

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

AUD004

Question Serial No.

Head: 24 – Audit Commission Subhead (No. & title):

3189

Programme: (2) Value for Money Audit

Controlling Officer: Director of Audit

Director of Bureau:

Question:

The Panel on Economic Development of the Legislative Council passed a motion on 16 July 2009 which asked the Government to keep the promise, namely to conduct a value for money (VFM) audit on the Travel Industry Council of Hong Kong (TIC), made by Mr CHAU Tak-hay, the former Secretary for Commerce and Industry.

Has the Audit Commission set aside any resources in 2010-11 to conduct a VFM audit on the TIC according to the proposal passed in a motion made by the Panel?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

One of the objectives of the Audit Commission is to provide the Legislative Council with independent information, advice and assurance about the economy, efficiency, and effectiveness with which any bureau/department of the Government or public body has discharged its functions. The objective is achieved by conducting value for money audits in accordance with a programme of work determined annually by the Director of Audit. Given the wide spectrum of the activities of the Government and other public sector organisations, the Commission has to adopt a selective approach to conducting value for money audits taking account of factors such as materiality, risk, auditability, timeliness, and value-added.

2. According to the paper tabled in the Provisional Legislative Council on 11 February 1998 on the Scope of Government Audit in the Hong Kong Special Administrative Region — “Value for Money Audits”, audited organisations shall include:

- (a) any person, body corporate or other body whose accounts the Director is empowered under any Ordinance to audit;
- (b) any organisation which receives more than half of its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half of its income from public moneys by virtue of an agreement made as a condition of subvention); and
- (c) any organisation the accounts and records of which the Director is authorised in writing to audit by the Chief Executive in the public interest under section 15 of the Audit Ordinance (Cap. 122).

3. At present, the Travel Industry Council of Hong Kong (TIC) does not meet the above conditions and is not subject to value for money audits by the Commission.

4. At the meeting held on 16 July 2009, the Panel of Economic Development of the Legislative Council passed a motion urging the Government to conduct a review of the structure, functions, fees and relevant arrangements of the TIC, including whether it should become a statutory organisation and be subject to value for money audits. Subject to the outcome of the review, the Commission will consider conducting value for money audits on the TIC according to the selective approach outlined in paragraph 1 above.

Signature _____

Name in block letters BENJAMIN TANG

Post Title Director of Audit

Date 15.3.2010