CHAPTER 6

Office of the Government Chief Information Officer

Provision of e-government services

Audit Commission
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PROVISION OF E-GOVERNMENT SERVICES

Contents

PART 1: INTRODUCTION

1.1   This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2   In November 1998, the Government launched the first Digital 21 Strategy which set out a programme of initiatives to make Hong Kong a leading digital city. An integral part of the Strategy was for the Government to lead by example in practising electronic business (e-business — Note 1), both in conducting its internal operations and in delivering public services.

Audit review in March 2001

1.3   The Audit Commission (Audit) conducted a review on the Government's efforts to promote e-business in Hong Kong, and reported the results in Chapter 9 of the Director of Audit's Report No. 36 of March 2001. Audit found that there was room for improvement. Among other things, Audit recommended that the Government should set a target for full implementation of e-government in Hong Kong. Since the 2001 audit review, there have been a number of key developments in the implementation of e-government. Details are given in paragraphs 1.4 to 1.12.

Development of e-government

1.4   Since its first publication in 1998, the Digital 21 Strategy has been updated on a regular basis to take into account technological and socio-economic changes. In May 2001, an updated 2001 Digital 21 Strategy, with a main focus on developing e-government, was issued.

Note 1:   *E-business refers to the conduct of business through electronic means.   Other applications through electronic means referred to in this report are e-bill, e-channel, e-commerce,   e-form,   e-government,   e-mail,   e-option,   e-service,   e-statement, e-submission and e-transaction.*

First wave of e-government

1.5   The 2001 Digital 21 Strategy launched the first wave of e-government, focusing on "publishing information online" and "enabling e-transactions".   According to the Strategy, the Government would set a target for providing an e-option for public services (i.e. the option to obtain a service online) that were amenable to the electronic mode of service delivery.   The target was to increase the percentage of such services from 65% to 90% by end 2003.   The Government would also actively promote and encourage the utilisation of e-options.

Next wave of e-government

1.6   In March 2004, the Government issued the 2004 Digital 21 Strategy.   According to the 2004 Strategy, in the next wave of e-government, the Government would focus on service quality and effectiveness.   The focus on "publishing information online" and "enabling e-transactions" in the first wave of e-government was changed to "integrating and transforming e-services".   Government bureaux/departments (B/Ds) were required to move from a government-centric way to a "whole-of-government" and customer-oriented approach in providing e-services.   To this end, the **GovHK** one-stop access portal to online government information and services was officially launched in August 2007.

1.7   GovHK has gradually reprovisioned the e-government services provided through other platforms, such as the Electronic Service Delivery (ESD) portal and the Government Information Centre (Note 2).   Rather than adopting departmental divisions, the content of GovHK is organised based on user groups (e.g. residents and youth) and service clusters (e.g. employment and environment) for easy access by users (see Figure 1).

Note 2:   *The government services on the ESD portal were migrated to GovHK after the expiry of the ESD contract in January 2008.   The Government Information Centre was decommissioned in May 2007.*

Figure 1

GovHK homepage

Source: GovHK website

1.8 In December 2007, the Government issued the 2008 Digital 21 Strategy. According to the 2008 Strategy, the focus of the e-government programme was a citizen-centric mode of service delivery emphasising customer engagement and information management. To enhance value to users, increased efforts would be made to integrate services across B/Ds and agencies.

Institutional arrangements in taking forward e-government

Office of the Government Chief Information Officer

1.9   In July 2004, the then Information Technology Services Department (ITSD) merged with the IT-related divisions of the then Commerce, Industry and Technology Bureau (Note 3) to form a new Office of the Government Chief Information Officer (OGCIO) to drive forward e-government and other IT-related policies and strategies.   The OGCIO is headed by the Government Chief Information Officer (GCIO).   His duties and responsibilities go beyond those of the then Director of Information Technology Services and he is of a rank of sufficient seniority to assume a cross-agency leadership role.

1.10   Compared to the ITSD, the OGCIO is given an expanded role with enhanced responsibilities.   It is expected to provide a more visible and proactive leadership role for the Government and enhanced accountabilities for the Government's investment, strategies and performance in IT.   The OGCIO should not be a conventional service department responding to B/Ds' needs and requirements.   It should provide leadership in driving forward IT proactively, influencing business processes, and accounting for the Government's investment in IT programmes.

E-government Steering Committee

1.11   To provide support for the e-government programme at the most senior level, a high-level E-government Steering Committee (EGSC — Note 4) chaired by the Financial Secretary was formed in September 2004.   The EGSC approves the strategic direction of the e-government programme, sets targets for outcome, benefits and utilisation of such projects and, if necessary, resolves differences between B/Ds or between the OGCIO and B/Ds. The Government considers that with the EGSC's empowerment, the OGCIO will be able to drive changes in B/Ds' business processes through IT and take a cross-agency leadership role in driving the e-government programme.

Note 3:   *The Commerce, Industry and Technology Bureau was renamed the Commerce and Economic Development Bureau after the re-organisation of the Government Secretariat on 1 July 2007.*

Note 4:   *The EGSC comprises seven members, i.e. the Financial Secretary (Chairman), the Secretary for Commerce and Economic Development, the Permanent Secretary for Commerce and Economic Development (Communications and Technology), the Permanent Secretary for Financial Services and the Treasury (Treasury), the GCIO, the Head of Efficiency Unit, and an Assistant GCIO.*

IT Management Units

1.12   To encourage B/Ds to assume greater ownership of IT and to blend IT with their core services, IT Management Units have been set up in individual B/Ds to plan and execute e-government applications. Each B/D has also appointed an E-business Coordinator to take overall responsibility for the e-government development.

Audit review

1.13   Since the publication of the first Digital 21 Strategy in 1998, the Government has built up the e-government infrastructure, provided many easily accessible and user-friendly e-government services, and joined up B/Ds to deliver one-stop services. Examples include the Automated Passenger Clearance System which has facilitated immigration clearance, and the eTAX portal for providing an easy and environmental-friendly channel for taxpayers to handle their tax affairs. Notwithstanding the advancements made in the provision of e-government services, the Government needs to pursue continuous improvement in its service delivery to meet citizens' needs. Against this background, Audit has recently conducted a review of the OGCIO's effort in implementing e-government, focusing on the following areas:

    (a)   strategy for developing e-government (PART 2);

    (b)   provision of e-options (PART 3);

    (c)   implementing and promoting GovHK (PART 4); and

    (d)   project governance (PART 5).

The review has found that there is room for improvement in the above areas, and has made a number of recommendations to address the issues.

General response from the Administration

1.14   The **Government Chief Information Officer** accepts the audit recommendations.

Acknowledgement

1.15   Audit would like to acknowledge with gratitude the full cooperation of the staff of the OGCIO during the course of the audit review.

PART 2: STRATEGY FOR DEVELOPING E-GOVERNMENT

2.1   This PART examines the strategy for developing e-government and suggests measures for improvement.

The next wave of e-government

2.2   By 2003, the Government achieved the target promulgated in the 2001 Digital 21 Strategy of providing an e-option for 90% of public services amenable to the electronic mode of delivery (see para. 1.5).   In 2004, the Government launched another wave of e-government to move from a government-centric way of providing e-services to a customer-oriented approach that meets the specific needs of different segments of customers (see para. 1.6).

2.3   At its first meeting held in September 2004, the EGSC endorsed the following three priority areas for the next wave of e-government programme:

   (a)   joining up government e-services (see paras. 2.4 to 2.6);

   (b)   channel management (see paras. 2.10 and 2.11); and

   (c)   measuring the benefits of IT investment (see paras. 2.15 and 2.16).

Joining up government e-services

2.4   According to OGCIO Circular No. 1/2005:

   (a)   joining up the e-services provided by related government departments and public agencies enables the provision of public services in an integrated, one-stop and customer-oriented manner, which usually results in better utilisation of the e-services and higher customer satisfaction; and

   (b)   B/Ds are expected to proactively identify, initiate and take ownership of joining-up opportunities that can bring tangible and intangible benefits to the customers and the Government.

Service Transformation Sub-Committee

2.5   To better engage B/Ds in proposing and prioritising service transformation initiatives especially those requiring a cross-departmental and multi-skilled approach, a Service Transformation Sub-Committee (STC — Note 5) chaired by the GCIO was set up under the EGSC in March 2006. The STC would draw up a government-wide service transformation programme, with focus on joined-up initiatives.

2.6   At the STC's first meeting held in March 2006, the OGCIO identified 18 joined-up service transformation initiatives, which were classified into 3 categories, to facilitate discussion and progress monitoring (see Table 1). These three categories of service transformation initiatives formed the STC's programme of work.

Table 1

**Service transformation initiatives monitored by the STC
(March 2006)**

Category	Number of initiatives
A – Current initiatives being implemented	7
B – Initiatives under active planning	6
C – Potential initiatives	5
Total	**18**

Source: OGCIO records

Audit observations and recommendations

Need to identify new service transformation initiatives

2.7   In June 2007, the OGCIO issued Circular No. 3/2007 to advise B/Ds of the need to identify potential joined-up initiatives. However, up to December 2008, the number of service transformation initiatives remained at 18 (one new Category A initiative was added and one Category C initiative was removed). Given that the OGCIO's key role is to provide leadership for developing e-government, there is a need to strengthen its role in encouraging and channelling IT-enabled changes within B/Ds. The Departmental IT Plans

Note 5:   *The composition of the STC includes the GCIO (Chairman), the Head of Efficiency Unit (Deputy Chairman), a representative of the Civil Service Bureau, a representative of the Financial Services and the Treasury Bureau, and representatives of B/Ds interested or involved in the provision of joined-up/transformed services.*

and the Information System Strategy Plans (Note 6) prepared by B/Ds are useful for the purpose of identifying service transformation opportunities.

Audit recommendations

2.8   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **step up the OGCIO's efforts to strengthen its leadership role in identifying opportunities for providing more joined-up government e-services; and**

(b)   **consider reviewing regularly the Departmental IT Plans and Information System Strategy Plans prepared by B/Ds with a view to identifying service transformation initiatives.**

Response from the Administration

2.9   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the OGCIO has been taking a leadership role in identifying opportunities for providing more joined-up government e-services and service transformation initiatives through a number of measures and channels. These include organising e-government conferences that include case studies of relevant applications and technologies. Identification of joined-up service potential is also part and parcel of the IT funding mechanism administered by the OGCIO;

(b)   in December 2008, the OGCIO set up an IT Strategy Division to inspire B/Ds to adopt strategies that make the best use of IT to achieve their policy objectives/departmental goals;

(c)   the OGCIO has also been identifying specific opportunities for providing joined-up government e-services and taking a lead in causing their consideration/implementation. Past cases include the GovHK programme, e-Procurement and the development of service-wide Electronic Information Management strategies in collaboration with the Efficiency Unit (EU) and the Director of Administration. Looking ahead, the OGCIO is embarking on a study

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Note 6:   *B/Ds with relatively low IT requirements develop Departmental IT Plans covering a period of one to three years. B/Ds with relatively wide variety of services or high service volumes develop Information System Strategy Plans covering a period of five years or more.*

to build a common external interface for government contractors who will transact with the Government electronically; and

(d)   the OGCIO is also planning to actively engage B/Ds and the private sector for identifying new service transformation initiatives through the Task Force on e-Government Service Delivery.

Channel management

2.10   Government services are provided through different channels of service delivery (e.g. at the counter, by mail/phone/fax, or via the Internet). Without proper channel management, the provision of e-options as an additional channel of service delivery, alongside the conventional channels, will not bring about the desired benefits such as increasing efficiency and reducing operating costs.

2.11   At the March 2005 meeting of the Legislative Council Panel on Information Technology and Broadcasting (ITB Panel), the Government stated that it would promulgate a channel management strategy by the third quarter of 2005. The strategy would provide B/Ds with guidelines on:

(a)   how to enhance the quality and attractiveness of e-services so as to boost their utilisation;

(b)   the introduction of incentives to migrate customers to the e-channel; and

(c)   the rationalisation of service delivery channels and the scaling down of the more costly channels where possible and justified.

Audit observations and recommendation

Need to expedite the issue of the channel management strategy

2.12   The OGCIO originally planned to promulgate the channel management strategy by the third quarter of 2005. However, the promulgation of the channel management strategy was deferred several times. In June 2006, the Government informed the ITB Panel that it planned to promulgate a channel management strategy in the fourth quarter of 2006. In July 2007, the Government informed the ITB Panel again that it planned to develop a channel management strategy in 2007-08. In the 2008 Digital 21 Strategy issued in December 2007, the OGCIO set a target of developing a channel management strategy in 2008. **However, up to December 2008, the channel management strategy had not yet been promulgated.**

Audit recommendation

2.13 **Audit has *recommended* that the Government Chief Information Officer should expedite the development of the channel management strategy and promulgate the strategy to migrate customers to the e-channel and rationalise the other service delivery channels.**

Response from the Administration

2.14 The **Government Chief Information Officer** accepts the audit recommendation. He has said that:

(a) the OGCIO agrees that B/Ds should critically assess their service channels and identify areas where an optimal mix of channels would be conducive to customer usage and satisfaction; and

(b) the OGCIO has been reviewing its approach in taking forward the channel management strategy. Instead of issuing guidelines to B/Ds, it has proposed a more proactive approach that involves a research to assess the customers' use of and satisfaction with the existing service delivery channels. This would facilitate the identification of areas for improvement by the relevant B/Ds. The OGCIO also plans to interview B/Ds to better understand their problems and identify measures to improve their service delivery channels. This approach was endorsed by the EGSC in January 2009.

Measuring the benefits of IT investment

Consultancy study on business case for government IT investment

2.15 In 2006, the OGCIO commissioned a consultancy study to establish a new framework for compiling the business case of computer projects, so as to assist B/Ds in identifying worthwhile projects and to better quantify their business benefits and monitor benefit realisation. The study was completed in March 2007. To assist B/Ds in adopting the new framework, a Management Guide on Business Case for Information Communication Technology Projects was produced as part of the deliverables of the study. The OGCIO promulgated the Management Guide in June 2007.

2.16 The consultancy study also made recommendations for improving the existing processes in planning and managing projects, as well as the OGCIO's funding approval process. To take forward the recommendations, the OGCIO reviewed its evaluation and approval process of IT projects. OGCIO Circular No. 3/2007 of June 2007 (see para. 2.7) sets out the revised procedures to streamline and speed up the approval process. It states

that a tracking mechanism should be established after project completion to monitor whether the expected benefits are delivered.

Audit observations and recommendation

*Application of the methodology for identifying benefits
of IT investment and monitoring their realisation*

2.17   The OGCIO's effort in developing a methodology to assess the potential to improve operational efficiency and customer benefits through IT-enabled business change is an important initiative. The guidelines promulgated in OGCIO Circular No. 3/2007 and the Management Guide aim at improving the IT planning and budgeting process in B/Ds, and the development of business cases for service transformation enabled by IT. The OGCIO should monitor how well the methodology and guidelines are incorporated in B/Ds' approaches to implement e-government. For effective application of the guidelines, the OGCIO may consider providing training to government IT project owners and IT professionals in B/Ds with a view to enhancing their ability to identify opportunities to make effective use of IT for business transformation and delivery of business benefits.

Audit recommendation

2.18   **Audit has *recommended* that the Government Chief Information Officer should closely monitor the B/Ds' application of the guidelines in OGCIO Circular No. 3/2007 and the Management Guide on Business Case for Information Communication Technology Projects, and provide assistance and training to relevant staff of B/Ds when necessary.**

Response from the Administration

2.19   The **Government Chief Information Officer** accepts the audit recommendation. He has said that:

(a)   B/D's application of the guidelines in OGCIO Circular No. 3/2007 and the Management Guide is monitored mainly through the IT funding application process. The OGCIO examines all funding applications submitted by B/Ds to make sure that they are prepared in accordance with the Management Guide; and

(b)   it is important for the OGCIO to provide sufficient training to B/Ds with a view to enhancing their ability to identify opportunities to make effective use of IT for business transformation. This will be done as part of the OGCIO's work in designing and implementing new processes, tools and governance arrangements for IT projects in 2009-10.

Implementation of new e-government projects

2.20   The funding arrangements for e-government projects are as follows:

(a)   ***Projects costing over $10 million.***   These projects are funded through separate subheads under the Capital Works Reserve Fund (CWRF) Head 710 Computerisation.   The funding requirement for each project is subject to funding approval from the Finance Committee (FC) of the Legislative Council;

(b)   ***Projects costing from $150,001 to $10 million.***   These projects are funded through a block allocation (i.e. Subhead A007GX) under the CWRF Head 710 Computerisation which is approved by the FC.   The Financial Secretary has delegated to the GCIO the power to approve projects and authorise expenditure under the block allocation.   Projects funded through the block allocation are normally called block vote (BV) projects; and

(c)   ***Projects costing $150,000 or below.***   These projects are funded by individual B/Ds through their respective operational expenses subheads under the General Revenue Account.

B/Ds normally have to absorb the recurrent expenditure of their projects.

Audit observations and recommendations

2.21   At the EGSC meeting held in November 2007, the Permanent Secretary for Commerce and Economic Development (Communications and Technology) said that the OGCIO would explore with the FSTB the possibility of setting up a funding mechanism for allocation of recurrent resources to B/Ds for implementation of e-government projects.

2.22   In January 2008, the OGCIO informed the FSTB that many B/Ds had expressed the following concerns about absorbing recurrent funding in implementing new projects:

(a)   after a project or a new e-service had become operational, additional costs had to be incurred in operating and maintaining it.   Savings relating to computerisation projects might take time to be realised;

(b)   for cross-departmental projects, the amount of contribution to the recurrent costs required from participating B/Ds was a key contention; and

(c)   as the financial position of B/Ds might vary from year to year, B/Ds were reluctant to commit to absorbing the recurrent costs on an ongoing basis.

2.23   In response to Audit's enquiry, the FSTB informed Audit in March 2009 that:

(a)   there was no evidence suggesting that B/Ds had difficulties in implementing new e-government projects due to the inability to absorb the recurrent costs arising from the projects;

(b)   the reluctance of B/Ds in pursuing new projects might be due to other factors such as competing demands in their portfolios and the lack of time and expertise to oversee and manage too many projects at the same time; and

(c)   the additional operating expenses, if any, arising from new projects in the initial years were supposed to be fully or partially offset by efficiency savings in the longer run. The additional recurrent costs, if any, should not be significant and might even be time-limited. Accordingly, B/Ds were normally expected to meet the recurrent expenditure of their projects through internal redeployment of existing resources. If B/Ds had genuine difficulties in absorbing the recurrent costs, the FSTB would examine the case for the allocation of additional funding on an exceptional basis.

Audit recommendations

2.24   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **continue to explore ways of encouraging B/Ds to pursue worthwhile new e-government projects; and**

(b)   **report progress to the EGSC and seek its direction in resolving issues relating to new e-government projects.**

Response from the Administration

2.25   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the main reason why B/Ds hesitate to pursue worthwhile new e-government projects is that they may not see the benefits that may be achieved; and

(b)   the OGCIO has set up an IT Strategy Division (see para. 2.9(b)) to inspire B/Ds to adopt strategies that make the best use of IT to achieve their policy objectives and departmental goals. It has also embarked on a new initiative to design and implement new processes, tools and governance arrangements for IT-enabled change projects under the OGCIO's Business Transformation Division.

E-government Steering Committee and
Service Transformation Sub-Committee meetings

2.26   The EGSC was set up in September 2004 to provide policy support for major transformational joined-up initiatives (see para. 1.11).   The setting up of the STC in March 2006 provided a working forum for B/Ds to discuss initiatives and priorities for the development of e-government (see para. 2.5).   B/Ds can take part in meetings as stakeholders in proposing, debating and prioritising initiatives that by their very nature require a cross-functional and multi-skilled approach.

Audit observations and recommendations

2.27   Up to January 2009, the EGSC and STC had convened twelve and seven meetings respectively.   The EGSC only convened one meeting in 2008 and the STC has ceased to meet since January 2008.   As there are many issues that need to be resolved for successfully implementing e-government (e.g. identifying more joining up opportunities and the recurrent funding issue), there is a need for the OGCIO to convene EGSC meetings regularly to discuss the progress and to provide the OGCIO with the necessary strategic direction and support.

2.28   In response to Audit's enquiry on the discontinuation of STC meetings since January 2008, the OGCIO advised in February 2009 that it was reviewing the overall governance structure of e-government initiatives and revamping the role of the STC.   Audit considers that the OGCIO should expedite the review with a view to identifying an appropriate forum to take over the role of the STC in pursuing service transformation initiatives.   Due to the rapid advancement of new technology, the OGCIO may also consider inviting professionals from the IT industry to advise on IT investments and technology matters.

Audit recommendations

2.29   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **convene EGSC meetings regularly to discuss the progress of the development of e-government; and**

(b)   **expedite the review and revamp of the STC with a view to identifying an appropriate forum to pursue service transformation initiatives, and consider inviting participation from representatives of the IT industry to draw on their expertise.**

Response from the Administration

2.30   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the latest EGSC meeting was held on 13 January 2009, and another meeting was scheduled for May 2009; and

(b)   many government-wide and joined-up service transformation initiatives identified by the STC are now on-going, under active planning or under the steer of the respective governance structure. The OGCIO is currently reviewing the role of the STC. It has identified other more appropriate forums, namely the Task Force on Industry Facilitation and the Task Force on e-Government Service Delivery set up under the Digital 21 Strategy Advisory Committee. The OGCIO also treasures the expertise of the IT industry and other users in fostering the Government's service transformation initiatives.

E-government initiatives for public agencies

2.31   OGCIO Circular No. 1/2005 (see para. 2.4) states that joining up the e-services provided by related government departments and public agencies enables the provision of public services in an integrated, one-stop and customer-oriented manner. This usually results in better utilisation of the e-services and higher customer satisfaction. According to the 2008 Digital 21 Strategy, the focus of the e-government programme is a citizen-centric mode of service delivery and increased efforts will be made to integrate services across B/Ds and agencies.

Audit observations and recommendations

2.32   In recent years, quite a large number of public services are provided by public agencies such as the Hospital Authority and the Housing Authority. These public agencies have their own priorities and funding arrangements for the development and provision of e-services.

2.33   Much of the effort of the OGCIO was focused on e-government initiatives within B/Ds. The OGCIO played a limited role in helping public agencies to move forward with the provision of e-services. Audit considers that e-government transformation effort should be expanded and coordinated with major public agencies, especially those having strong ties to the daily lives of the citizens. Although public agencies may have their own strategies for the provision of e-services, the OGCIO may consider strengthening its role in the promotion of e-government transformation among the public agencies.

Audit recommendations

2.34   **Audit has *recommended* that the Government Chief Information Officer should consider strengthening the OGCIO's role in the promotion of e-government transformation among public agencies by taking measures such as:**

(a)   **disseminating good e-government practices to the public agencies; and**

(b)   **providing appropriate assistance to the public agencies in conjunction with their relevant policy bureaux.**

Response from the Administration

2.35   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the OGCIO is happy to share its experience with public agencies and will continue to collaborate with them on e-government transformation effort where appropriate;

(b)   the OGCIO will continue to promote e-government through disseminating good practices (e.g. on information security and electronic authentication) to the general public including public agencies; and

(c)   due to resource consideration, the OGCIO will continue to focus on e-government initiatives within B/Ds and will, upon request by relevant policy bureaux, provide assistance to public agencies on a case-by-case basis in conjunction with the bureaux.

PART 3: PROVISION OF E-OPTIONS

3.1   This PART examines the provision of e-options and suggests measures for improvement.

E-options for government services

3.2   In the 2001 Digital 21 Strategy, the Government set a target of increasing the percentage for providing an e-option for public services that were amenable to the electronic mode of service delivery from 65% to 90% by end 2003. In January 2004, the Government informed the ITB Panel that the e-option target was achieved by end 2003.

3.3   To further promote electronic delivery of public services, the Government promulgated its policy in the 2008 Digital 21 Strategy that all B/Ds should give primary and full consideration to providing an e-option, in conjunction with other channels, when developing new or enhancing their services. In June 2008, OGCIO Circular No. 2/2008 was issued to provide further details of the policy.

3.4   In March 2007, the OGCIO completed a survey to gauge the progress of B/Ds in providing e-options for services amenable to the electronic mode of delivery and for making forms downloadable on the Internet. In May 2008, the OGCIO completed another survey (the 2008 survey) to take stock of the latest position and plans of B/Ds for providing more e-services to the public. The survey revealed that B/Ds provided 1,435 services that were amenable to the electronic mode of delivery, of which 1,249 (87%) services were provided with e-options.

Audit observations and recommendations

Need to explore the feasibility of providing e-options for more services

3.5   According to the surveys completed by the OGCIO in 2007 and 2008, the percentage of services amenable to the electronic mode of service delivery provided with e-options decreased from 91% in December 2006 to 87% in March 2008. According to the OGCIO, the reasons for the decrease include the rollout of new services without e-options and the deletion and merging of some old services which were provided with e-options.

3.6   Regarding the 186 (1,435 – 1,249) services not provided with e-options (see para. 3.4), the 2008 survey found that 73 of them were under review by the B/Ds concerned or would be provided with e-options in future. The remaining 113 services were not provided with e-options mainly due to legal or procedural requirements. The OGCIO

had examined the services without e-options and found that the problems raised by B/Ds were not insurmountable. Measures, such as legislative amendment, business process re-engineering, the use of digital certificates or revision of operational requirement, could be taken to tackle the problems provided that they were justified on a cost-benefit basis. OGCIO Circular No. 2/2008 requires B/Ds to give primary and full consideration to providing an e-option when developing new or enhancing their services (see para. 3.3). **However, the OGCIO had not taken follow-up actions with the B/Ds concerned to explore the feasibility of providing e-options for more services.**

Need to provide more online e-government services

3.7 E-government services were provided electronically through various e-channels. These e-channels included "online service", "e-mail", "mobile", "kiosk" and "interactive voice response system" (examples are given at Appendix A). According to the 2008 survey, e-mail was the most commonly adopted e-channel followed by online service.

3.8 E-mail is an electronic tool which enables the user to send correspondence electronically to the Government. In Audit's view, the use of online services can give rise to greater potential for efficiency gains. To provide more customer-centric and user-friendly services, B/Ds should provide more e-government services using the online mode.

Need to consider setting up dedicated websites for common services provided by B/Ds

3.9 According to the 2008 survey, 211 services provided with e-options could be grouped under three common types (see Table 2). These common services, accounting for about 17% of the 1,249 services with e-options, were provided by individual B/Ds. The OGCIO should consider setting up dedicated website(s) as a one-stop entry point for access to these common services, similar to the Government Forms website (Note 7).

Note 7: *The Government Forms website provides a central index of government forms available for download or online submission.*

Table 2

Common services with e-options provided by B/Ds
(March 2008)

Service	Number of B/Ds providing the service
Application for access to information	77
Public enquiry and complaint	72
Submission of job application	62
Total	**211**

Source: OGCIO records

Audit recommendations

3.10   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **explore with the B/Ds concerned the feasibility of providing e-options for those services amenable to electronic mode of delivery currently without an e-option;**

(b)   **encourage B/Ds to provide more e-government services using the online mode of service delivery; and**

(c)   **consider setting up dedicated website(s) for access to e-government services common to a large number of B/Ds.**

Response from the Administration

3.11   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   with the evolution of e-government, B/Ds are generally aware of the benefits of providing e-options. The OGCIO will ensure B/Ds properly consider whether e-options should be provided when they plan new services; and

(b)   based on the users' needs and the potential benefits, the OGCIO will consider building a common infrastructure and interface for the common services to be provided in the context of the GovHK portal.

Utilisation of e-government services

ITB Panel's concern about utilisation of e-government services

3.12   At the ITB Panel meeting held in December 2001, Members raised the issue of the utilisation of e-government services. It was pointed out at the meeting that the Government should not only focus on achieving the 90% e-option target but also the level of utilisation. In response, the Government undertook to collect further statistics on the level of utilisation in Hong Kong and in overseas countries for Members' information. At the ITB Panel meeting held in July 2003, the Chairman urged the Government to set reasonable and achievable utilisation targets for different types of e-government services and review such targets from time to time. He also said that the Government should explore ways to promote utilisation. At its first meeting in September 2004, the EGSC endorsed the OGCIO's proposal that under the channel management strategy to be issued, B/Ds should be required to set utilisation targets for the major e-government services.

OGCIO's survey on utilisation of e-government services

3.13   Utilisation figures of e-options were collected for the first time by the OGCIO during the 2008 survey. The OGCIO collected from B/Ds utilisation figures of services for the period April to December 2007. However, a number of B/Ds had difficulties in providing a complete set of utilisation figures for their services or for every e-option/non e-option service as they did not keep track of such figures. Out of all the 1,435 services, comprehensive utilisation figures (i.e. utilisation figures for all service delivery options) for only 997 services were provided by B/Ds. The utilisation of e-options varied significantly from 8% to 100%. The variation might be due to factors such as the complexity of transactions, availability of alternative convenient channels, user-friendliness of the e-options, frequency of the usage and existence of incentives for using the e-options.

Audit observations and recommendations

Need to set targets on utilisation of e-options and monitor their level of usage

3.14   To ensure that the public can take full advantage of e-government services and that B/Ds can reap the benefits of efficiency gains and cost reduction by scaling down conventional service delivery channels, the Government needs to encourage the public to increase the utilisation of e-options. Notwithstanding that since July 2003, the ITB Panel has already requested the Government to set reasonable and achievable utilisation targets for e-government services (see para. 3.12), B/Ds are not required to set targets.

Need to further promote the usage of e-government services

3.15   The public will only be prepared to interact with B/Ds electronically if they see real benefits in doing so and the services are easily accessible. Since 2002, the Government has introduced measures and incentives, both financial (e.g. rebate) and non-financial (e.g. faster processing or introduction of value-added services in connection with the e-options), to increase utilisation of e-government services.

3.16   In February 2006, the Government informed the ITB Panel that the take-up rate of the majority of e-government services was still on the low side. In Audit's view, the public may not know that a range of e-government services are available. B/Ds have to promote their e-government services so that the public are aware of the benefits of using such services. To achieve this, B/Ds need marketing strategies which are clearly targeted at the key users. However, very few B/Ds set out the need for concerted marketing of e-government services and formulate action plans for doing so in their Departmental IT Plans or Information System Strategy Plans.

Audit recommendations

3.17   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **consider requiring B/Ds to set utilisation targets for their e-government services and formulate action plans for achieving them;**

(b)   **require B/Ds to keep track of the utilisation figures and monitor the level of usage of e-government services; and**

(c)   **encourage B/Ds to develop marketing plans for e-government services and provide assistance to B/Ds for implementing the plans.**

Response from the Administration

3.18   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   utilisation of e-government services is an important indicator but should not be regarded as an end in itself. Increases in utilisation are useful only if they are associated with greater efficiency and convenience in public service delivery;

(b)   where there is evidence of dissatisfaction with service delivery channels, the B/D concerned should formulate an action plan to remedy the dissatisfaction. Where appropriate, this should include a plan for improving the efficiency and

convenience of e-government services. Utilisation of different channels should be monitored to assist B/Ds to identify opportunities for further improvements in customer satisfaction;

(c)   tracking utilisation is meaningful as it tells B/Ds the trend of the usage of a particular e-service. The OGCIO will work with B/Ds to explore systematic ways to keep track of utilisation of their e-government services; and

(d)   where there is customer dissatisfaction on the service delivery channels, the OGCIO will encourage B/Ds to develop appropriate marketing plans for their services delivered through the e-channel and other channels.

E-options for government bills and statements

3.19   OGCIO Circular No. 2/2008 (see para. 3.3) stipulates that all B/Ds have to indicate in the annual Departmental IT Projects Portfolio (DITPP — Note 8) a time frame for providing an e-option, preferably before 2010-11, for all government bills issued under their purview.

Audit observations and recommendations

Need to ensure provision of e-bills/e-statements within a reasonable time frame

3.20   Audit examination of DITPPs submitted to the OGCIO after the promulgation of OGCIO Circular No. 2/2008 revealed that some B/Ds had only reported the time frame for providing e-options for some, but not all the bills/statements under their purview. Unlike their response to the 2008 survey, most of the B/Ds did not provide a full list of government bills/statements under their purview in the DITPPs. For many of the bills/statements that were reported as "no e-option" in the 2008 survey, the time frame for providing e-option was not indicated in the DITPPs.

Need to expedite provision of e-options for government bills/statements

3.21   Based on the information submitted to the OGCIO by B/Ds in the 2008 survey, Audit analysed the B/Ds' provision of e-bills/e-statements. The findings are summarised in Figure 2. B/Ds provided an e-option for only 23% of their bills/statements issued to the public. In terms of paper usage, 31 million (84%) pages of the government bills/statements issued were not provided with e-options.

Note 8:   *A B/D's DITPP provides a list of IT projects in operation, being implemented and planned in the current resource allocation exercise cycle and subsequent years.*

Figure 2

**Government bills/statements issued by B/Ds
(March 2008)**

(A) Number of types of bills/statements

With e-option:
68 (23%)

Without e-option:
229 (77%)
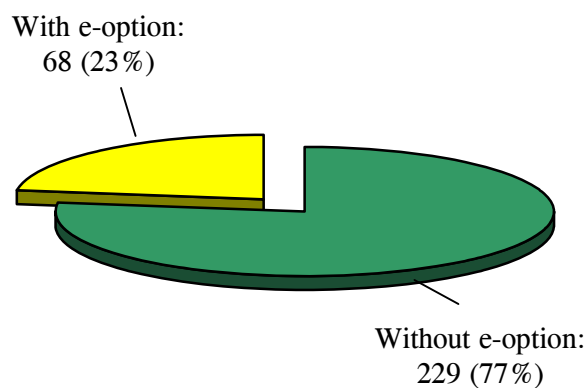
(B) Number of pages issued per annum

With e-option:
6 million (16%)

Without e-option:
31 million (84%)
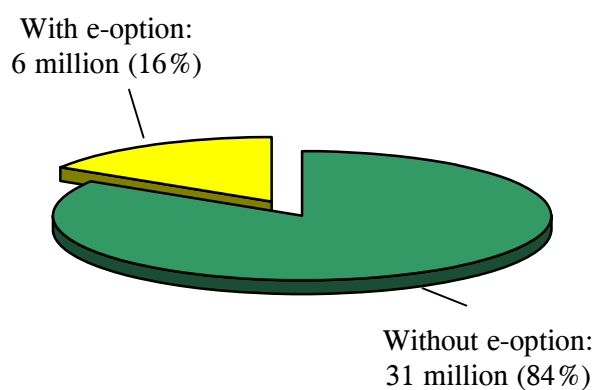
Source: Audit analysis of OGCIO records

3.22   The OGCIO was coordinating with the B/Ds, which were major issuers of government bills/statements, in developing e-bills/e-statements. A number of e-bills/ e-statements were scheduled to be rolled out during 2009 to 2011. For smaller issuers

which issued demand notes using the Treasury's General Demand Note System (Note 9), the OGCIO had also advised them to liaise with the Treasury, which was planning to enhance the System to incorporate e-option functionalities by 2010. The OGCIO estimated that by 2011, about 90% (in terms of the total number of pages issued) of government bills/statements would be provided with an e-option.

Need to set targets and effective strategies for take-up of e-billings

3.23   With the gradual rollout of e-options for more government bills/statements, the take-up rates of e-bills/e-statements by the public will be an area of increasing importance. Based on the information submitted to the OGCIO by B/Ds in the 2008 survey, Audit analysed the take-up rates of 68 types of government bills/statements that were provided with e-options. The results are summarised in Table 3.

Table 3

Take-up rates of e-options of government bills/statements
(March 2008)

Take-up rate	Number of types of bills/statements
100%	7 (Note 1)
51% – 99%	5
1% – 50%	10
0%	**38**
Not applicable	8 (Note 2)
Total	**68**

Source: Audit analysis of OGCIO records

Note 1: The e-bills/e-statements with 100% take-up rates were mainly those e-services that were delivered exclusively online (e.g. payment advices and statements for import and export declaration issued by the Customs and Excise Department).

Note 2: For these 8 types, no bills/statements had been issued during the survey period.

Note 9:   *The General Demand Note System is a centralised billing system maintained by the Treasury to facilitate B/Ds to issue demand notes to the public for the settlement of government bills.*

3.24   As shown in Table 3, the take-up rates of e-options for certain types of government bills/statements were not satisfactory.   In particular, 38 types (56%) of government bills/statements provided with e-options had a zero take-up rate.   Currently, B/Ds are not required to set targets for the take-up rates of e-bills/e-statements.   In the case of e-bills/e-statements being developed by six major issuing B/Ds, only two B/Ds set targets for the take-up rates.

Need to encourage B/Ds to accept e-bills of the private sector

3.25   E-bills are popular in the private sector.   In Hong Kong, major banks, utility companies and telecom operators provide the option of e-billing to their customers.   While some B/Ds are taking actions to boost the usage of e-billing by the public, they have not actively taken up e-billings offered by the private sector.   According to the information provided to the OGCIO by a local electricity company, up to June 2007, of 9,459 bills issued to 25 B/Ds, only 5,534 (59%) had been issued by e-bills because only 14 (56%) B/Ds had opted for the e-bills.

3.26   Audit considers that B/Ds should have no difficulty in accepting e-bills from their service providers since it would not involve significant change to the B/Ds' operational procedures.   To promote e-business in Hong Kong, the Government must demonstrate its receptiveness to e-services provided by the private sector.   Indeed, in Circular No. 2/2008 (see para. 3.3), the OGCIO encourages B/Ds to accept e-bills from vendors and service providers.

Audit recommendations

3.27   **Audit has *recommended* that the Government Chief Information Officer should:**

Provision of e-bills/e-statements within a reasonable time frame

(a)   **take effective measures to ensure that B/Ds indicate in the DITPPs the time frame for providing e-options for the bills/statements under their purview and closely monitor their provision against the stated time frame;**

(b)   **based on the information submitted by B/Ds, report to the EGSC on the timetable and progress of providing e-options for government bills/statements;**

Expediting provision of e-options for government bills/statements

(c)   **encourage B/Ds to accord priority to developing e-options for their bills/statements so as to expedite the rollout of the provision of e-options;**

(d)   **closely monitor the progress of the development of the e-options and offer assistance to the B/Ds if necessary in order to ensure that the e-options for government bills/statements are available as scheduled;**

Setting targets and effective strategies for take-up of e-billings

(e)   **require B/Ds to set targets for take-up rates of e-bills/e-statements;**

(f)   **explore measures (e.g. conducting publicity campaigns) for improving the take-up rates of e-options of government bills/statements; and**

Accepting e-bills of the private sector

(g)   **encourage B/Ds to opt for e-bills issued by vendors and service providers with a view to promoting e-business in Hong Kong.**

Response from the Administration

3.28   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the OGCIO agrees that B/Ds should consider providing e-options for bills/statements under their purview. Apart from promoting the wider use of e-bills to B/Ds, the OGCIO will consider the need for and benefits of having a common infrastructure and interface as a further development to GovHK to facilitate B/Ds' e-billing implementation. The OGCIO also plans to set up a coordination committee to oversee e-bill development under GovHK; and

(b)   motivating factors for B/Ds to accept e-bills of the private sector include a consistent interface and availability of standards for e-bills to enable interoperability and electronic data interchange. The OGCIO will keep in view industry developments in this regard.

E-options for government forms

3.29   The ITB Panel has discussed the need to make government forms available through the Internet (Note 10) several times since early 2000s. Members are keen to ensure that all forms are posted onto the Internet to provide convenience to the public. In April 2001, the ITSD launched the "Electronic submission of forms" application as an e-form solution for use by B/Ds. However, as the application was not user friendly, its utilisation was low. In 2005, the OGCIO issued a guideline "Form-based Architecture Model for E-Government" to facilitate B/Ds in adopting new e-form solutions.

3.30   According to the 2008 survey, as at 31 March 2008, 2,747 (98%) of the 2,806 forms were accessible through the Government Forms website and/or the websites of individual B/Ds. The remaining 59 forms not available on the Internet included forms which were saleable and forms which needed to be explained before being completed. Of the 2,747 forms available through the Internet, 1,271 (46%) could be submitted electronically, either as an online service or as an attachment to e-mails. The remaining ones were only downloadable forms or accessible via online services. Details are summarised in Table 4.

Table 4

Government forms
(March 2008)

	With e-submission option	**Without e-submission option**	**Total**
Number of forms available through the Internet	1,271	1,476	2,747
Number of forms not available through the Internet	—	59	59
Total	**1,271**	**1,535**	**2,806**

Source: OGCIO records

Note 10:   *Forms available through the Internet include those that are downloadable and those accessible via online services.*

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Audit observations and recommendations

Need to place all forms on Government Forms website

3.31   In 2008, the OGCIO issued Circular No. 2/2008 (see para. 3.3) asking B/Ds to place all their forms on the Government Forms website. Up to January 2009, only 2,286 forms, which accounted for 84% of the 2,722 downloadable forms (Note 11), were available from the Government Forms website. The remaining forms could only be accessed from websites of individual B/Ds. As a website specially maintained for government forms, the non-availability of some forms may cause confusion and inconvenience to the public.

Need to provide e-submission options for more forms

3.32   Of the 1,535 forms not provided with e-submission options (see Table 4 in para. 3.30), the 2008 survey found that the B/Ds concerned were planning or examining the feasibility of providing such options for 199 forms. The remaining 1,336 forms were not provided with e-submission options mainly because of legal or procedural requirements or the requirement for submitting original documents together with the forms.

3.33   The OGCIO had examined the forms without e-submission options and found that the constraints prohibiting the provision of such options were not insurmountable. Measures such as legislative amendment, business process re-engineering or revision of operational requirement could be taken to tackle the issues. However, the OGCIO had not taken follow-up actions with the B/Ds concerned on the possible measures.

Need to provide more online mode of e-submission of forms

3.34   Of the 1,271 forms that could be submitted electronically (see Table 4 in para. 3.30), the e-submission options could be through online services (e.g. via GovHK or departmental websites) or by e-mails (e.g. by attaching the completed forms and submission via e-mails). Among the different options, the online mode was adopted for only 393 (31%) forms, whereas e-mail was the mostly adopted option. According to a public opinion survey on e-government services conducted by the ITSD in 2002, 52% of those who had obtained forms considered that the complete online channel (i.e. downloading from the Internet, filling in using the computer and submission online) was the most preferred option for submitting forms.

Note 11:   *Out of the 2,747 government forms available through the Internet, 2,722 forms are downloadable forms.*

Need to adopt more new e-form solutions

3.35   Although B/Ds were encouraged to adopt new e-form solutions with reference to the guideline issued in 2005 (see para. 3.29), the 2008 survey indicated that the adoption rate was not satisfactory. Only 20 forms had adopted new e-form solutions and 63 forms were planned to be revamped using the solutions.

Audit recommendations

3.36   **Audit has *recommended* that the Government Chief Information Officer should:**

   (a)   **ensure that B/Ds place all their forms on the Government Forms website to facilitate easy public access;**

   (b)   **explore with the B/Ds concerned the feasibility of providing e-submission options to those forms currently without such options;**

   (c)   **encourage B/Ds to actively explore the feasibility of providing more complete online channels for the submission of forms; and**

   (d)   **investigate the reasons for the low adoption rate of new e-form solutions by B/Ds, and take measures to encourage them to adopt more new e-form solutions.**

Response from the Administration

3.37   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

   (a)   the OGCIO will work with the owner of the Government Forms website (i.e. the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office) to remind B/Ds regularly to place all their forms on the website; and

   (b)   the OGCIO is mindful of the cost-effectiveness of providing e-submission options for all forms. While the OGCIO will encourage B/Ds to provide more complete online channel e-options for submitting forms, it is planning to provide a common service and make it easier for B/Ds to provide more complete online channels.

PART 4: IMPLEMENTING AND PROMOTING GOVHK

4.1   This PART examines the OGCIO's efforts in implementing and promoting GovHK and suggests measures for improvement.

GovHK

4.2   In 2004, the Government conducted a review of the provision of e-government services through the ESD portal. The review found that the government-centric way of service delivery was a major cause of the low utilisation of e-government services. A government-branded access portal and a citizen-centric approach of service delivery would help improve the take-up rate of e-government services. In March 2006, the FC approved $170.8 million for developing GovHK as the one-stop access portal and enhancing the central infrastructure to support the development of GovHK.

4.3   In August 2007, GovHK was officially launched after its soft launch for public trial in September 2006. By January 2008, government services on the ESD portal had been migrated to GovHK, which adopted a service clustering approach by grouping related e-government services into different service clusters (see para. 1.7). Government information and services are presented on GovHK mainly by hyperlinks to existing websites of B/Ds. The governance and management structure of GovHK is shown at Appendix B.

Public-private partnership

4.4   In the funding proposal submitted to the FC in March 2006, the OGCIO included an implementation plan for public-private partnership (PPP). According to the implementation plan, PPP in the management and operation of selected service clusters would be introduced after January 2008. The OGCIO conducted an expression of interest exercise from December 2006 to February 2007 to invite the private sector to submit ideas on possible forms of PPP for GovHK. A total of 12 submissions were received showing that there was initial market interest in providing value-added content and services, offering additional delivery channels and operating individual service clusters of GovHK. In the third quarter of 2007, the OGCIO introduced contents from public utilities and public transportation companies on GovHK.

4.5   In April 2008, the OGCIO informed the EGSC that B/Ds were concerned that PPP in GovHK, if handled without due care, might have an adverse impact on the Government's image and even embarrass the Government in extreme cases. The OGCIO also informed the EGSC that according to a customer research:

(a)   the PPP concept was welcomed by GovHK users; and

(b)   market interests were present to enrich both the content and delivery channels for government information and services.

After deliberations, the EGSC endorsed the OGCIO's proposal of adopting an incremental approach for implementing PPP in GovHK.

4.6   In October 2008, the GovHK Governance Board and the GovHK Programme Board also endorsed the adoption of the incremental approach. B/Ds would identify appropriate information/services of professional associations for linking up in GovHK by May 2009, and would add corresponding hyperlinks to the relevant service clusters by October 2009. The results would then be reviewed to determine whether and when to proceed to subsequent phases of PPP in GovHK.

Audit observations and recommendation

4.7   The PPP project milestones stated in the implementation plan submitted to the FC in March 2006 were not achieved. Details are given in Table 5. As the owner of GovHK, the OGCIO has the primary responsibility to implement PPP according to the plan submitted to the FC.

Table 5

Delay in implementation of PPP in GovHK
(31 December 2008)

Project milestone	Implementation date	
	Planned	**Actual**
Inviting private sector to express interest in providing value-added content/services in service clusters and PPP	August to October 2006	February 2007
Tendering for private sector content/services	Early 2007	No tendering was conducted (Note)
Introducing private sector content/services and considering private sector delivery platforms/channels	Mid-2007 onwards	In the third quarter of 2007, contents from public utilities and public transportation companies were introduced
Introducing PPP in the management and operation of selected service clusters	After January 2008	Not yet introduced

Source: OGCIO records

Note: Based on the results of the expression of interest exercise and customer research, the OGCIO considered that no proposals were suitable for tendering.

Audit recommendation

4.8   **Audit has *recommended* that the Government Chief Information Officer should endeavour to take proactive action to expedite the introduction of PPP in the management and operation of selected service clusters of GovHK.**

Response from the Administration

4.9   The **Government Chief Information Officer** accepts the audit recommendation. He has said that:

   (a)   the detailed plan for implementing PPP has been developed in the light of the degree of interest expressed by the private sector, policy issues raised by B/Ds

and the need to devote resources to other enhancements of GovHK. As a result, OGCIO has adopted an incremental approach as endorsed by EGSC; and

(b)   upon the endorsement of the GovHK Governance Board in October 2008, the OGCIO has invited cluster owners to identify suitable information and services offered by professional associations to be introduced in their clusters as a first step.

Rollout of GovHK services

4.10   Before new online services were added to the new GovHK portal, about 30 online services of various B/Ds were gradually reprovisioned from the ESD portal to GovHK. These services included appointment booking, application for government services and change of address. A timetable was drawn up by the GovHK Governance Board for the reprovisioning. According to the original timetable, there would not be any suspension of services during the reprovisioning process. Apart from reprovisioning the ESD services, eight new online services were planned to be rolled out to GovHK from August 2006 to March 2009. The plan for some of these eight services had been revised several times at GovHK Governance Board meetings.

Audit observations and recommendations

4.11   Six services were suspended for one to four days when the ESD services were reprovisioned to GovHK. There were also delays of about three to seven months in the rollout of three new GovHK services. In response to Audit's enquiry in February 2009, the OGCIO explained that due to technical difficulties, a certain level of suspension of service during migration was unavoidable. The OGCIO had posted notification messages on the ESD website to inform the public about the service suspension.

4.12   As the timetable for reprovisioning was drawn up in December 2005, there should have been enough time to plan ahead for reprovisioning the services. Suspension of services causes great inconvenience to the public. The delay in the rollout of new services also affects the public in obtaining better government services.

Audit recommendations

4.13   **Audit has *recommended* that the Government Chief Information Officer should take necessary actions to ensure that in future:**

(a) **suspension of services is kept to a minimum and actions are taken to mitigate the inconvenience to the public; and**

(b) **new services are rolled out on schedule.**

Response from the Administration

4.14   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a) suspension of services during a major system migration is sometimes operationally inevitable;

(b) it is the aim of the OGCIO to minimise the impact to the public and it had worked out the plan with the concerned B/Ds for the migration of the ESD services to achieve this aim; and

(c) the OGCIO will encourage B/Ds to stick to their rollout plans for new services.

GovHK Business Plan

4.15   The first 3-year Business Plan of GovHK for 2006-07 to 2008-09 was drawn up in 2006. The Business Plan outlines the objectives, key deliverables and resource requirements for major areas such as governance and cluster ownership, branding, product development, introduction of private sector participation, marketing and promotion, and performance targets.

Audit observations and recommendations

4.16   The planning period covered by the GovHK Business Plan was three years. In the 2006-07 to 2008-09 Business Plan, some key deliverables were not specified and some performance targets (e.g. financial targets) were stated as "to be determined". Up to December 2008, the 3-year Business Plan had not been updated and the missing information was still not provided in the Plan. As the Business Plan was prepared more than two years ago and some key information was missing, it may not be conducive to ensuring good planning in implementing GovHK.

Audit recommendations

4.17   **To provide effective strategic direction for the development of GovHK in future, Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **update the Business Plan so that the missing information such as key deliverables and performance targets are provided in the Plan; and**

(b)   **in line with good practices, consider changing the Business Plan to a 3-year rolling plan which is reviewed and updated on an annual basis.**

Response from the Administration

4.18   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   as the targets set out in the existing GovHK Business Plan are mainly output-oriented, the OGCIO will focus more on monitoring customer satisfaction by conducting regular satisfaction surveys to assess the performance of GovHK;

(b)   based on the advice of the Task Force on e-Government Service Delivery and the findings of the planned Channel Management Study, the OGCIO will examine how to set the targets in the next Business Plan;

(c)   the OGCIO will review and include suitable targets in the 2009-10 to 2011-12 Business Plan; and

(d)   the OGCIO will consider reviewing and updating the Business Plan on an annual basis.

Cluster management

4.19   As early as in 2003, the Government noted that the emerging global trend was to provide e-services based on a cluster approach centring around the needs of customer segments. Under the service clustering approach, individual service clusters would be owned and managed by one or more relevant B/Ds (the cluster owners) with participation from other relevant B/Ds. The GovHK Strategy Documents and Operational Guidelines drawn up in August 2006 provide strategic directions and practical guidance on cluster management to ensure that the clusters operate in a coordinated and coherent manner.

Audit observations and recommendation

4.20   One of the challenges with the service clustering approach was that B/Ds still saw e-government as IT projects and were unwilling to take up cluster ownership. Audit found that in some cases, problems were encountered when the B/Ds were invited to take up ownership. The difficulties were mainly financial, and shortage of staff and relevant expertise. For example, a department was reluctant to take up ownership of a cluster initially due to financial reasons. Although it eventually agreed to take up ownership, the negotiation process between the OGCIO and the department lasted for nine months.

Audit recommendation

4.21   **Audit has *recommended* that the Government Chief Information Officer should take effective measures to address the concerns of B/Ds in taking up cluster ownership.**

Response from the Administration

4.22   The **Government Chief Information Officer** accepts the audit recommendation. He has said that:

(a)   the OGCIO will continue to work closely with B/Ds to facilitate their taking up of cluster ownership, including providing financial assistance in the first three years of ownership; and

(b)   currently, only the owners of two user groups, namely Business & Trade and Non-residents, have not yet been identified.

User satisfaction survey

4.23   In March 2008, the consultant commissioned by the OGCIO completed a user satisfaction survey of GovHK to identify areas for improvement. The survey measured the respondents' overall satisfaction with the GovHK website and their evaluation of specific areas (i.e. the design, contents, clusters, feature articles and search engine) of GovHK. Key findings of the survey are summarised at Appendix C.

Audit observations and recommendations

4.24   Overall, 87% of the respondents liked GovHK. 95% would use GovHK in the future, and 80% would recommend GovHK to others. Regarding the respondents' views on specific evaluation areas, only 56% agreed that the GovHK portal design catered for different users' needs (e.g. the elderly and the visual impaired), and only 44% agreed that

the feature articles of GovHK attracted them to visit the portal regularly. The OGCIO should take measures to improve GovHK, paying particular attention to the areas of design and feature articles. The OGCIO should also conduct user satisfaction surveys regularly to ensure that GovHK meets user expectations.

4.25   The survey also revealed that only about 40% of the target users visited GovHK, and regular users of GovHK represented 4% of the respondents only. The consultant recommended that more specific targeting efforts in promotion might help increase user awareness and improve their impression of GovHK.

Audit recommendations

4.26   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **conduct user satisfaction surveys on GovHK regularly and take measures to improve GovHK with a view to enhancing the satisfaction level of the users; and**

(b)   **fine-tune the promotion and publicity activities where necessary to increase user awareness.**

Response from the Administration

4.27   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   since the official launch of the GovHK in August 2007, the OGCIO has conducted satisfaction surveys on GovHK at least once a year, and will continue to do so regularly to help further improve GovHK;

(b)   apart from general satisfaction survey, the OGCIO has also conducted other researches (e.g. usability test on the portal). It has also rolled out online survey as a regular platform since mid-December 2008 to gather feedback on GovHK from the public; and

(c)   the OGCIO has fine-tuned its 2008 publicity efforts and put more emphasis on the mass media to promote the level of awareness of GovHK. It will continue to fine-tune its publicity efforts to further promote the level of awareness.

Usage of GovHK and benefits to users

4.28   The purpose of GovHK is to offer citizens and businesses quicker and more convenient access to a comprehensive range of government information and public services. In May 2008, the OGCIO informed the ITB Panel that the number of daily visits to GovHK increased from around 4,000 to around 24,000 between September 2006 and April 2008 (Note 12), while the average number of page views per visit rose from 4.6 to 16.8. The number of visits and page views of government websites in 2007-08 were 249 million visits and 4,060 million page views respectively, representing a 12% and 15% increase over the 222 million visits and 3,538 million page views in 2006-07.

Audit observations and recommendations

4.29   GovHK was launched with an objective to increase the take-up rate of e-government services. However, in the five months from May to September 2008, the daily visit figures of GovHK decreased from 24,000 to 23,000, representing a decrease of 1,000 visits per day (i.e. 4.2%).

4.30   According to the GovHK Strategy Documents and Operational Guidelines (see para. 4.19), the OGCIO assumed that the benefit per transaction for the use of GovHK online services was $20. It was stated that the amount of financial benefit per transaction would be refined after the consultancy study on business case of computer projects was completed in the first quarter of 2007 (see para. 2.15). The Guidelines also stated that financial targets (e.g. financial benefits over time) would be set. However, up to December 2008, the OGCIO had not yet refined the assumed benefit per transaction and had not set financial targets for GovHK.

Audit recommendations

4.31   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **closely monitor the usage of GovHK including the number of daily visits; and**

(b)   **measure and evaluate the benefits brought by GovHK and set financial targets on such benefits.**

Note 12:   *The low usage in September 2006 was due to the fact that GovHK was only soft launched for public trial when the same services were provided concurrently through other platforms such as the ESD portal.*

Response from the Administration

4.32   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   the OGCIO agrees that the usage of GovHK, such as the number of daily visits, should be closely monitored. Nevertheless, it is believed that a more relevant indicator is the public's opinions on usability and satisfaction of using online services on GovHK. The OGCIO will continue to conduct user satisfaction survey to gauge their feedback; and

(b)   based on the advice of the Task Force on e-Government Service Delivery and findings of the Channel Management Study, the OGCIO will examine how to measure and evaluate the benefits brought by GovHK and set appropriate targets on such benefits.

GovHK Help Desk services

4.33   The Integrated Call Centre (ICC – also known as the 1823 Call Centre) of the EU provides a single point of contact for answering public enquiries and receiving complaints on behalf of the participating B/Ds. The GovHK Help Desk services provide support to users through a telephone hotline and an e-mail address operated by the ICC. In February 2007, the OGCIO and the EU entered into a Service Level Agreement (SLA) for the latter to provide Help Desk services. The service period was 12 months starting from 6 September 2006 (service year 2006-07), subject to annual renewal. The SLA specifies the charges, service levels, time frames and manners of handling communication with the public, and the data to be captured by the ICC.

Audit observations and recommendations

Need to sign the SLA before commencement of services

4.34   The first SLA was signed by the OGCIO on 30 January 2007 and the EU on 9 February 2007, more than five months after the commencement of the services on 6 September 2006. Similarly, the second SLA was signed on 14 January 2008, more than four months after the services commenced on 6 September 2007. The second SLA expired on 5 September 2008. **However, up to January 2009, the OGCIO had not yet signed a new SLA with the EU.** To avoid unnecessary contractual disputes, it is important for the SLA to be signed before the Help Desk services commence.

Need to conduct customer satisfaction survey

4.35   The ICC conducts External Customer Satisfaction Survey for users of the ICC. The Survey covers the following six aspects:

    (a)   overall satisfaction level;

    (b)   manner of the staff handling the call;

    (c)   whether adequate information is provided to the caller;

    (d)   whether the information is clear and easy to understand;

    (e)   whether the staff understands the caller's need; and

    (f)   whether the caller is satisfied with the waiting time.

The ICC informed the OGCIO of the monthly survey results on the first three aspects only. In addition to the ICC's Survey, the OGCIO may need more information (e.g. future usage intention) on customer satisfaction level to monitor the quality of the Help Desk services. Whilst the OGCIO commissioned a survey to collect public response on the GovHK website in the first quarter of 2008 (see para. 4.23), the survey did not cover the Help Desk services.

Need to incorporate key performance targets in
the GovHK Business Plan

4.36   The following annual key performance targets for handling calls/e-mails are specified in the SLA:

    (a)   at least 80% of the calls should be answered in 12 seconds;

    (b)   at least 90% of the voice mails should be checked within 3 hours after messages have been left in the voice mailbox;

    (c)   at least 90% of the enquiries should be resolved at the first time of call;

    (d)   at least 90% of the incoming e-mails from the public should be responded to within 24 hours; and

    (e)   abandoned call rate should not exceed 10% of the calls received.

4.37   All the above performance targets were included in the GovHK Business Plan except the target on abandoned call rate. Moreover, in a review conducted by the OGCIO in October 2007, only three key performance targets were covered (including abandoned call rate) but not the targets relating to voice mails and incoming e-mails.

Need to monitor the performance of the ICC

4.38   Under the SLA, the ICC is required to submit monthly management reports on calls and e-mails related to the Help Desk services. The ICC did not submit any monthly report for the two key performance targets mentioned in paragraph 4.36(b) and (d). As a result, the OGCIO could not ascertain whether the ICC had met all the key performance targets. After Audit's enquiry with the OGCIO in November 2008, the ICC started to submit the monthly report for the two targets in December 2008.

Need to include a clause in SLA regarding failures in meeting key performance targets

4.39   In order to ensure that the ICC would endeavour to meet the key performance targets, it is necessary to specify clearly in the SLA how failures in meeting key performance targets would be handled. However, there was no clause under the SLA specifying the actions to be taken when the key performance targets were not met. A clause to address the issue should be incorporated in the SLA when it is renewed.

Audit recommendations

4.40   **Audit has *recommended* that the Government Chief Information Officer should:**

Signing of SLA

(a)   **sign the SLA with the EU before the commencement of the Help Desk services;**

Customer satisfaction survey

(b)   **regularly ascertain more information (e.g. future usage intention) on user satisfaction level by expanding the OGCIO's survey to cover the Help Desk services;**

Performance targets

(c)   **consider revising the Business Plan to include the performance targets that are consistent with those specified in the SLA, and to ensure that future performance reviews cover all the key performance targets; and**

Actions regarding failures in meeting performance targets

(d)   **include a clause in the SLA specifying the actions to be taken when the ICC fails to meet the key performance targets.**

Response from the Administration

4.41   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

Signing of SLA

(a)   to avoid unnecessary disputes, the OGCIO will approach the EU on the renewal of the SLA in a timely manner;

Performance targets

(b)   the OGCIO has closely monitored the performance of the ICC. Where the performance is below the standard, it will send reminders to the ICC to urge for improvements; and

(c)   the OGCIO will discuss with the EU on ways to ensure that the performance targets are met.

4.42   The **Head, Efficiency Unit** has said that:

Signing of SLA

(a)   the EU shares Audit's view that any delay in signing the SLA is not appropriate and should be avoided in future;

(b)   some client departments may take a longer time to finalise the SLA. In order not to delay the commencement of the service, the EU sometimes allows client departments to complete the formalities later on the understanding that the service levels are agreed in principle;

(c)   the draft of the first SLA was sent to the OGCIO on 30 August 2006 and was signed on 9 February 2007. The draft of the second SLA was sent to OGCIO on 3 December 2007 and was signed on 14 January 2008. As for the third SLA, the EU is still awaiting proposed amendments from the OGCIO;

Customer satisfaction survey

(d)   the OGCIO considered it adequate to include only the results on the first three aspects of the External Customer Satisfaction Survey in the monthly report. Upon the request of the OGCIO, the ICC has been providing the survey results in full to the OGCIO starting from January 2009; and

Actions regarding failures in meeting performance targets

(e)   the EU takes performance measurements seriously. It supports the setting up of a contract monitoring mechanism including:

(i)   holding regular meetings with the senior management, service review groups or user groups; and

(ii)   performing major contract reviews.

PART 5: PROJECT GOVERNANCE

5.1   This PART examines the governance of e-government projects and suggests measures for improvement.

Project governance mechanism

5.2   The OGCIO is responsible for monitoring the progress of implementation and overall expenditure for all e-government projects.   The GCIO is supported by the Administrative Computer Projects Committee (ACPC) chaired by a Deputy GCIO.   The ACPC is tasked to advise the GCIO on funding policies and procedures, consider proposals of computer projects, and monitor the overall expenditure under CWRF Head 710 Computerisation (see para. 2.20).   Since 2001, the Government has adopted the policy of devolving management responsibilities for e-government projects to B/Ds.   With the establishment of IT Management Units, B/Ds are responsible for the management and delivery of their IT initiatives.

Enhanced project governance mechanism

5.3   At the EGSC meeting held in September 2005, the Permanent Secretary for Financial Services and the Treasury noted that most projects had experienced substantial delays and asked the OGCIO to assist B/Ds in coming up with more realistic implementation timetables.   With effect from 1 April 2006, an enhanced project governance mechanism as endorsed by the EGSC was promulgated by OGCIO Circular No. 2/2006 to strengthen the OGCIO's role in the governance of project implementation.

5.4   The enhanced project governance mechanism comprises:

  (a)   a project risk profile assessment for early identification of risks relating to the cost, scale and complexity, technology risks and public relations impact of projects;

  (b)   a three-tier governance mechanism for senior officers of the OGCIO to participate in the Project Steering Committee (PSC) of high-risk projects based on the result of the project risk profile assessment; and

  (c)   a regular reporting mechanism for the OGCIO to monitor the projects on a quarterly basis, and to require B/Ds to submit status reports for problematic projects more frequently to the OGCIO for timely advice.

5.5   Under the enhanced project governance mechanism, projects are classified into five categories, namely Tier 1, Tier 2(a), Tier 2(b), Tier 3(a) and Tier 3(b) according to the cost involved and the risk as determined by the project risk profile assessment. Projects of different tiers are subject to different levels of governance mechanism. The governance mechanism for Tier 1 projects is the most stringent and that for Tier 3(b) projects is the least stringent. Details of the mechanism are shown in Table 6.

Table 6

**Enhanced project governance mechanism
(Effective from 1 April 2006)**

Tier	Project cost	Project risk	OGCIO representative to participate in PSC as advisor	Frequency of project status report	OGCIO representative to meet project owner (Note 1)
Major projects					
1	Over $100 million	— (Note 2)	GCIO	Monthly	—
2(a)	$10 million to $100 million	High	Chief Systems Manager or above	Monthly	GCIO (2 to 3 times a year)
2(b)		Ordinary	—	Quarterly	GCIO/ Deputy GCIO
Block vote projects					
3(a)	Less than $10 million	High	Senior Systems Manager	Monthly	Deputy GCIO
3(b)		Ordinary	—	Quarterly	Chief Systems Manager or above

Source: OGCIO records

Note 1:   The OGCIO representative meets the project owner to discuss project status (e.g. the latest projections on completion date and difficulties encountered), and provides advice and assistance where necessary. For projects of Tiers 2(b), 3(a) and 3(b), the OGCIO representative will meet the project owner only for problematic projects.

Note 2:   All Tier 1 projects, irrespective of their risk level, are subject to the same governance mechanism.

Monitoring of project slippage

5.6   In order to monitor the progress and expenditure position of projects, the OGCIO prepares Quarterly Progress and Expenditure Review (QPER) reports based on B/Ds' project status reports for review by the ACPC.   The QPER reports include the analysis on project slippage and the expenditure position.

Audit observations and recommendations

5.7   Audit examination of the QPER reports for the period January 2006 to June 2008 and the OGCIO's Controlling Officer's Reports (CORs) for 2004 to 2008 revealed the following:

(a)   *On-going major projects.* During the period January 2006 to June 2008, 44% to 75% of the on-going major projects experienced slippages. Of the eight (44%) projects with slippages as at 30 June 2008, five (28%) projects had slippages ranging from 7 to 12 months and three (16%) projects had slippages over 12 months. Details are shown at Appendix D;

(b)   *On-going BV projects.* During the period January 2006 to June 2008, on-going BV projects with slippages ranged from 6% to 35%. Of the 146 (34%) projects with slippages as at 30 June 2008, 33 (8%) projects had slippages ranging from over 6 to 12 months and 78 (18%) projects had slippages over 12 months. Details are shown at Appendix E; and

(c)   *Completed projects.* The percentage of projects (including major projects and BV projects) completed on schedule is a performance measure reported in the OGCIO's COR.   It showed that the percentage of projects completed on schedule decreased from 57.1% in 2004 to 43.2% in 2008 (see Table 7).

Table 7

**Projects completed on schedule as reported in the COR
(2004 - 2008)**

	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)
Projects completed on schedule	57.1	47.3	40.6	41.4	43.2

Source: OGCIO records

5.8   Audit analysis of project slippages since the introduction of the enhanced project governance mechanism in April 2006 (see para. 5.3) did not show a steadily improving trend. For on-going major projects, the percentage of projects with slippages fluctuated in the past two years (see Appendix D). For on-going BV projects, the percentage of projects with slippages actually increased from 20% as at 31 March 2006 to 34% as at 30 June 2008 (see Appendix E). Audit recognises that it may need time for the mechanism to show its effect in reducing slippages. Nonetheless, the slippage situation as shown in Appendices D and E, as well as in the OGCIO's COR, is a matter of concern.

Audit recommendations

5.9   **Audit has *recommended* that the Government Chief Information Officer should:**

   (a)   **closely monitor the slippage of e-government projects; and**

   (b)   **when the situation warrants, take prompt actions to address the problem (e.g. by fine-tuning the enhanced project governance mechanism).**

Response from the Administration

5.10   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

   (a)   based on Post Implementation Departmental Returns (PIDRs) completed in 2008, 43.2% of the projects were completed on schedule (see Table 7 in para. 5.7). There was a significant improvement in the percentage of projects completed on schedule after introduction of the enhanced mechanism, i.e. 37.4% for projects approved before 1 April 2006 and 54.1% for projects approved on or after 1 April 2006; and

   (b)   the OGCIO has embarked on a new initiative with a view to designing and implementing new processes, tools and governance arrangements for the entire life cycle of projects. The new initiative will make further recommendations for B/Ds to better manage their projects and enhance their ability in delivering business benefits.

Project risk profile assessment

5.11   According to the enhanced project governance mechanism (see para. 5.4), the OGCIO would carry out project risk profile assessment both at the funding approval stage and the project implementation stage to identify the high-risk projects. Based on the result

of the assessment, the implementation of all projects is monitored from their commencement under a three-tier governance mechanism.

Audit observations and recommendations

Guidelines on project risk profile assessment at project implementation stage

5.12   Audit review of the project risk profile assessment performed by the OGCIO since the introduction of the enhanced mechanism in April 2006 revealed the following:

Funding approval stage

(a)   the OGCIO assessed projects at the funding approval stage by using a marking scheme set out in an assessment form. Marks for the result of assessment in respect of each risk area were recorded in the form. Examples of risk area included project scale and complexity, technology risk, user expectations and project management. Marks were then added up to give the overall risk assessment result. For the period April 2006 to December 2008, four Tier 2 projects and eleven Tier 3 projects were identified as high-risk;

Project implementation stage

(b)   ***Tier 1 and Tier 2 projects.*** The OGCIO had not laid down guidelines on the methodology (e.g. assessment criteria and procedures) for assessment performed at the project implementation stage. For each project, the OGCIO prepared an overall assessment on progress, and also recorded the assessed risk level. However, the risk factors considered and the justifications for arriving at the assessed risk level were not documented. For the quarters ended 30 June 2006 and 30 September 2006, two Tier 1 projects were identified as high-risk. For the quarter ended 31 December 2006, one Tier 1 project was identified as high-risk. No Tier 2 projects were identified as high-risk; and

(c)   ***Tier 3 projects.*** The OGCIO used different assessment methodologies for different quarters, as follows:

   (i)   before the quarter ended 31 December 2007, the OGCIO had not laid down guidelines on the assessment methodology and had not identified any projects as high-risk;

   (ii)   for the two quarters ended 31 December 2007 and 31 March 2008, the OGCIO assessed Tier 3 projects with slippages over 12 months as high-risk projects. The OGCIO identified 40 and 60 high-risk Tier 3 projects (i.e. Tier 3(a) projects); and

(iii)   for the quarter ended 30 June 2008, the OGCIO selected projects with slippages exceeding six months and then assessed the risk level of each selected project by considering factors such as external dependency, mitigation factors, and effects of project progress on policy commitment and B/Ds' operations. No project was identified as high-risk.

Audit recommendations

5.13   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **consider devising a project risk profile assessment scheme for the project implementation stage similar to that used at the funding approval stage to ensure the objectivity and consistency of the assessments; and**

(b)   **document the risk factors considered (e.g. technology risk and external dependency) and the justifications for arriving at the assessed risk level.**

Response from the Administration

5.14   The **Government Chief Information Officer** accepts the audit recommendations. He has said that the OGCIO will consider implementing the recommendations under the new project governance initiative (see para. 5.10(b)).

Monitoring of project implementation

5.15   The OGCIO monitors implementation of projects by:

(a)   participating in the PSCs of the projects;

(b)   reviewing project status reports submitted by B/Ds;

(c)   examining QPER reports by the ACPC; and

(d)   meeting project owners.

Audit observations and recommendations

Participation in PSCs

5.16   According to the enhanced project governance mechanism, an OGCIO representative should participate in the PSC of each of the Tier 1, Tier 2(a) and Tier 3(a) projects (see Table 6 in para. 5.5). However, the requirement was not fully complied with. Details are as follows:

(a)   ***GCIO to participate in PSCs of Tier 1 projects.***   The enhanced mechanism requires participation of the GCIO in the PSCs of all Tier 1 projects. Audit reviewed nine on-going Tier 1 projects as at 30 June 2008 and noted that the GCIO only participated in the PSCs of three (33%) projects. For the remaining six projects, no OGCIO staff participated in the PSCs of three projects which had commenced before the introduction of the enhanced mechanism in April 2006, and OGCIO staff of lower ranks (i.e. Chief Systems Manager up to Deputy GCIO) participated in the PSCs of the other three projects; and

(b)   ***Senior Systems Manager to participate in PSCs of Tier 3(a) projects.***   Although during implementation stage, 40 and 60 Tier 3(a) projects were identified in the QPER reports (see para. 5.12(c)(ii)), no OGCIO staff participated in the PSCs of these high-risk projects.

Project status reports

5.17   Quarterly status reports were not submitted to the OGCIO for over 50% of the Tier 3(b) projects. Details are shown in Table 8.

Table 8

**Submission of quarterly status reports for Tier 3(b) projects
(April 2006 - June 2008)**

Quarter ended	Total number of projects	Number of quarterly status reports not submitted
30.6.2006	397	315 (79%)
30.9.2006	426	292 (69%)
31.12.2006	448	303 (68%)
31.3.2007	461	424 (92%)
30.6.2007	397	275 (69%)
30.9.2007	427	224 (52%)
31.12.2007	449	281 (63%)
31.3.2008	466	315 (68%)
30.6.2008	422	246 (58%)

Source: Audit analysis of OGCIO records

5.18   Project status reports provide important information for the OGCIO to monitor project implementation. Without the latest project status reports from B/Ds, the OGCIO cannot promptly identify project issues which warrant attention, and does not have updated information to conduct risk profile assessment quarterly for these projects.

Completion of QPER reports

5.19   Based on the project status reports received, one QPER report for major projects and one for BV projects are prepared for review by the ACPC. In the QPER reports, the OGCIO assesses the project progress and risk, reports on the slippage and spending position, identifies causes and problems on slippage and underspending, and reports on action taken/to be taken. Therefore, timely completion of the QPER reports is important. Audit reviewed the completion dates of 18 QPER reports (i.e. 9 reports for major projects and 9 reports for BV projects) for the nine quarters from April 2006 to June 2008. Audit found that 12 reports were prepared more than two months after the end of the related quarters.

5.20   The OGCIO needs to expedite the preparation of the QPER reports so that the ACPC is informed of the important information on project implementation and is able to initiate remedial action in a timely manner.

Meeting project owners

5.21   According to the enhanced project governance mechanism, an OGCIO representative should meet project owners of Tier 2(a) and problematic Tiers 2(b), 3(a) and 3(b) projects. As at 31 December 2008, there were four Tier 2(a) projects for which the GCIO should meet the project owners two to three times a year. This requirement was not complied with in respect of two projects because the GCIO had met the project owners only once in May 2008.

Audit recommendations

5.22   **Audit has *recommended* that the Government Chief Information Officer should ensure that:**

   (a)   **an OGCIO representative of the rank required under the enhanced project governance mechanism participates in the PSC of each of the Tier 1, Tier 2(a) and Tier 3(a) projects;**

   (b)   **B/Ds submit quarterly status reports for all Tier 3(b) projects;**

   (c)   **the ACPC is provided with QPER reports in a timely manner;**

   (d)   **OGCIO representatives meet project owners as required under the enhanced project governance mechanism; and**

   (e)   **the requirements of the enhanced project governance mechanism are fully complied with in future.**

Response from the Administration

5.23   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

   (a)   for projects which had commenced before the promulgation of the enhanced project governance mechanism in April 2006, the OGCIO have reviewed their risk levels and sent OGCIO representatives to the PSCs of projects which are assessed as high-risk or having issues requiring attention;

(b)   B/Ds are required to submit quarterly status reports for all Tier 3(b) projects commencing from the third quarter of 2008-09;

(c)   the OGCIO will shorten the time required for the preparation of QPER reports with the full implementation of the Government IT Projects Management System in March 2009; and

(d)   the OGCIO will ensure that the requirements of the enhanced project governance mechanism are fully complied with in future.

Post implementation evaluation mechanism

5.24   A PIDR consists of three parts which are to be completed by the relevant user B/D, the policy bureau (if applicable) and the OGCIO respectively. A user B/D is required to complete Part I of the PIDR within six months after the system live run date. For projects costing over $1 million, the user B/D should forward the PIDR to its policy bureau for comments after completion of Part I. The policy bureau should then complete Part II of the PIDR and pass it to the OGCIO to complete Part III. If the user B/D is a policy bureau, it should submit the PIDR to the OGCIO directly after completion of Part I. The information on the completed PIDRs forms the basis for the calculation of the percentage of projects completed on schedule, which is published in the COR of the OGCIO.

5.25   Based on the PIDR, the OGCIO will decide whether there is a need to conduct a Post Implementation Review (PIR) of the project. In deciding whether to initiate a PIR, particular attention is paid to the extent to which the PIDR has indicated that:

(a)   the intended system objectives were not fully achieved;

(b)   the B/D experienced major operational difficulties with the system;

(c)   there was a substantial delay or slippage in the progress of implementation;

(d)   there was a substantial deviation from the agreed cost-benefit figures; and

(e)   savings in posts envisaged in the funding submission were not realised.

5.26   The OGCIO completed a review of the post implementation evaluation mechanism in April 2008.   In the same month, the ACPC decided to implement the following measures to improve the mechanism:

(a)   reminders will be issued to E-business Coordinators (see para. 1.12) of B/Ds for PIDRs overdue for a year or more and they will also be copied to policy bureaux;

(b)   completed PIDRs will be circulated to the IT Project Governance Support Team of the OGCIO for its comments on project governance issues and recommendation on PIR;

(c)   steering from the OGCIO's directorate officers will be sought for PIDRs submitted in respect of major projects, high-risk projects, and projects where system objectives/benefits are not fully achieved;

(d)   quarterly reports on the results of completed PIDRs will be circulated to the ACPC members for their comments; and

(e)   a further review of the current project governance mechanism will be conducted and B/Ds will be consulted on the current/proposed reporting mechanism.

Audit observations and recommendations

Submission of PIDRs

5.27   There were 295 PIDRs due for submission in 2008.   However, as at 31 December 2008, only 176 (60%) PIDRs were completed and 119 (40%) were still outstanding.   Of the 119 outstanding PIDRs, 72 (61%) PIDRs were not submitted by user B/Ds, 29 (24%) were pending policy bureaux' completion and 18 (15%) were pending the OGCIO's completion.   Of the 72 overdue PIDRs not submitted by user B/Ds as at 31 December 2008, 20 (28%) PIDRs were overdue for over one year, in which 3 PIDRs were overdue for 38 to 52 months.   Table 9 shows the ageing analysis of the outstanding PIDRs as at 31 December 2008.

Table 9

Ageing analysis of outstanding PIDRs
(31 December 2008)

Number of months	Number of outstanding PIDRs			Overall
	Not submitted by user B/Ds	Pending completion by policy bureaux	Pending completion by OGCIO	
1 or less	5 (7%)	9 (31%)	3 (17%)	17 (14%)
more than 1 to 3	9 (13%)	14 (49%)	13 (72%)	36 (30%)
more than 3 to 6	22 (31%)	4 (14%)	0 (0%)	26 (22%)
more than 6 to 9	9 (13%)	0 (0%)	0 (0%)	9 (8%)
more than 9 to 12	7 (8%)	1 (3%)	0 (0%)	8 (7%)
more than 12	**20 (28%)**	1 (3%)	2 (11%)	23 (19%)
Total	**72 (100%)**	**29 (100%)**	**18 (100%)**	**119 (100%)**

Source: Audit analysis of OGCIO records

5.28   The OGCIO needs to take more effective action to ensure that user B/Ds and policy bureaux submit their PIDRs in a timely manner. The OGCIO also needs to expedite the processing of the PIDRs submitted to it. **The accuracy of the information on the percentage of projects completed on schedule, as published by the OGCIO in its COR, will be seriously affected because its calculation has not taken into account the projects for which the PIDRs have not been completed (see para. 5.24).**

Conduct of PIR

5.29   The objectives of a PIR are to:

(a)   evaluate the utilisation of resources and recommend adjustments to both non-recurrent and recurrent expenditure if considered necessary;

(b)   evaluate the realisation of benefits, including savings in posts, and recommend adjustments if considered necessary;

(c)   evaluate whether the implementation schedule as contained in the original funding submission has been adhered to; and

(d)   identify necessary improvements to the computer system and recommend a course of action to implement them.

5.30   In April 2008, the ACPC decided that a summary report on the results of the completed PIDRs would be circulated to its members on a quarterly basis (see para. 5.26(d)). Based on the information in the summary report, the ACPC Team would make recommendations on whether a PIR should be initiated.

5.31   A PIR is an important tool in project governance. It provides an opportunity for B/Ds to identify the lessons that can be learnt in improving their future project implementation. However, no PIR was conducted by the OGCIO in the past ten years despite the fact that there were projects with significant slippages (see Appendices D and E) which appeared to be suitable candidates for PIRs.

Audit recommendations

5.32   **Audit has *recommended* that the Government Chief Information Officer should:**

(a)   **take proactive action to remind user B/Ds and policy bureaux to submit PIDRs in a timely manner;**

(b)   **process PIDRs received promptly;**

(c)   **monitor whether the new measures decided by the ACPC in April 2008 are effective in identifying suitable candidates for PIRs; and**

(d)   **conduct PIRs for projects which experienced significant problems during their implementation.**

Response from the Administration

5.33   The **Government Chief Information Officer** accepts the audit recommendations. He has said that:

(a)   to monitor PIDR submissions, the ACPC Team maintains a database to identify projects which have been rolled out and are due for PIDR submissions. The ACPC Team issues reminders to B/Ds for outstanding PIDRs through the following channels:

(i)   at funding approval stage of new applications, the OGCIO will include in the Approval Notification a list of previously approved projects of which the PIDRs are outstanding;

(ii)   at regular intervals, the ACPC Team circulates the outstanding list of PIDRs to the IT Management Units and subject officers of the B/Ds concerned seeking their assistance to expedite the PIDR submissions; and

(iii)   at quarterly intervals, the ACPC Team issues reminders to the respective E-business Coordinators, with copies to the respective policy bureaux, on the submissions of PIDRs which have been overdue for more than one year;

(b)   the OGCIO will further strengthen the reminder system with the full implementation of the Government IT Projects Management System in March 2009;

(c)   the OGCIO will process PIDRs received promptly; and

(d)   the OGCIO will monitor the effectiveness of the new measures introduced in April 2008 and conduct PIR for projects that warrant it.

Examples of e-channels for e-government service delivery

E-channel	Example
Online service	Online or interactive services via GovHK or other government websites
E-mail	Submission of government forms via e-mail
Mobile	Short message services and wireless applications
Kiosk	Self-service kiosks in public libraries
Interactive voice response system	Booking of sport facilities via interactive voice response system

Source: OGCIO records

**GovHK
Governance and management structure
(31 December 2008)**

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┌─────────────────────┐
│   E-Government      │
│ Steering Committee  │
└─────────────────────┘
          │
┌─────────────────────┐
│      GovHK          │
│  Governance Board   │
└─────────────────────┘
          │
     ┌────┴──────────────────┐
┌──────────────┐      ┌──────────────────┐
│    GovHK     │      │  GovHK Cluster   │
│ Programme    │      │ Management Boards│
│   Board      │      │                  │
└──────────────┘      └──────────────────┘
     │                         │
 ┌───┴────────┐                │
┌──────────┐ ┌──────────────┐ ┌──────────────────┐
│Programme │ │ GovHK Joint  │ │  GovHK Cluster   │
│Director  │ │ Management   │ │ Management Teams │
│          │ │    Team      │ │                  │
└──────────┘ └──────────────┘ └──────────────────┘
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Source: OGCIO records

— 59 —
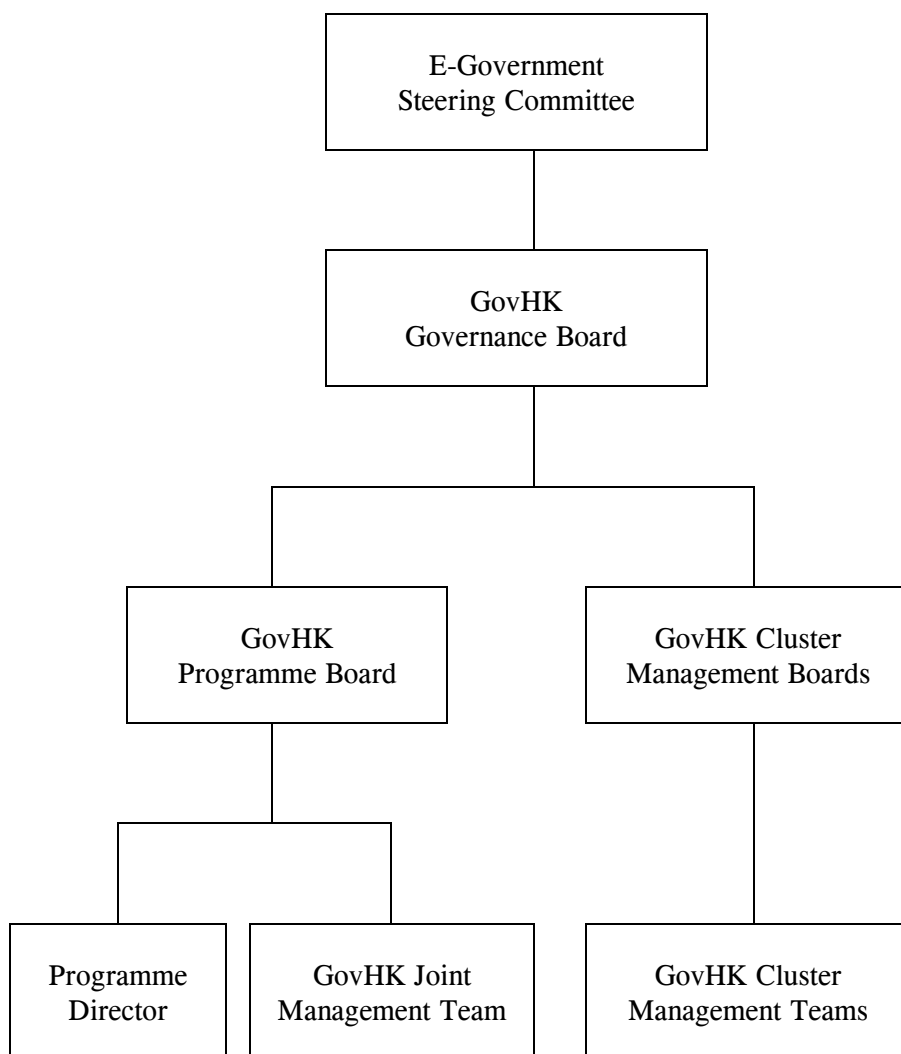
**Key survey results of GovHK website
(March 2008)**

Evaluation comments	Percentage of respondents agreeing with the comment
Like GovHK overall	87
Future usage intention	95
Recommendation to others	80
Evaluation on design	
1. easy to search the required information or services in the portal	87
2. layout is clear and easy for users to browse	87
3. caters for different users' needs, e.g. elderly and the visual impaired	**56**
Evaluation on contents	
1. clearly categorised and easy for users to browse	88
2. cover topics that you care about, and are practical	77
3. provide the latest information	77
4. cover all the information that you need	81
5. presented in a simple and easy-to-understand way	86
Evaluation on clusters	
1. contents are clearly categorised, and it is easy to search for the required information and services	89
2. cover the information and services that you expect to find	89
Evaluation on feature articles	
1. integrate information from different government departments facilitating users to access relevant information in one go	83
2. provide you with practical information	83
3. cover the government information and services that you expect to find	82
4. attract you to visit the portal regularly	**44**
Evaluation on search engine	
1. able to provide search results quickly	92
2. can deliver results that you would like to obtain	74

Source: OGCIO records

Slippage of on-going major projects
(January 2006 to June 2008)

Quarter ended	Number of projects with slippage				Total number of projects
	1 – 6 months	7 – 12 months	Over 12 months	Total	
31.3.2006	0 (0%)	2 (7%)	12 (45%)	14 (52%)	27 (100%)
30.6.2006	1 (4%)	3 (13%)	9 (37%)	13 (54%)	24 (100%)
30.9.2006	2 (8%)	3 (13%)	9 (37%)	14 (58%)	24 (100%)
31.12.2006	2 (8%)	4 (17%)	10 (42%)	16 (67%)	24 (100%)
31.3.2007	5 (21%)	3 (12%)	10 (42%)	**18 (75%)**	24 (100%)
30.6.2007	5 (19%)	2 (7%)	11 (41%)	18 (67%)	27 (100%)
30.9.2007	5 (23%)	1 (4%)	7 (32%)	13 (59%)	22 (100%)
31.12.2007	5 (22%)	1 (4%)	8 (35%)	14 (61%)	23 (100%)
31.3.2008	4 (17%)	2 (8%)	8 (33%)	14 (58%)	24 (100%)
30.6.2008	0 (0%)	**5 (28%)**	**3 (16%)**	**8 (44%)**	18 (100%)

Source: Audit analysis of OGCIO records

**Slippage of on-going block vote projects
(January 2006 to June 2008)**

| Quarter ended | Number of projects with slippage | | | | Total number of projects |
	1 – 6 months	Over 6 – 12 months	Over 12 months	Total	
31.3.2006	37 (8%)	25 (6%)	29 (6%)	**91 (20%)**	459 (100%)
30.6.2006	24 (6%)	14 (4%)	12 (3%)	50 (13%)	397 (100%)
30.9.2006	45 (11%)	28 (6%)	21 (5%)	94 (22%)	426 (100%)
31.12.2006	43 (10%)	29 (6%)	22 (5%)	94 (21%)	452 (100%)
31.3.2007	12 (2%)	8 (2%)	9 (2%)	**29 (6%)**	465 (100%)
30.6.2007	29 (7%)	28 (7%)	26 (7%)	83 (21%)	403 (100%)
30.9.2007	45 (10%)	43 (10%)	63 (15%)	**151 (35%)**	434 (100%)
31.12.2007	46 (10%)	20 (4%)	59 (13%)	125 (27%)	458 (100%)
31.3.2008	29 (6%)	37 (8%)	70 (15%)	136 (29%)	475 (100%)
30.6.2008	35 (8%)	**33 (8%)**	**78 (18%)**	**146 (34%)**	432 (100%)

Source: Audit analysis of OGCIO records

Acronyms and abbreviations

ACPC	Administrative Computer Projects Committee
Audit	Audit Commission
B/Ds	Bureaux/departments
BV	Block vote
COR	Controlling Officer's Report
CWRF	Capital Works Reserve Fund
DITPP	Departmental IT Projects Portfolio
e-business	Electronic business
EGSC	E-government Steering Committee
ESD	Electronic Service Delivery
EU	Efficiency Unit
FC	Finance Committee
FSTB	Financial Services and the Treasury Bureau
GCIO	Government Chief Information Officer
ICC	Integrated Call Centre
ITB Panel	Panel on Information Technology and Broadcasting
ITSD	Information Technology Services Department
OGCIO	Office of the Government Chief Information Officer
PIDR	Post Implementation Departmental Return
PIR	Post Implementation Review
PPP	Public-private partnership
PSC	Project Steering Committee
QPER	Quarterly Progress and Expenditure Review
SLA	Service Level Agreement
STC	Service Transformation Sub-Committee