provision of suitable guidelines for DCs to follow.

A9 Section 68 of the DC Ordinance (Cap 547) provides that DCs may make standing orders for regulating its procedures and that of its committees. We have already requested DOs to review the standing orders of their respective DC to ensure that the principles and procedures laid out therein comply with the provisions of the DC Ordinance as well as the model text of standing orders. We have also specifically impressed upon DC secretariats of the need to seek DCs or their committees' endorsement of CI project applications recommended by working groups.

Q10 According to paragraph 3.13, of the 129 cases of declaration of interests examined by Audit, in 73 (57%) cases, rulings had not been made and recorded on the interests declared, and the DC/committee members who had declared the interests continued their attendance in the meetings.

- a) What are the guidelines and procedures in place for DC members to declare interests?
- b) For situations where DC members have declared interests, are there any guidelines in place to facilitate DC Chairmen to make rulings on those members' attendance, withdrawal, making a speech and voting at the meetings?
- c) Reasons why rulings had not been made and recorded on the interests as contrary to the standing order requirement and the follow-up actions taken by HAD on those cases?
- d) What are the assistance offered to DCs on the handling of interests declared and rulings made by DC Chairmen? What are the manpower and expenditure involved in this regard?
- e) Implementation plan on Audit's recommendations highlighted in paragraph 3.14?

A10(a)(b)(d)The DC standing orders provides that any DC member who has pecuniary or other interests in any matter under consideration by the DC concerned or has connections with the beneficiaries or potential beneficiaries, including those on tender, quotation and

DC Funds, must, as soon as practicable after being aware of it, declare such to the DC concerned prior to the discussion of the relevant item. Based on the interest declared, the DC/Committee Chairman shall decide whether the member may speak or vote on that matter, or should withdraw from the meeting.

The Manual on the Use of DC Funds (HAD Manual) also provides that DC members (including co-opted members) should make a declaration on any conflict of interest which may be actual, potential or perceived. DC members should refrain from having business dealings with any party associated with projects financed by DC funds, which may bring the DC into disrepute. If such cannot be avoided (e.g. the member's company is the sole supplier), the DC member should declare the transaction and withdraw from the relevant DC proceedings.

HAD will work with DC secretariats with a view to drawing up a set of good practices on the handling of interests declared and rulings made by DC Chairmen at meetings. These good practices would be circulated to all DCs for reference.

A10(c) Although for some cases rulings were not explicitly recorded in the minutes concerned, it has been the general understanding and practice that members with pecuniary interests in the funding applications would not vote on the specific funding application(s) in question. The DC secretariats concerned have already stepped up the arrangement by reminding the Chairmen to make explicit rulings and ensure that such rulings are properly recorded in the minutes of meetings.

A10(e) We have already requested all DC secretariats that as a standard practice they should remind DC/committee members to declare interest at the relevant meetings or upon circulation of papers, and record the rulings made by the chairmen in the minutes of meetings. The minutes of meetings are posted on DC websites for public scrutiny.

Q11 According to Case 2 in paragraph 3.13, DC committee members attending the meeting included those who were holding offices as a chairperson, vice-chairperson or executive of a non-governmental organisation ("NGO") whose application for a CI project was being considered in the meeting. Before Audit's

review, was the Director of Home Affairs aware of cases similar to Case 2? If no, why not? If yes, what measures had been taken to address the issue?

A11 The Director of Home Affairs is not aware of any cases similar to Case 2. The procedures and principles in handling declaration of interests have been stipulated in the DC standing orders and HAD Manual for compliance when handling funding applications.

Q12 According to paragraph 3.17, some working groups had been assigned the duties of considering applications for CI projects. Of the nine DCs examined by Audit, there were three working groups (under three DCs) that endorsed applications for CI projects on behalf of DCs/committees. However, according to paragraph 3.19, the procedures for managing conflicts of interest as stipulated in DC standing orders are not applicable to working group meetings, and there are no laid-down procedures for handling conflicts of interest in working groups. Why is this so? Has the matter been overlooked? What are the procedures for the working groups to approve CI projects? According to paragraphs 3.21(a) and 3.22, Director of Home Affairs has agreed to ensure that the stipulated procedures for handling conflicts of interest applicable to DC/committee meetings also apply to working group meetings. What has been done in this regard?

A12 The principle of requiring DC members to declare interests as appropriate applies to Council, Committee, and Working Group meetings. Whilst Working Group is not explicitly mentioned in the Standing Order in addition to the reference to “Council” and “Committee”, the HAD Manual has provided that DC members and co-opted members should make a declaration of interest before the relevant item is discussed. As Working Group members are either DC members or co-opted members, this would have governed the declarations of interest by members of Working Group and DC/Committees when handling CI projects. This notwithstanding, we will add the express reference to “working group” in the DC standing order to put the matter beyond doubt.

Q13 According to paragraph 3.20, Audit noted three working groups which had been delegated by their respective DCs with the authority to endorse a project application not exceeding \$24,500,

\$100,000 and \$200,000 respectively. However, according to the same paragraph, a DC may only delegate its functions to a committee under the District Councils Ordinance (Cap. 547). Does it mean that the working groups cannot approve CI projects even if DC's endorsement has been obtained? What follow-up actions have been taken by HAD on the problems as revealed in paragraphs 3.16 to 3.20? What remedial action will be taken? What are the implementation plan, manpower and expenditure involved in implementing Audit's recommendations highlighted in paragraph 3.21?

A13 Working groups may make recommendations on CI project applications to DC or its committee for approval but working groups (not within the meaning of committee under section 71 of DC Ordinance (Cap 547)) should not approve applications on their own. The DC secretariats have been requested to ensure that DC's or the relevant committee's further endorsement on the working groups' recommendations are obtained, where working groups are involved in vetting CI project applications.

#### **Part 4 : Implementation of community involvement projects**

Q14 According to paragraph 4.6, one DC had reviewed the arrangement of designated NGOs more than 10 years ago. Audit recommended to provide DCs with suitable guidelines to facilitate their reviewing of designated NGOs and incorporate the guidelines into the HAD Manual.

- a) What are the existing procedures for reviewing DCs' lists of designated NGOs?
- b) What are the reasons for the DC not to review its list of designated NGOs on a regular basis?
- c) Any actions currently taken by HAD to assist DC to review their list of designated NGOs, and the manpower and expenditure involved in this regard?
- d) Implementation plan for Audit's recommendation highlighted in paragraph 4.10(a)?

A14(a)(b) Designated NGOs are generally well-established local or district-based organisations with long-term working partnership with DCs/District Offices. They have the proven capability and good track record in organising various CI activities, including

large scale or theme-specific ones, for the local community and the people who live, work or study in the districts. For this reason, DCs will, for budget planning purposes, earmark a suitable portion of the DC funds for these NGOs at the beginning of the year. That said, proposals for earmarking of funding for the designated NGOs would still need to be submitted to the respective DC/Committees for consideration, and the individual funding applications will be subject to the usual application, vetting and disbursement procedures as set out in the HAD Manual. In other words, applications from the designated NGOs are subject to the same level of scrutiny by the respective DCs or DC committees as with those submitted by other organisations.

A14(c)(d) HAD agrees with Audit that there is merit for DCs to regularly review their lists of designated NGOs to ensure that only NGOs with good performance and track records are included in the list. We will provide DCs with guidelines for this purpose within 2017 to facilitate the review.

Q15 According to paragraph 4.8, it is a usual practice that partner NGOs are selected with the assistance of DC secretariats through open or restricted invitations. According to paragraph 4.9, of the four DCs examined by Audit, for one DC, partner NGOs are selected through nominations by the DC members in charge of the CI projects concerned. Why does the DC deviate from the usual practice and adopt a less open and transparent practice in selecting partner NGOs? Whether the usual practice is stipulated in any regulations and guidelines? If yes, the details. Is such deviation considered acceptable by HAD? Referring to Case 3, was the practice acceptable and in compliance with stipulated regulations and guidelines? According to paragraphs 4.10(b) and 4.11, Director of Home Affairs has agreed to provide DCs with good practice guidelines on the selection of partner NGOs as adopted by most DCs. Have the guidelines been formulated and issued? Is compliance with the guidelines mandatory? If no, why not?

A15 DCs are entrusted by the public to make decision on the use of DC funds in their respective districts. In particular, DCs are responsible for –

(a) project identification and planning;

- (b) determining whether projects are within the ambit of DC funds and should be implemented;
- (c) determining the scale of projects;
- (d) determining the priority of projects;
- (e) determining the timetable of projects for implementation; and
- (f) monitoring the progress of implementation and the overall effectiveness of projects.

In line with the role of DCs, HAD has not stipulated the exact mechanism on the selection of NGO partners but has provided guidelines on public accountability and management of conflict of interest in the HAD Manual. We are now gathering comments from the 18 DCs on their practices in selecting partner NGOs with a view to drawing up a set of best practices with emphasis on openness, transparency and accountability for reference by all DCs. As DCs need some flexibility in undertaking CI projects to meet the diverse needs of their districts, it would not be practical to turn the best practices or guidelines into mandatory requirements for strict compliance by DCs. That said, in processing and considering applications, including the selection of partner NGOs, DCs are advised to follow the guidelines set out in the HAD Manual.

For the DC mentioned in paragraph 4.9 of the Audit report, while there is a practice of assigning a DC member to be the "member in charge" to take charge of the organisation of certain CI projects (e.g. where appropriate, suggesting an NGO(s) to be an organiser/co-organiser), all decisions regarding the appointment of the NGO(s) are made by the relevant Committees/Working Groups (C/WGs) rather than the individual DC member. In other words, the role of the "member in charge" is to make recommendations for C/WGs' consideration and approval. In selecting a partner NGO, the C/WG will take into account such factors as the experience and track record of the NGO, and record its deliberations/considerations in the minutes. All C/WG meetings are open to public and their minutes are available on the DC website.

HAD and the DO concerned welcome Audit's observations and will explore with the DC possible enhancements to the mechanism for selecting NGOs taking into account the practice adopted by other DCs.

Q16 According to paragraph 4.13, one DC examined by Audit had discontinued the use of any evaluation systems in the period 2011-2012 to 2016-2017. According to paragraph 4.14, another DC examined by Audit had not set any criteria for selecting CI projects for evaluation.

- a) According to the HAD Manual, a DC should have an evaluation system in place to monitor the effectiveness of CI projects. What are the reasons for some DCs not having an evaluation system in place? Whether this is a mandatory requirement in the HAD Manual?
- b) Some DCs have not evaluated some of the projects or only evaluated projects that have been attended by DC members. Whether HAD was aware of such problems and what actions have been taken to address the problems?
- c) Whether HAD has offered assistance for the DC mentioned in paragraph 4.14(c) to improve their evaluation system?
- d) According to paragraphs 4.20(a) and (b) and 4.21, Director of Home Affairs has agreed to ensure that DCs set up a system for evaluating CI projects and set proper criteria for selecting CI projects for evaluation. Have DCs set up the system and set proper criteria now? What measures have been taken in this regard?

A16(a) The HAD Manual provides that an evaluation system should be put in place by all DCs to monitor the effectiveness of CI projects. For the DC mentioned in paragraph 4.13 of the Audit report, project completion reports were obtained from organisers and considered by the DC secretariat. In November 2016, the DC concerned decided on an evaluation system and that DC members should be involved in the evaluation work to ensure the effectiveness of CI projects. Proper record of DC members' involvement in the evaluation system has been made since this financial year.

A16(b)(d) As stipulated in the HAD Manual, an evaluation system should be put in place to monitor the effectiveness of CI projects. DCs are given the flexibility to devise their own evaluation system but generally it is expected that DC members, co-opted members or District Office staff who are not involved in the administration of the project concerned and who do not have an interest in the



applicant organisation and/or the project under evaluation should conduct visits or attend the activities on a random basis.

HAD has already reminded DOs that a proper evaluation system should be put in place to monitor the effectiveness of CI projects and all projects meeting the criteria set should be evaluated.

A16(c) The DC concerned is reviewing the evaluation system with reference to other districts' good practices. HAD will monitor the progress of the review and offer assistance whenever required.

Q17 According to paragraph 4.16, of the 464 projects of the three DCs (203 + 81 + 180, see paragraph 4.15), in five projects, while the actual number of participants was below 50% of the expected number of participants, the rating was "Very Satisfactory". In one project of one DC, while the actual number of participants was only 33% of the expected number, the rating was "Very Satisfactory". In two projects of another DC, while the actual number of participants was 100% of the expected number in one project and 123% in the other, the rating was only "Acceptable". Are there any laid-down guidelines to facilitate a common understanding of the evaluation system so that those doing the evaluation could accurately reflect the actual situation in completing the review? If yes, the details, if not, whether to consider providing such guidelines?

A17 There are different types and scale of CI projects. While evaluators (usually DC members without a direct interest in the project) can count the number of participants for events of a smaller scale (e.g. with a small number of participants), it is understandable that they may have difficulties in counting the same for large scale events such as carnivals.

As there would be practical difficulties in devising guidelines that could ensure accuracy in evaluators' counting of the number of participants in certain types of events (e.g. carnival type events), we will remind DC secretariats to follow up with the evaluators in cases the ratings given are not in line with the actual turnout rates, e.g. to obtain the evaluator's explanation or observations regarding the discrepancy.

Q18 According to paragraph 4.18, Audit examined 38 projects held in 2015-2016 at LCSD venues and found that in 30 (79%) projects, the audience size disclosed in the final report was higher than that recorded by LCSD venue management (with variances ranging from 3% to 323% and averaging 71%).

- a) What is the method used by LCSD venue management in recording the audience size and whether it is different from the method adopted by DCs?
- b) Whether HAD has noted the situation and what follow-up actions have been taken to address the problem?

A18(a)(b) The records kept by LCSD venue management are based on ticket sales report, ticket stubs collected or manual counting during admission, whereas figures set out in the final reports submitted to DCs were provided by the implementing parties. To ensure accuracy of the number of participants/audience in the final reports, we have recommended District Offices to request the implementing parties to obtain the relevant attendance figures from the LCSD venue management in completing the final reports.

### **Overall response in respect of the manpower and expenditure involved in implementing the various improvement measures**

In implementing the various improvement measures, HAD will try to absorb the additional manpower and expenditure involved within existing resources and where necessary, seek and justify any unmet resources required in accordance with the established mechanism.

### **Other Issues**

19. As there is no legal adviser present at DC meetings to provide legal advice, whether assistance will be provided by DC secretariat in situations where legal advice are necessary for the DC Chairman to make appropriate rulings at the meetings?
20. What assistance has been offered by DC secretariats to DCs to deal with legal issues in their daily operation?
21. Regarding (a) and (b) above, the manpower and expenditure involved in providing the legal advice?

A19, 20, 21 Currently, DCs in general can rely on the existing guidelines and HAD Manual to handle their daily business and discharge the DC functions. If it is deemed necessary, DOs will seek legal advice having regard to the circumstances of individual cases. In light of the legal advice obtained, the DO will render overall advice to the DC concerned. As there have been very few cases where DOs had sought legal advice, we do not have records of the manpower and expenditure involved in providing legal advice to DOs.