

## **Press release**

### **LCQ18: Powers of the Director of Audit**

Wednesday, February 18, 2009

Following is a question by the Hon Cheung Hok-ming and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (February 18):

Question:

Each year, the Audit Commission conducts examinations into the economy, efficiency and effectiveness with which the audited organisations have discharged their functions, and submits to this Council the Director of Audit's Reports on the results of value for money audits, which include recommendations on improvement measures. In this connection, will the Government inform this Council whether it had, in the past three years, considered empowering the Director of Audit to follow up and monitor the implementation of the improvement measures by the audited organisations, so as to ensure that such audited organisations utilise public resources prudently and effectively; if it had, of the details; if not, the reasons for that?

Reply:

President,

Under the existing mechanism, the Director of Audit issues two Value for Money (VFM) reports every year. Each report comprises a number of chapters on various subjects.

After tabling of the Director of Audit's report in the Legislative Council, the Public Accounts Committee (PAC) will conduct public hearings on those subjects which it has selected for further examination and compile its own report thereafter. The Administration will monitor the improvements made by the audited organisations, and is required to respond to the PAC's report within three months of its tabling through a Government Minute (GM) on the observations and recommendations in the PAC's report. The Administration will indicate in the GM the action and improvement measures it has taken or proposes to take, and, if necessary, explain why it is not intended to take action. The Administration will also submit to the PAC an annual progress report in September each year on matters outstanding in previous GMs.

As regards those subjects included in the Director of Audit's reports but not selected by the PAC for investigation, the audited organisations have to submit progress reports on them via the relevant bureaux and departments to the Director of Audit on a half-yearly basis.

If the Director of Audit considers that any matters from the previous VFM reports have not been dealt with adequately, he can follow them up in subsequent reports.

The Administration has all along been working closely with the Director of Audit and the PAC and requested the audited organisations to respond to and follow up the recommendations made by the Director of Audit and the PAC in a positive and constructive spirit. We consider that the existing mechanism has been working smoothly, with the recommendations made by the Director of Audit and the PAC followed up and the progress of follow-up work monitored in an effective manner.

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