

CHAPTER 3

**Correctional Services Department
Customs and Excise Department
Fire Services Department
Government Flying Service
Hong Kong Police Force
Immigration Department
Independent Commission Against Corruption**

Allocation and management of disciplined services quarters

This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

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ALLOCATION AND MANAGEMENT OF DISCIPLINED SERVICES QUARTERS

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PART 1: INTRODUCTION

1.1 This PART describes the background to the audit of the allocation and management of disciplined services quarters (DSQs) by the disciplined services (DS) departments and outlines the audit objectives and scope.

Provision of quarters

1.2 It is the Government's policy to provide quarters for eligible civil servants as a type of housing benefits or for operational need. Quarters are classified into non-departmental quarters (NDQs), post-tied quarters and departmental quarters (DQs). NDQs are quarters provided to house officers who are eligible for quarters by their terms of service and for whom DQs are not provided. Post-tied quarters are quarters provided for holders of specific posts who are required to live at or very close to their places of work. DQs are further classified into the following categories:

- (a) **DSQs.** DSQs are provided, subject to the availability of resources, for married officers of the rank and file, local married officers in the rank of inspectors and superintendents of the Hong Kong Police Force (HKPF) and comparable ranks in the other DS departments;
- (b) **Judiciary quarters.** Judiciary quarters are provided for Judges of the Court of First Instance of the High Court and above of the Judiciary;
- (c) **Operational quarters.** Operational quarters are provided to house a restricted group of eligible officers who by virtue of their ranks or postings are required to perform specific operational duties; and
- (d) **General quarters.** General quarters are quarters without immediate operational requirement but, with the agreement of the Government Property Agency (GPA — Note 1), are retained by the department. These quarters are made available for allocation to all interested eligible officers within the department.

Post-tied quarters and operational quarters are designated by the department with policy support from the policy bureau and approval from the GPA. As at 1 April 2007, there were 23,288 quarters. Details are shown in Appendix A.

Note 1: *The GPA was established in April 1990. It took over the responsibility for dealing with various aspects of government property matters from the Government Secretariat, the then Buildings and Lands Department, and the Rating and Valuation Department. The responsibilities of the GPA, among other things, are to ensure proper utilisation and management of government quarters in line with established policy, and prescribe house rules governing the occupation of government quarters.*

Provision of disciplined services quarters

1.3 DSQs, as a type of housing benefits, are provided for married officers of the following seven DS departments:

- (a) the Correctional Services Department (CSD);
- (b) the Customs and Excise Department (C&ED);
- (c) the Fire Services Department (FSD);
- (d) the Government Flying Service (GFS);
- (e) the HKPF;
- (f) the Immigration Department (ImmD); and
- (g) the Independent Commission Against Corruption (ICAC).

1.4 The policy objective on the provision of DSQs is to maintain morale in the DS departments. DSQs are usually acquired by construction through the Public Works Programme, direct purchase and leasing. As at 1 April 2007, the seven DS departments had 21,892 DSQs (i.e. 21,844 government-owned DSQs and 48 leased DSQs). Details are shown in Appendix B.

Responsibilities of disciplined services departments

1.5 The responsibilities of the DS departments in respect of DSQs are to:

- (a) allocate DSQs to eligible staff in accordance with the Code of Practice for Allocation of Departmental Quarters (CPADQ) which forms part of the Accommodation Regulations (ARs);
- (b) ensure that the system and priorities of allocation described in the CPADQ are clearly promulgated to all eligible applicants;
- (c) ensure that DSQs are put to their intended uses;
- (d) ensure that DSQs occupants abide by any house rules prescribed by the GPA and the DS departments; and
- (e) prescribe, as necessary, any rules or regulations in addition to the prevailing house rules.

Administration of disciplined services quarters

Control over DSQs

1.6 The DS departments need to ensure that the supply of and demand for DSQs are kept under review. When DSQs are no longer required for the originally approved purpose, the DS departments should inform the GPA at once so that it can consider proposals for alternative uses or disposal through de-leasing, letting or sale. The DS departments are required to submit monthly returns to the GPA for DSQs which have remained vacant for more than two months. They are also required to submit an annual return to the GPA indicating the total stock of DSQs and the number of officers occupying such DSQs as at 31 March each year. Surplus DSQs should be returned to the GPA. The GPA is responsible for the transfer of DSQs among the DS departments.

Grades of DSQs

1.7 DSQs are graded from Grades A to JKL according to the size, quality and standard of finishing, view, location, environment, and provision of facilities and amenities. The GPA is responsible for determining the grades of DSQs. The grades of DSQs are subject to periodic review by the GPA. The prevailing reference size standards (in terms of saleable areas) for newly acquired DSQs are shown in Appendix C. The saleable area is the floor area exclusively allocated to the unit including balconies and verandahs, but excluding common areas such as stairs, lift shafts, pipe ducts, lobbies and communal toilets.

Payment of rent and other charges for occupying DSQs

1.8 DS officers occupying DSQs are required to pay rent appropriate to their salaries. They are required to pay, normally by deducting from their monthly salaries, a rental charge equivalent to 5% or 7.5% of their salaries. Details of the grades of DSQs, salary grading and rent payable per month with reference to the General Disciplined Services Pay Scales, the ICAC Pay Scale and the Police Pay Scale are shown in Appendix D.

1.9 DSQs occupants are required to pay for their own water, gas and electricity charges. If quarters are individually metered, the charges are made according to the meter reading and officers pay their own utility bills. If there is a common meter, the charges are made according to the grades of the quarters occupied and are deducted from officers' salaries. DSQs occupants are not required to pay property management fees, government rent and rates, and car park fees. Property management fees and car park fees are paid by the Government.

***Rules and regulations governing
the allocation and operation of DSQs***

1.10 The rules and regulations governing the allocation, occupation and management of DSQs are set out in:

- (a) the ARs;
- (b) the Civil Service Regulations (CSRs);
- (c) the government circulars; and
- (d) the DS departmental orders/guides.

Audit review

1.11 The Audit Commission (Audit) has conducted a review to examine the economy, efficiency and effectiveness of the allocation and management of DSQs by the DS departments. The review has focused on the following areas:

- (a) allocation of DSQs (PART 2);
- (b) management of DSQs (PART 3);
- (c) rent deductions for officers occupying DSQs (PART 4); and
- (d) other quarters-related matters (PART 5).

1.12 In carrying out the audit review, Audit examined the records and interviewed the staff of the DS departments. Audit has found that there are areas where improvements can be made. Audit has made a number of recommendations to address the issues.

Acknowledgement

1.13 Audit would like to acknowledge with gratitude the full cooperation of the staff of the DS departments during the course of the audit review.

PART 2: ALLOCATION OF DISCIPLINED SERVICES QUARTERS

2.1 This PART examines the allocation of DSQs by the DS departments and suggests measures for improvement.

Code of Practice for Allocation of Departmental Quarters

2.2 DSQs are allocated by the DS departments in accordance with the CPADQ which forms part of the ARs. According to the CPADQ:

- (a) DSQs should only be allocated to house officers who must be so housed to meet approved policy. Where appropriate, allocation should also take into account the family status of the officers;
- (b) no officer is entitled as of right to reside in DSQs. If the need to house an officer no longer exists, steps should be taken to direct the officer to vacate the unit of DSQs allocated to him;
- (c) an officer may be required to vacate his unit of DSQs on at least one month's notice being given;
- (d) an officer who has been allocated a unit of DSQs but for any reason fails to occupy it or remain in residence, may be called upon by the DS department to relinquish such unit of DSQs;
- (e) failure to observe the provisions of the ARs and CSRs in respect of quarters-related matters in force from time to time may entail withdrawal of eligibility for DSQs and hence the DSQs allocated and/or imposition of disciplinary action; and
- (f) DSQs should be allocated on the basis of a quartering points system (Note 2) along the lines set out in CSRs 814 to 816 in respect of NDQs. The system may, however, be modified to take into account any special departmental requirements but the details should be made known to all staff.

The DS departments are responsible for the allocation of their own DSQs. In fulfilling this responsibility, the DS departments should take into account the provisions in the CPADQ, ARs and CSRs. The DS departments should obtain prior approval from the GPA if it is intended, for operational reasons, to depart from the CPADQ and the relevant regulations.

Note 2: *The computation of quartering points is based on the salary, length of service and family status of officers.*

Process of the allocation of disciplined services quarters

2.3 The DS departments issue departmental orders and circulars to their staff to provide guidelines and information on the allocation of DSQs. These guidelines and information include the eligibility for DSQs, application procedures, allocation method, requirement to comply with relevant rules and regulations, and occupation and vacating of DSQs. When DSQs are available for allocation to staff, the DS departments issue circulars to provide information on DSQs and invite eligible officers to submit applications.

2.4 DSQs are allocated by a departmental quarters allocation committee. The chairman and secretary of the committee are appointed by the head of the DS department. The committee includes a representative or representatives of the staff side. DSQs are allocated in accordance with a quartering points system and the relevant rules set by the DS departments. After a meeting of the quarters allocation committee, the DS department issues a circular to announce the result of the allocation exercise. Upon the allocation of DSQs, the officers concerned are required to sign an undertaking to the effect that they fully understand and agree to the conditions.

Audit observations

Allocation of DSQs to officers of different grades

2.5 According to the ARs, in each quarters allocation exercise, officers may apply DSQs of grades “one level above or below” the grades appropriate to their salary grading. According to CSR 873(3) and (4), an officer who occupies a unit of DSQs below the grade appropriate to his salary grading is required to pay rent based on the highest point in the platform of the grade of the unit of DSQs occupied (Note 3). An officer who occupies a unit of DSQs equivalent to or higher than the grade appropriate to his salary grading is required to pay rent appropriate to his salary. According to the CPADQ, DSQs should be allocated along the lines specified in CSRs 814 to 816. CSR 814(3) states that quarters are allocated in the following order:

- (a) first priority should be given to officers applying for quarters of the same grade as their salary grading; and
- (b) second priority should be given to officers applying for quarters not of the same grade as their salary grading.

Note 3: *As an illustration, an officer of the HKPF, who is eligible for Grade G DSQs (i.e. for officers of the Police Pay Scale Points 13-20) but is occupying a unit of Grade H DSQs (i.e. for officers of the Police Pay Scale Points 4-12), is required to pay rent equivalent to 5% of the salary at the Police Pay Scale Point 12 (see Appendix D).*

The relative claims of officers within the same priority group are determined by quartering points.

Allocation of DSQs two grades above the officers' salary grading

2.6 In June 2002, the GPA completed a review of the grades of all DSQs. The GPA informed the DS departments the results of the review and implementation arrangements, including the flexibility in the allocation of DSQs by the DS departments. The GPA stated that, if the supply and demand situation of DSQs in a particular department so warranted and at the discretion of the management of the DS department, the practice of permitting the allocation of DSQs one grade higher than the officers' salary grading might be relaxed so that officers might be allocated DSQs two grades higher than their salary grading under the following circumstances:

- (a) there were no applicants of the appropriate salary grading after a quarters allocation exercise; and
- (b) the DSQs premises were wholly occupied by the officers of one DS department.

In such circumstances and in line with the CSRs, officers allocated with DSQs two grades higher than their salary grading would only be required to pay rent appropriate to their salaries. However, the flexibility in the allocation of DSQs did not apply to DSQs in premises jointly used by several DS departments, and DSQs leased and purchased from the private market. In processing such applications submitted by the DS departments, the GPA would, in consultation with the Security Bureau, consider the special circumstances of each case and approve it on a case-by-case basis.

2.7 Audit noted that the allocation of the following DSQs had not been referred to the GPA for approval:

- (a) in 2005-06 and 2006-07, the ImmD allocated seven DSQs which were two grades higher than the officers' salary grading and in premises jointly used by several DS departments. In 2006-07, the ImmD allocated to an officer one unit of DSQs which was three grades higher than the officer's salary grading; and
- (b) in 2006-07, the ICAC allocated two DSQs, purchased from the private market, which were two grades higher than the officers' salary grading.

2.8 In Audit's view, in the allocation of DSQs to officers, the ImmD and the ICAC need to comply with the requirements specified by the GPA (see para. 2.6).

Allocation of DSQs to officers with other housing benefits

2.9 The provisions on the prevention of double housing benefits and double housing related benefits are stipulated in CSR 809. For the purpose of administering housing benefits in the civil service, CSR 809(1)(a) defines the terms “civil service housing benefits” (such as NDQs, DQs and public rental housing flats), “civil service housing-related benefits” (such as furniture allowance and domestic appliances allowance), and “housing benefits” (such as accommodation provided by employers rent free or at concessionary rent, a housing loan for purchasing property and a cash allowance which includes a housing element). An officer is not eligible to receive any civil service housing benefits if his spouse is in receipt of a housing benefit provided by her employer. An officer is not eligible to receive civil service housing benefits if he or his spouse, among other things, is:

- (a) a tenant or an authorised occupant of a public rental housing flat provided by the Hong Kong Housing Authority, the Hong Kong Housing Society and the Hong Kong Settlers’ Housing Corporation;
- (b) an owner or an authorised occupant of a flat sold under the Home Ownership Scheme, the Tenant Purchase Scheme and the Buy-or-Rent Option administered by the Hong Kong Housing Authority, which is subject to resale restriction; or
- (c) an owner or an authorised occupant of a flat sold under the Sandwich Class Housing Scheme administered by the Hong Kong Housing Society, which is subject to resale restriction.

The CPADQ states that an officer should not be allocated DSQs if he is receiving another housing benefit under CSR 809.

2.10 In the DS departments, officers or their spouses in receipt of any housing benefits mentioned in CSR 809 may apply for the allocation of DSQs. These officers and their spouses need to relinquish other housing benefits when DSQs are allocated to them. Audit noted that different practices were adopted by the DS departments in handling such applications as follows:

- (a) ***CSD, C&ED and ImmD.*** The CSD and the ImmD required officers and their spouses to relinquish other housing benefits before moving into the DSQs. The C&ED required officers and their spouses to relinquish other housing benefits within three months before moving into the DSQs;
- (b) ***FSD, HKPF and ICAC.*** Officers were allowed to move into the DSQs allocated to them. They were required to relinquish other housing benefits within a grace period of two to three months. During the grace period, the officers paid rent

(see Appendix D) for the DSQs. However, the DS departments adopted different practices:

- (i) in the HKPF, officers and their spouses were required to relinquish other housing benefits within two months after moving into the DSQs. If an officer and his spouse failed to relinquish other housing benefits after the grace period, the officer would forfeit the eligibility for all DSQs and would be required to pay the market rent for the unit of DSQs for the overdue period until the unit was returned, or the issue of double housing benefits was resolved;
 - (ii) in the FSD, officers and their spouses were required to relinquish other housing benefits within three months after the allocation of the DSQs;
 - (iii) in the ICAC, officers and their spouses were required to relinquish other housing benefits within three months after the issue of the quarters allocation letters; and
 - (iv) the FSD and the ICAC did not require payment of the market rent for DSQs occupied by officers after the grace period; and
- (c) **GFS.** The GFS did not allocate DSQs to officers if they or their spouses had other housing benefits.

2.11 The Government's policy is that civil servants should not receive double housing benefits. According to CSR 809(1)(b), except under special circumstances, an officer is entitled to receive, at any one time, only one civil service housing benefit. No married couple may receive more than one housing benefit at any one time irrespective of whether or not it is provided by the Government. **In Audit's view, the DS departments need to ensure that officers and their spouses are required to relinquish other housing benefits before moving into the DSQs. Otherwise, they should be required to pay the market rent for the DSQs until they have relinquished other housing benefits.**

Checking of double housing benefits with the Housing Department

2.12 As a measure to prevent double housing benefits, the DS departments are required to check with the Housing Department on whether any of the successful applicants of DSQs and their spouses are receiving public housing benefits. If so, they have to relinquish their public housing benefits on taking up DSQs.

2.13 Audit noted that, up to 30 June 2007:

- (a) five DS departments had checked with the Housing Department on whether the successful applicants of DSQs and their spouses were receiving public housing benefits before allocating DSQs to them; and
- (b) the CSD (since 2003) and the FSD (since 2002) had not made such checks with the Housing Department before allocating DSQs to the successful applicants.

2.14 **To prevent officers from receiving double housing benefits, Audit considers that the CSD and the FSD need to check with the Housing Department on whether the successful applicants of DSQs and their spouses are receiving public housing benefits before allocating DSQs to them.**

Status of officers' children for the allocation of DSQs

2.15 According to CSRs 800 and 801, quarters means any premises owned or leased by the Government for the accommodation of officers and their families. An officer's family includes his spouse and dependent children defined as sons under the age of 19 years (or under the age of 21 years if undergoing full-time education or full-time vocational training), unmarried daughters under the age of 21 years and children who, regardless of age, are dependent on the officer as a result of physical or mental infirmity. A widowed, separated or divorced officer with one dependent child will be treated as a married officer without children. A widowed, separated or divorced officer with dependent children will be treated as a married officer with children.

2.16 DSQs are provided for married officers of the rank and file, and inspectorate officers in the DS departments. According to CSR 801, the ages of the children of a widowed, separated or divorced officer determine the officer's marital status and in turn, affect the officer's eligibility for the allocation of DSQs. CSR 801 states that sons under the age of 21 years are regarded as dependent children only if they are undergoing full-time education or full-time vocational training. However, in FSD departmental order for the allocation of DSQs, sons of an officer under the age of 21 years are regarded as dependent children.

2.17 The status of dependent children affects an officer's eligibility for the allocation of DSQs. Audit notes that, in the definition of dependent children under CSR 801, there is an age disparity of sons and daughters and they are treated differently (see para. 2.15). **The FSD needs to amend the definition of dependent children in its departmental order (see para. 2.16) in order to be consistent with the provisions of CSR 801.**

Audit recommendations

2.18 Audit has *recommended* that the Controlling Officers of the DS departments should:

Allocation of DSQs to officers with other housing benefits

- (a) ensure that all officers receive at any one time only one civil service housing benefit;
- (b) ensure that officers and their spouses relinquish other housing benefits before moving into the DSQs, or require them to pay the market rent for the DSQs until they have relinquished other housing benefits; and
- (c) ensure that officers and their spouses allocated with DSQs relinquish other housing benefits within a reasonable period of time.

2.19 Audit has *recommended* that the Director of Immigration and the Commissioner, Independent Commission Against Corruption should:

Allocation of DSQs two grades above the officers' salary grading

- (a) in the allocation of DSQs to officers, comply with the requirements specified by the GPA; and
- (b) consult the GPA and seek its covering approval for the allocation of DSQs which are two or three grades higher than the officers' salary grading and in premises jointly used by several DS departments, leased or purchased from the private market.

2.20 Audit has *recommended* that the Commissioner of Correctional Services and the Director of Fire Services should:

Checking of double housing benefits with the Housing Department

- (a) check with the Housing Department on whether the successful applicants of DSQs and their spouses are receiving public housing benefits before allocating DSQs to them; and
- (b) ensure that successful DSQs applicants and their spouses are not receiving other public housing benefits.

2.21 **Audit has recommended that the Director of Fire Services should amend the definition of dependent children in FSD departmental order for the allocation of DSQs in order to be consistent with the provisions of CSR 801.**

Response from the Administration

2.22 **The Controlling Officers of the DS departments** agree with the audit recommendations mentioned in paragraph 2.18.

2.23 **The Commissioner of Police**, in response to the audit recommendations mentioned in paragraph 2.18, has said that the HKPF fully agrees to the principle that no officer should receive double housing benefits. However, a grace period is necessary for the officers to relinquish other housing benefits. In many cases, the officers allocated with DSQs are tenants of public rental housing flats. They should be given a reasonable period of time to arrange with the allocation authorities to surrender the flats. It is not practicable for them to surrender the flats before moving into the DSQs. Nevertheless, the HKPF is prepared to review whether the grace period can be shortened after consulting the staff associations and taking into account the actual time required for the relinquishment procedures.

2.24 **The Director of Fire Services** has said that:

Audit recommendations in paragraph 2.18

- (a) regarding the audit recommendations mentioned in paragraph 2.18(b) and (c), the FSD will seek a ruling from the GPA on the definition of “reasonable period of time” and its market rent charging policy so that the related rules and policy could be applied consistently across all the DS departments, and the staff could be clearly advised of the change;

Audit recommendations in paragraph 2.20

- (b) he agrees with the audit recommendations. To speed up the process, the checking and allocation of DSQs could be done in parallel while the FSD should impress upon the successful applicants that the allocated DSQs may only be occupied after they have relinquished other housing benefits or paid the market rent; and

Audit recommendation in paragraph 2.21

- (c) he agrees with the audit recommendation. The FSD will amend the definition of dependent children in its departmental order.

2.25 The **Director of Immigration** has said that:

Audit recommendations in paragraph 2.18

- (a) regarding the audit recommendation of requiring officers to pay the market rent for the DSQs until they have relinquished other housing benefits, the GPA may need to provide guidelines for the DS departments to follow; and

Audit recommendations in paragraph 2.19

- (b) he agrees with the audit recommendations. The ImmD:
 - (i) with immediate effect, has stopped allocating DSQs which are two or three grades higher than the officers' salary grading; and
 - (ii) will seek the covering approval of the GPA for the allocation of DSQs which are two or three grades higher than the officers' salary grading and in premises jointly used by several DS departments, leased or purchased from the private market.

2.26 The **Commissioner, Independent Commission Against Corruption** has said that:

Audit recommendations in paragraph 2.18

- (a) taking into account the officers' circumstances, the ICAC allows officers to relinquish all existing housing benefits within a three-month grace period from the dates of the issue of quarters allocation letters and they are allowed to reside in the DSQs paying the normal rent;
- (b) the ICAC has allowed the officers concerned to be charged the normal rent during the three-month grace period. However, after the grace period, should an officer encounter genuine difficulty in meeting the relinquishment requirements, the grace period granted to the officer may be further extended if the circumstances so warranted and are fully justified. The ICAC would consider charging the full market rent during the extension of the grace period on a case-by-case basis;
- (c) the ICAC supports the audit recommendation to require officers and their spouses to relinquish other housing benefits before moving into the DSQs, or require them to pay the market rent for the DSQs until other housing benefits have been relinquished. The ICAC will take appropriate follow-up action in consultation with the GPA; and

Audit recommendations in paragraph 2.19

- (d) he agrees with the audit recommendations. In September 2007, the two officers residing in the two DSQs mentioned in paragraph 2.7(b) have reached the salary points appropriate to the grades of these DSQs.

2.27 The **Commissioner of Correctional Services** has said that he agrees with the audit recommendations mentioned in paragraph 2.20.

2.28 The **Secretary for Financial Services and the Treasury** has said that the ICAC and the ImmD:

Audit recommendations in paragraph 2.19

- (a) apart from seeking the GPA's covering approval on a few occasions in 2005-06 and 2006-07 for the allocation of DSQs which were two or three grades higher than the officers' salary grading and in premises jointly used by several DS departments, leased or purchased from the private market, should introduce measures to prevent recurrence in future; and
- (b) should cease the allocation of such DSQs to those officers if the GPA considers that the cases do not warrant special consideration.

2.29 The **Secretary for the Civil Service**, in response to the audit recommendation mentioned in paragraph 2.18(b), has said that as far as DSQs are concerned, it is up to the respective head of the DS department, as the approving authority, in consultation with the GPA, to consider the appropriateness of introducing any flexible arrangements having regard to the unique nature of the benefit concerned. The Civil Service Bureau stands ready to provide advice on the general policy on the rules on prevention of double housing benefits whenever necessary.

2.30 The **Government Property Administrator**, in response to the audit recommendations mentioned in paragraph 2.18, has said that prevention of double housing benefits rules are set out in CSR 809. The GPA will continue to advise on the level of market rent to be charged for breaching the double housing benefits rules where necessary.

PART 3: MANAGEMENT OF DISCIPLINED SERVICES QUARTERS

3.1 This PART examines the management of DSQs by the DS departments and suggests measures for improvement.

Vacant disciplined services quarters

3.2 According to the ARs, when DSQs are no longer required for their originally approved purpose, the GPA should be informed “at once”. In April 2003, the GPA reminded the DS departments that:

- (a) DSQs were important resources of the DS departments and too valuable to be left idle or misused;
- (b) DSQs, as a significant part of the staff benefits, should be used for that purpose as far as possible;
- (c) the practice of including the vacant government-owned DSQs in the circulars for allocation in at least three quarters allocation exercises should continue;
- (d) after three quarters allocation exercises, the DS departments should come up with alternatives to put the unallocated DSQs to other gainful uses. Depending on the nature and grades of the unallocated DSQs, the following options might be considered by the DS departments:
 - (i) for DSQs of an institution (e.g. correctional institutions managed by the CSD) under the full control of a DS department, they were not normally capable of disposal either by redistribution to other DS departments or commercial letting. They could be, as appropriate, turned into other departmental uses (such as storerooms, offices and function rooms), declassified and retained as temporary surplus space of the department, or co-located and locked up to minimise recurrent expenditure; and
 - (ii) for other DSQs, they could be returned to the Security Bureau for redistribution to meet the shortfalls of other DS departments and assist in de-leasing the DSQs of other DS departments. They could be returned to the GPA for commercial letting. The DS departments might also consider merging the low grade DSQs so as to improve the take-up. As a last resort, the DS departments should treat them in the same way as the unallocated DSQs of an institution as mentioned in (i); and
- (e) withholding DSQs from allocation was to avoid decantation problems and disruption to staff where the building had to be cleared shortly after allocation.

Where the approval for demolition, relocation, upgrading or refurbishment of the building had been obtained, the vacating and withholding of DSQs should be scheduled effectively so that the quantum and duration of withholding should not be more than necessary to facilitate the approved proposal. It was not cost-effective to withhold vacant DSQs from allocation before the approval of the proposed works or plans was obtained.

Audit observations

Vacant DSQs

3.3 Audit analysed the overall situation of vacant DSQs in the DS departments as at 1 April 2007. Details are shown in Appendix E. Audit noted that, as at 1 April 2007, 291 DSQs had remained vacant for more than 2 months, including 66 (23%) DSQs lasting for 12 months or more.

3.4 According to the GPA, after three quarters allocation exercises, the DS departments should put the unallocated DSQs to other gainful uses (Note 4). As at 1 April 2007, the ICAC had nine DSQs which had remained unallocated after four to seven quarters allocation exercises. Audit found that these nine DSQs had remained vacant for 16 to 26 months and had not been put to other gainful uses or returned to the GPA for disposal.

3.5 At a meeting held in September 2006, the departmental quarters allocation committee of the ICAC agreed that DSQs which had been included in the circulars twice for allocation and remained unallocated should not be included in the immediately following allocation exercise, unless there were explicit indications from officers that they would apply for those DSQs. This decision of the ICAC departmental quarters allocation committee is not in line with the GPA follow-up procedures and has allowed the ICAC to retain these vacant DSQs.

3.6 **In Audit's view, it is inappropriate and not cost-effective for a DS department to retain vacant DSQs for a long period of time. The ICAC needs to include all vacant DSQs in the circular for allocation in at least three quarters allocation exercises, and put the DSQs to other gainful uses after three unsuccessful quarters allocation exercises. The other DS departments need to ensure that vacant DSQs are put to other gainful uses or returned to the GPA for disposal if DSQs have remained unallocated after three quarters allocation exercises.**

Note 4: *In July 2003, the HKPF reached an agreement with the GPA that it would return the unallocated DSQs to the GPA after three quarters allocation exercises and one first-come-first-served allocation exercise.*

DSQs under renovation, repair and decoration works

3.7 In general, the Architectural Services Department (ArchSD) carries out renovation, repair and decoration works for DSQs upon receiving requests from the DS departments. For government-owned DSQs, the ArchSD carries out works in both internal and external areas. For DSQs located within private buildings, the ArchSD only carries out internal works inside the DSQs. In private buildings, working in public areas (such as roofs and external walls) is beyond the ArchSD's control and responsibility. Audit analysis of the overall situation of vacant DSQs in the DS departments found that, as at 1 April 2007, 11 DSQs were withheld from allocation because of renovation and repair works. Details are shown in Appendix F. Audit noted that, as at 1 April 2007, one unit of DSQs of the FSD had remained vacant for 71 months because of water leakage problem on the rooftop. The repair works of the DSQs were arranged by the building management company and finally completed in May 2007.

3.8 Audit noted that, as at 1 April 2007, 94 DSQs were under renovation, repair and decoration works for more than 2 months, including 8 DSQs lasting for 12 months or more. Details are shown in Appendix G. These DSQs had been allocated to officers but were not yet occupied. **Audit considers that the DS departments, in consultation with the ArchSD and other works agents, need to closely monitor the progress of the renovation, repair and decoration works on DSQs and expedite action to complete the works.**

DSQs reserved for temporary use

3.9 Audit noted that the C&ED had reserved two vacant DSQs (i.e. one since September 2006 and another since December 2006) as a buffer for temporary use by officers who might be affected by renovation and repair works. In May 2007, the GPA advised the C&ED that:

- (a) withholding vacant DSQs from allocation for the purpose of temporary use would inevitably affect other officers' applications for DSQs;
- (b) temporary DSQs should be provided only when it was absolutely necessary and subject to the availability of resources; and
- (c) the C&ED should review the practice of reserving vacant DSQs for the potential need of officers affected by renovation and repair works, and ensure the prudent utilisation of public resources.

In the same month, the C&ED in its reply to the GPA said that there was no request for temporary use of the two reserved DSQs. The C&ED would include them in the DSQs call circular of the subsequent quarters allocation exercise.

3.10 Audit noted that the HKPF had reserved four vacant DSQs (i.e. one since March 2006, one since May 2006 and two since July 2006) and the CSD had reserved three vacant DSQs (i.e. one since July 2006 and two since December 2006) as a buffer for temporary use by officers who might be affected by renovation and repair works. **In Audit's view, DSQs should not be reserved as a buffer for temporary use. All vacant DSQs should be included in the call circulars issued by the DS departments.**

Leased DSQs

3.11 It is the government policy to de-lease DSQs when comparable government-owned DSQs are available in order to achieve savings in rental expenditure. The GPA, in consultation with the Security Bureau and the DS departments, takes an active role in de-leasing of DSQs.

3.12 Despite the efforts of the GPA, the progress of de-leasing DSQs was unsatisfactory in recent years. For example, in November 2004, the GPA informed the CSD, the C&ED, the FSD, the HKPF and the ImmD that nine government-owned Grade H quarters returned from the Social Welfare Department could be available for the exchange of the leased DSQs held by them. The GPA invited the five DS departments to bid for these quarters in exchange of the leased DSQs. The Security Bureau encouraged the five DS departments to give due consideration to the GPA's invitation. However, there was no bid from them. Some DS departments cited their lack of interest because of different geographical locations and lower grades of the quarters offered by the GPA.

3.13 In September 2006, the Security Bureau informed the CSD, the C&ED, the FSD, the HKPF and the ImmD that the GPA's initiative to pursue de-leasing opportunities was in accordance with the principle of prudent use of public resources. The Security Bureau advised the five DS departments that they should avoid keeping leased DSQs when government-owned DSQs of comparable grades were available.

3.14 As at 1 April 2007, 48 leased DSQs were held by the CSD, the C&ED, the FSD, the HKPF and the ImmD (see Appendix B). In April 2007, the GPA informed the five DS departments that:

- (a) according to the information provided by them and assuming that the DSQs were de-leased upon retirement of the existing occupants, it was estimated that de-leasing of all leased DSQs could only be achieved in 2029-30. The total rental expenditure would amount to over \$100 million;

- (b) 31 surplus DQs situated in Kowloon and the New Territories were held by or would be returned to the GPA by the Civil Aviation Department. The DS departments were invited to consider bidding for these surplus DQs and return the leased DSQs to the GPA. The surplus DQs were of the same grade as or higher grade than the leased DSQs, although they were not situated in the same district of the leased DSQs. Nevertheless, the majority of them were in convenient locations in the urban areas;
 - (c) the GPA fully appreciated the disruption and inconvenience caused to the affected occupants and their families when they were required to move out of their leased DSQs. It was the responsibility of the DS departments to ensure cost-effective use of DSQs and render due support to the de-leasing programme;
 - (d) in view of the substantial financial implications of maintaining leased DSQs which were the most expensive way of providing DSQs, the GPA invited the DS departments to seriously consider the de-leasing proposal; and
 - (e) in 2002, the Department of Justice advised that “an officer’s entitlement to reside in a quarters is not as of right but a matter of administrative discretion” and “an officer has no claim to a particular quarters”.
- 3.15 In response to the GPA’s de-leasing proposal:
- (a) in May 2007, the C&ED, the HKPF and the ImmD indicated that the existing occupants of the leased DSQs were not interested in the surplus DQs because they lived on Hong Kong Island. They were worried about the disturbance and inconvenience if they moved to DSQs in Kowloon and the New Territories. Nevertheless, the DS departments expressed support for the de-leasing policy;
 - (b) in May 2007, the CSD said that it would bid for one unit of surplus DQs and return one unit of leased DSQs to the GPA; and
 - (c) in June 2007, the FSD said that it would bid for four surplus DQs and return four leased DSQs to the GPA. However, this would be subject to the conditions that officers concerned were allocated with DSQs of their choices and the timing of the return of the leased DSQs was acceptable to them.

3.16 **In Audit’s view, it is not cost-effective to keep surplus DSQs and to lease DSQs to accommodate officers. The DS departments need to examine the feasibility of directing the officers residing in leased DSQs to move to government-owned surplus DSQs.**

DSQs occupied by widowed, separated and divorced officers

3.17 According to CSR 801, a widowed, separated or divorced officer with one dependent child (see para. 2.15) is regarded as a married officer without children and is eligible for the allocation of DSQs. CSR 809(4)(a) states that an officer (whether single, married, separated, divorced or widowed) who is in receipt of civil service housing benefit(s) is required to report to his Head of Department within 30 days any change in circumstances which affect his entitlement to such benefit(s).

3.18 Audit reviewed the control procedures of the DS departments for ensuring that the widowed, separated or divorced officers were still eligible for the retention of DSQs. Audit noted that:

- (a) the CSD, the FSD, the HKPF and the ICAC kept track of the widowed, separated and divorced officers for ensuring that they were still eligible for DSQs;
- (b) the ImmD kept a list of the widowed and divorced officers, and kept track of their dependent children to ensure that these officers were still eligible for DSQs. The ImmD did not keep track of the separated officers;
- (c) the C&ED kept a list of the divorced officers and kept track of their dependent children to ensure that these officers were still eligible for DSQs. However, the C&ED did not keep track of the widowed and separated officers; and
- (d) the GFS did not keep track of the widowed, separated and divorced officers. It relied on the officers concerned to report changes of family status.

3.19 There are no guidelines on how the DS departments should keep track of separated officers (i.e. the date of separation and the required documentary evidence). In May 2007, the GPA consulted the DS departments on their house rules or established practice on the vacating of DSQs by officers who lost their eligibility for DSQs upon separation. The GPA, in consultation with the Security Bureau, intended to resolve this issue.

3.20 **In Audit's view, in order to ensure that the widowed, separated and divorced officers are still eligible for DSQs, the DS departments need to introduce procedures to keep track of the ages of their dependent children, and request the officers concerned to provide evidence to substantiate their eligibility for the retention of DSQs.**

Occupation of two DSQs by officers

3.21 Subject to the departmental rules of the DS departments, officers occupying DSQs may apply for another DSQs under certain circumstances. For example, officers may apply for DSQs:

- (a) of a higher grade upon promotion or being granted salary increments; and
- (b) of the same grade after fulfilling the specified years of residence in the DSQs.

3.22 According to the conditions of allocation of government quarters in the ARs, DSQs shall be ready for occupation as from the ready date and rent for the new DSQs shall be payable with effect from the ready date. If officers do not occupy the new DSQs within seven calendar days from the ready date and they cannot account for the delayed occupation to the satisfaction of the DS departments, they are required to pay rent for both the old and the new DSQs. According to the GPA, the officers are required to pay rent for the new DSQs starting from the ready date. They are not required to pay rent for the old DSQs for seven days from the ready date, but are required to pay rent from the eighth day onwards until they have vacated the old DSQs, unless exceptional approval is given by the DS departments.

3.23 Audit analysis of the changes of DSQs by officers in the DS departments in 2006-07 found that 244 officers did not return the old DSQs, within the grace period of seven days, when the new DSQs were ready for occupation. These officers occupied two DSQs concurrently for a period of 8 to 266 days. Details are shown in Appendix H. Audit noted that these officers in the DS departments were required to pay rent for occupying two DSQs concurrently.

3.24 According to the CPADQ, departmental allocation procedures should be designed to ensure that the periods of time between the vacating, reallocation and occupation of DSQs are kept to a minimum. Where excessive delays are occurring, the procedures should be reviewed with the assistance of the GPA.

3.25 Audit found that 61 (25%) out of the 244 officers had occupied two DSQs concurrently for more than 30 days (see Appendix H). In the FSD, an officer occupied two DSQs concurrently for 63 days. In the ImmD, an officer occupied two DSQs concurrently for 88 days. In the HKPF, an officer occupied two DSQs concurrently for 266 days.

3.26 In Audit's view, it is inappropriate for officers to occupy two DSQs concurrently. The DS departments need to implement effective measures to ensure that the officers concerned relinquish their old DSQs within a reasonable period of time, and the periods of time between the vacating, reallocation and occupation of DSQs are kept to a minimum. Otherwise, these officers should be required to pay the market rent for the old DSQs.

Live-in requirement and misuse of DSQs

3.27 According to CSR 809(7), unless with prior written approval for exemption, an officer in receipt of civil service housing benefit is required to personally live in the accommodation as his full-time residence. Letting, sub-letting or use of such accommodation, or any part thereof, for any purpose other than residence for the officer himself and his family is prohibited. The respective approving authorities of the housing benefits schemes shall set in place control mechanisms to ensure the compliance with the live-in requirement. They have the absolute right and discretion to:

- (a) conduct inspections on the accommodation/property under the scheme to check on compliance with the live-in requirement at all reasonable times;
- (b) conduct other types of checking as they consider appropriate and necessary; and
- (c) demand relevant information and documents from the officer.

An officer is required to facilitate the staff of the approving authorities in carrying out such duties. An officer who fails to comply with CSR 809(7) may render himself liable to disciplinary and/or legal proceedings.

3.28 In October 1998, for the enforcement of the live-in requirement, the Secretary for the Civil Service informed departments that as they were the approving authorities of DQs, they should carry out surprise visits on a random basis to accommodation and take follow-up action where appropriate.

3.29 According to the CPADQ, DSQs should not be used for unauthorised purposes. The DS departments should remain alert to the possibility of misuse and must investigate and report any cases of misuse to the GPA.

3.30 Audit noted that, from 2004-05 to 2006-07, ten officers in the HKPF misused their DSQs, and five officers in the ImmD and two officers in the C&ED did not comply with the live-in requirement. Audit review of the control measures of the DS departments found that:

- (a) the CSD and the C&ED carried out surprise visits to DSQs on a random basis each month. According to C&ED Work Manual, random inspection visits would be carried out regularly to ensure the fulfillment of the live-in requirement and the resources of DSQs were not abused. The inspections would be carried out at reasonable time and in an appropriate method. An inspection report would be compiled. The ICAC carried out surprise inspections of DSQs on a rotational basis once to four times a year;
- (b) the FSD carried out inspections of DSQs of the rank and file situated inside the fire stations on a half-yearly basis. The occupants of DSQs were normally given prior notice of at least 24 hours of the intention to inspect their DSQs;
- (c) the GFS carried out surprise visits to selected DSQs in July 2002;
- (d) the ImmD carried out surprise visits to selected DSQs in May 2004 and February 2006;
- (e) the HKPF did not carry out surprise visits to DSQs; and
- (f) the CSD issued departmental instructions on the schedules and procedures of the surprise inspection. However, for the other six DS departments, the details on the schedules and procedures of the surprise inspection were not documented in the departmental guides.

3.31 In Audit's view, the DS departments need to carry out surprise visits to DSQs on a random basis to ensure that officers comply with the live-in requirement and do not misuse DSQs. The DS departments also need to incorporate the requirement and procedures of surprise visits to DSQs into the procedural manuals.

Annual checking of double housing benefits with the Housing Department

3.32 Audit noted that the CSD (since 2003) and the FSD (since 2002) had not carried out annual checks with the Housing Department on whether DSQs occupants and their spouses were receiving public housing benefits. **To prevent officers from receiving double housing benefits, Audit considers that the CSD and the FSD need to carry out annual checks with the Housing Department.**

Audit recommendations

3.33 **Audit has recommended that the Controlling Officers of the DS departments should:**

Vacant DSQs

- (a) ensure that vacant DSQs are put to other gainful uses or returned to the GPA for disposal if they have not been allocated after three quarters allocation exercises;

DSQs under renovation, repair and decoration works

- (b) in consultation with the ArchSD and other works agents, closely monitor the progress of the renovation, repair and decoration works on DSQs so as to release them for allocation or occupation;

DSQs reserved for temporary use

- (c) include all vacant DSQs in the call circulars without reserving them as a buffer for temporary use;

Leased DSQs

- (d) examine the feasibility of directing officers who are residing in leased DSQs to move to government-owned surplus DSQs;

DSQs occupied by widowed, separated and divorced officers

- (e) introduce procedures to keep track of the ages of the dependent children of the widowed, separated and divorced officers, and request the officers concerned to provide evidence to substantiate their eligibility for the retention of DSQs;

Occupation of two DSQs by officers

- (f) examine the feasibility of requiring the officers to pay the market rent for the old DSQs during the period when they are occupying two DSQs;
- (g) implement effective measures to ensure that the officers concerned relinquish their old DSQs within a reasonable period of time, and the periods of time between the vacating, reallocation and occupation of DSQs are kept to a minimum;

Live-in requirement and misuse of DSQs

- (h) carry out surprise visits to DSQs on a random basis to ensure that officers comply with the live-in requirement and do not misuse DSQs; and
- (i) incorporate the requirement and procedures of surprise visits to DSQs into the procedural manuals.

3.34 Audit has *recommended* that the Commissioner, Independent Commission Against Corruption should include all vacant DSQs in the call circulars for at least three quarters allocation exercises and put the DSQs to other gainful uses if allocation is unsuccessful.

3.35 Audit has *recommended* that the Commissioner of Correctional Services and the Director of Fire Services should carry out annual checks with the Housing Department on whether DSQs occupants and their spouses are receiving public housing benefits.

Response from the Administration

3.36 The Controlling Officers of the DS departments agree with the audit recommendations mentioned in paragraph 3.33.

3.37 The Commissioner of Police has said that:

Audit recommendations in paragraph 3.33

- (a) for the 34 DSQs which had remained vacant for 12 months to less than 36 months, 22 of them have been reallocated to other DS departments through the GPA and 10 of them have either been occupied or allocated. The remaining 2 DSQs are intended for other departmental uses;
- (b) for one unit of DSQs which had remained vacant for 43 months, the private flat above the unit had caused serious water leakage to it. It had remained vacant for 43 months due to the lengthy negotiation between the ArchSD and the owner of the private flat on the damage claim as well as the extensive repair works;
- (c) the HKPF will continue to closely monitor the progress of the renovation, repair and decoration works on DSQs carried out by the ArchSD;

- (d) for the two DSQs withheld from allocation for more than 2 months to less than 12 months, one unit of DSQs, previously under repair due to serious termite problem, has been allocated after the repair works. The other unit of DSQs is still under repair by the ArchSD due to serious water leakage problem;
- (e) the ArchSD will carry out renovation works of DSQs only after they have been allocated. For the new DSQs (e.g. under five years), the renovation works normally take an average of about two months to complete. Whereas for the aged DSQs (e.g. over 20 years), the renovation works normally take about five months. Occasionally some serious defects of the DSQs are found after allocation. A longer time would be required by the ArchSD to carry out the renovation works;
- (f) 67 DSQs under repair and renovation works for less than four months are considered within the normal time frame of the ArchSD's works programme;
- (g) the HKPF will continue to discuss with the ArchSD if the works particularly at aged DSQs sites could be expedited or if a time frame could be set to release the DSQs for allocation or occupation;
- (h) the HKPF agrees that all vacant DSQs should be included in the call circulars as far as practicable. The HKPF manages more than 12,000 DSQs. Occasionally, it is necessary to reserve a small number of vacant DSQs to meet special circumstances. The number of reserved DSQs varies depending on the practical need. The HKPF will ensure that the number and duration of the reserved DSQs will be kept to a minimum;
- (i) since 1996, the HKPF has successfully de-leased 94 DSQs. Only one unit of leased DSQs remains. Continuous effort will be made in persuading the officer to move to a unit of government-owned surplus DSQs;
- (j) the CPADQ mentions that "rent for both the quarters and any other quarters" is to be charged but does not specify the normal rent or the market rent. Currently, the officers in the HKPF are charged normal rent for the old DSQs if they are unable to relinquish the old DSQs within the seven-day grace period after occupying the new DSQs. Any change of this practice requires consultation and review;
- (k) the HKPF has adopted various measures including internal instructions, announcements and undertakings to inform and remind officers of the seven-day grace period. The HKPF will further explore preventive measures in minimising concurrent occupation of two DSQs;

- (l) it is the HKPF policy that officers are not allowed to occupy two DSQs concurrently. The case mentioned in paragraph 3.25 was an isolated one. The officer did not move into the new unit of DSQs from his old unit of DSQs upon expiry of the grace period on 5 June 2006 because of the repair works required at the new unit, and then due to some personal reasons. The case was conscientiously attended to and the old unit was eventually vacated on 25 January 2007. The officer was required to pay the normal rent from 5 to 20 June 2006 and the market rent from 21 June 2006 to 25 January 2007 for the old unit, in addition to the normal rent for the new unit. The Police Quartering Division will enforce the vacating of the old DSQs and charge rent for both the old and new DSQs in accordance with the ARs; and
- (m) with limited resources, the HKPF normally only conducts visits to DSQs with no prior notification when carrying out investigation of complaints or suspected breaches. The HKPF will consider conducting limited random surprise visits when resources permit and incorporate the requirement into the procedural manual.

3.38 The **Director of Fire Services** has said that:

Audit recommendations in paragraph 3.33

- (a) the long time taken to repair a unit of DSQs which had remained vacant for 71 months was largely due to the persistent and extremely difficult water seepage problem in the premises. It took the developer longer time to conduct the rectification and testing works. A monitoring system has been put in place to ensure better control of the progress of any renovation, repair or decoration works affecting the DSQs;
- (b) the staff morale implications of directing officers in leased DSQs to move to government-owned surplus DSQs will need to be carefully assessed in view of their likely adverse reactions and the genuine difficulties of some officers in the relocation in the middle of a school year, in particular when the replacement DSQs are far away from the DSQs to be de-leased. The DS departments will need to seek help from the GPA for the provision of comparable replacement DSQs and greater flexibility in the timing to relinquish the leased DSQs;
- (c) the GPA will be invited to advise the DS departments whether and how the present rent charging policy for officers occupying two DSQs will be changed or rationalised. Under the current policy, officers are allowed a seven-day rent-free period for the old DSQs following which normal rent (as opposed to the market rent) will be charged;

- (d) the FSD will need to seek a ruling from the GPA on the definition of “reasonable period of time” for relinquishing the old DSQs so that the related rules and policy could be applied consistently across all the DS departments;
- (e) a more comprehensive mechanism for conducting surprise checks on DSQs will be put in place to ensure compliance with the live-in requirement; and

Audit recommendation in paragraph 3.35

- (f) he agrees with the audit recommendation. The annual checks with the Housing Department have been resumed.

3.39 The **Commissioner of Correctional Services** has said that:

Audit recommendations in paragraph 3.33

- (a) the occupants of the leased DSQs will be encouraged to move to government-owned DSQs. The GPA will be requested to assist in this regard;
- (b) the CSD will examine the feasibility of requiring the officers to pay the market rent for the old DSQs during the period when they are occupying two DSQs. The CSD will consult the GPA and the Security Bureau before taking the matter forward; and

Audit recommendation in paragraph 3.35

- (c) he agrees with the audit recommendation to conduct annual checks with the Housing Department.

3.40 The **Commissioner of Customs and Excise** has said that:

Audit recommendations in paragraph 3.33

- (a) the GPA should, on behalf of all the DS departments, reflect the overall situation of the DSQs under renovation, repair and decoration works to the ArchSD. Despite the ArchSD is the party which is in possession of the technical expertise, the C&ED will endeavour to monitor the progress of the works;
- (b) the C&ED strongly supports the government policy to de-lease DSQs in order to achieve savings. However, having regard to the complex implications of

directing the affected occupants to move out, the issue should be resolved in a pragmatic and flexible manner including:

- (i) managing the reactions from the affected tenants and encouraging them to move to replacement DSQs on a voluntary basis;
 - (ii) seeking the GPA's assistance in identifying DSQs of the same grade as the salary grading of those affected tenants; and
 - (iii) returning the leased DSQs immediately to the GPA once they are vacated;
- (c) it is suggested that the GPA assumes the leading role in the de-leasing exercise and locates suitable replacements for the affected occupants;
- (d) with the GPA's full support, the C&ED will be able to follow the audit recommendation mentioned in paragraph 3.33(d) when sufficient replacement DSQs which are acceptable to the affected occupants are provided and their concerns are taken into consideration;
- (e) the C&ED agrees to require the officers occupying two DSQs to pay the market rent only after a reasonable period of time. It is suggested that the GPA works out an agreeable solution which should be applicable to all the DS departments; and
- (f) the C&ED will incorporate the requirement and procedures of surprise visits to DSQs into the procedural manuals as far as possible.

3.41 The **Director of Immigration** has said that:

Audit recommendations in paragraph 3.33

- (a) the ImmD will closely monitor the progress of the renovation, repair and decoration works on DSQs carried out by the ArchSD;
- (b) to accelerate the process of de-leasing, the ImmD plans to provide affected occupants with replacement DSQs on Hong Kong Island, once available, from the ImmD's existing stock;
- (c) the GPA may need to provide clear guidelines on charging of the market rent for the DS departments to follow. Consideration may also be given to allowing a grace period within which normal rent instead of the market rent should be charged; and

- (d) the ImmD will implement measures to ensure that officers concerned relinquish their old DSQs within a reasonable period of time and the periods of time between the vacating, reallocation and occupation of DSQs are kept to a minimum.

3.42 The **Commissioner, Independent Commission Against Corruption** has said that:

Audit recommendations in paragraph 3.33

- (a) for the nine DSQs mentioned in paragraph 3.4, seven of them are located in the remote areas in the New Territories while the other two DSQs are in poor condition. The ICAC has already returned six DSQs to the GPA and swapped the other three DSQs with other DS departments;
- (b) the ICAC will consult the GPA on the implementation of the proposal of requiring the officers to pay the market rent for the old DSQs during the period when they are occupying two DSQs;
- (c) the ICAC will, in consultation with the GPA, work out the appropriate measures to ensure that officers would relinquish their old DSQs within a reasonable period of time;
- (d) since there are no stipulated requirements on how to conduct surprise visits, the ICAC has devised its own system of inspection. The ICAC has drawn up an inspection schedule of different premises where its DSQs are located but visits to individual DSQs within the premises are carried out on a random basis. The ICAC will conduct surprise visits to DSQs on a fully random basis and incorporate the procedures of surprise visits to DSQs into its Quartering Manual; and

Audit recommendation in paragraph 3.34

- (e) he agrees with the audit recommendation. He has also said that:
 - (i) the decision of the departmental quarters allocation committee of the ICAC was made to facilitate the review of the allocation arrangement with a view to improving the management of its DSQs; and
 - (ii) at its meeting held in May 2007, the departmental quarters allocation committee of the ICAC endorsed the implementation of a pilot scheme to continuously publicise the vacant DSQs on a dedicated electronic bulletin board, thereby facilitating officers to consider and submit applications

for the DSQs more frequently than the current three regular quarters allocation exercises. If the pilot scheme works successfully, the ICAC will propose to the GPA for implementing it as a service-wide measure.

3.43 The **Director of Architectural Services** agrees with the audit recommendation mentioned in paragraph 3.33(b). He has said that:

- (a) the unit of DSQs of the FSD which had remained vacant for 71 months was located in a private building. The repair to the roof water leakage problem was arranged by the building management company and beyond the control of the ArchSD;
- (b) for the 10 DSQs which had been withheld from allocation because of renovation and repair works and had remained vacant for 2 months to less than 12 months, requests for repair works for 5 of them were made to the ArchSD. Repair works to 1 unit of DSQs were carried out by the private building management company. Resolution on reinstatement responsibility was involved in another unit of DSQs. For the remaining 3 DSQs, extensive repairs were involved and required relatively long time for proper execution of the works;
- (c) for the 94 DSQs which had been allocated but not occupied by officers due to renovation, repair and decoration works, the ArchSD was unable to proceed with the works promptly due to one or more of the following reasons:
 - (i) disputes with outgoing occupants on liability for reinstatement and the long time taken by them to complete the works;
 - (ii) reallocation of the DSQs to other officers; and
 - (iii) extensive repairs on plumbing and drainage systems due to ageing and unsatisfactory conditions of some DSQs;
- (d) to reduce the vacant time of the DSQs, close liaison between DSQs management, works agents and officers allocated with the DSQs are inevitably required;
- (e) the time required to complete redecoration and repair works in DSQs can be shortened if the occupants can confirm their requirements early; and
- (f) the situation can be improved if matters concerning reinstatement liability are addressed to and resolved before the DSQs are handed over to the ArchSD for redecoration and repair works.

3.44 The **Secretary for Financial Services and the Treasury** has said that:

Audit recommendations in paragraph 3.33

- (a) he fully supports the audit recommendation of requiring the DS departments to examine the feasibility of directing the officers residing in leased DSQs to government-owned surplus DSQs. He suggests that the DS departments should require officers who are ready to move into leased DSQs to give a specific undertaking to agree to move out within a reasonable time whenever de-leasing is justified; and
- (b) the giving of 24 hours' advance notice of the intention to inspect the DSQs by the FSD would defeat the purpose of surprise checks. The FSD should conduct surprise inspections without giving advance notice to the occupants in future.

3.45 The **Government Property Administrator** has said that:

Audit recommendations in paragraph 3.33

- (a) in respect of separated officers, the CSD, the C&ED, the GFS and the ImmD adopt the date of execution of the deed of separation as the date of separation. The FSD and the HKPF adopt the date of decree of judicial separation as the date of separation. The GPA will seek advice from the Security Bureau and the Civil Service Bureau on the issue; and
- (b) regarding the feasibility of requiring the officers to pay the market rent for the old DSQs during the period when they are occupying two DSQs, the GPA will continue to advise on the level of market rent where necessary.

PART 4: RENT DEDUCTIONS FOR OFFICERS OCCUPYING DISCIPLINED SERVICES QUARTERS

4.1 This PART examines the management control of rent deductions for officers occupying DSQs by the DS departments, and suggests measures for improvement.

Departmental records on disciplined services quarters

4.2 To facilitate the processing of applications for the allocation of DSQs, the DS departments maintain and update the computer records of all DSQs under their management and the officers occupying them.

Rent deductions

4.3 An officer who occupies a unit of DSQs is required to pay rent in accordance with CSR 872. Rent, equivalent to 5% or 7.5% of an officer's salary (see Appendix D), is normally deducted from the officer's salary through the Payroll System of the Treasury. Upon occupying or vacating a unit of DSQs, an officer should immediately inform his department. The DS department should prepare a memo (GF140) for the officer and pass a copy of the same to the Treasury for processing. Rent is deducted from the officer's salary for the period from the date the officer moves into the unit of DSQs to the date he moves out.

Periodical checks of rent deductions

Quarterly checks

4.4 According to the Payroll System User Manual of the Treasury, departments should conduct periodical checks, preferably on a quarterly basis, on rent deductions effected through the Payroll System for officers occupying government quarters to ensure that there is no omission of rent deductions. Quarterly reports (i.e. schedules of rent deductions for officers newly allocated with DSQs and officers occupying DSQs with changes updated in the three months) are produced by the Treasury. The quarterly reports list out all officers occupying government quarters with changes updated to the Payroll System. Departments are required to check the quarterly reports against their departmental records and/or copies of GF140s to ensure that:

- (a) the particulars shown in the reports are correct and in line with the relevant regulations;

- (b) all officers who are required to pay or exempted from paying rent are included in the schedule;
- (c) the rent deduction indicator is correctly set;
- (d) the sharing of rent for the period concerned is correct; and
- (e) other related charges and allowances are correctly deducted/paid, and/or ceased to be deducted/paid.

It is the responsibility of departments to perform and supervise the checking, and to report and rectify discrepancies, if any. On completion of the checking, departments are required to certify that the checks have been carried out. Discrepancies found should be highlighted in the relevant pages of the reports and forwarded to the Treasury with copies of GF140s for remedial action, if any.

Annual checks

4.5 Each year, normally in October, the Treasury provides an annual report (i.e. the Treasury's annual report on DSQs) for each department, listing out all rent deductions for officers occupying government quarters as at 30 September of the year. Departments should check the report against their departmental records and/or copies of GF140s to ensure that there is no omission of rent deductions/water and sewage charges for officers occupying government quarters. Departments should certify that the checks have been carried out and forward any discrepancies to the Treasury with copies of GF140s for remedial action, if any. The last annual check of DSQs by the DS departments was for the year ended 30 September 2006.

Audit observations

Reconciliation of rent deductions for DSQs occupants

4.6 Reconciliation of the total number of DSQs occupied and the total number of rent deductions shown in the Treasury's annual report on DSQs is an effective means to ensure that there is no omission of rent deductions. Audit noted that, except for the C&ED and the GFS, the other five DS departments had not performed the reconciliation.

4.7 Audit requested the Treasury to produce reports showing rent deductions for officers occupying DSQs in the DS departments as at 31 May 2007. Audit compared the total number of DSQs occupied in the DS departments' records with the total number of rent deductions shown in the Treasury's reports as at 30 September 2006 and 31 May 2007. Audit found that there were discrepancies (see Appendix I) in the DS departments. The main reasons for the discrepancies were as follows:

- (a) GF140s for the newly allocated or vacated DSQs were under preparation for submission to the Treasury for processing as at the report date;
- (b) GF140s for the newly allocated or vacated DSQs submitted to the Treasury were pending processing by the Treasury as at the report date; and
- (c) demand notes, instead of rent deductions from salaries, were issued for the collection of rent from resigned or dismissed officers.

4.8 Audit reviewed the DSQs records maintained by the DS departments and rent deductions for officers occupying DSQs shown in the Treasury's reports as at 31 May 2007. Audit noted that:

- (a) there was one omission of rent deduction in respect of one DSQs occupant in the HKPF. The officer moved into a unit of DSQs on 8 November 2006 and moved out shortly afterwards so that the ArchSD could carry out the renovation and repair works. The officer moved into the unit of DSQs again in January 2007. However, no GF140 was sent to the Treasury for rent deduction from the officer's salary. In July 2007, in response to audit enquiries, the HKPF informed Audit that the omission was rectified on 11 July 2007 and rent was recovered from the officer;
- (b) there were no remarks on the DSQs records of the HKPF indicating that demand notes were issued for the collection of rent from officers who had resigned or been dismissed. Information on the issue of demand notes could only be found in individual officers' DSQs files; and
- (c) there were errors and discrepancies in rent deductions or incorrect data relating to DSQs. Details are shown in Appendix J.

4.9 **Audit considers that all the DS departments, in checking the Treasury's annual reports on DSQs, need to reconcile the total number of DSQs occupied with the total number of rent deductions made by the Treasury, and rectify any errors/discrepancies. All the DS departments also need to review the circumstances leading to the errors and discrepancies, and ensure that the DSQs records and the Treasury's annual reports on DSQs in respect of rent deductions are complete and correct.**

Control over GF140s submitted to the Treasury

4.10 There is no requirement that a DS department should serially number the GF140s submitted to the Treasury for control purpose. Nevertheless, the GF140s submitted by the C&ED, the GFS, the HKPF and the ImmD to the Treasury were serially numbered and filed in a master control file for checking against the quarterly reports provided by the Treasury. GF140s submitted by the ICAC to the Treasury were not serially numbered but filed in a master control file in date order. The GF140s prepared by the CSD and the FSD were not serially numbered and were not filed in a master control file. They were filed in individual personal files of the officers. In the CSD, GF140s were also filed in individual files kept by the correctional institutions.

4.11 **Audit considers that the CSD, the FSD and the ICAC need to improve their control over the submission of GF140s to the Treasury by assigning a serial number to each GF140 and keeping a copy of each GF140 in a master control file to facilitate the checking of quarterly and annual reports provided by the Treasury, including rent deductions for all DSQs occupants.**

Late submission of GF140s by the FSD

4.12 Audit review of rent deductions for all officers occupying DSQs as at 30 September 2006 indicated that there was an undue delay in the submission of GF140s by the FSD to the Treasury. A total of 281 GF140s were submitted after 30 September 2006 for updating the data of officers occupying DSQs as at 30 September 2006. In some cases, the dates of moving into or moving out of the DSQs were as early as July 2005. Audit analysed the period between the dates of moving into or moving out of the DSQs by the occupants and the dates of submitting GF140s to the Treasury for these 281 cases. It was found that 254 (90%) out of the 281 GF140s were submitted to the Treasury 9 months after the occupants had moved into or moved out of the DSQs, including 21 cases lasting for 15 months or more.

4.13 **Audit considers that the FSD needs to update the records of all DSQs occupants promptly through the submission of GF140s to the Treasury, including records of rent deductions for officers occupying DSQs.**

Delay in confirming the Treasury's annual reports on DSQs

4.14 The Treasury sends the annual reports (see para. 4.5) to the DS departments in early October each year. The Treasury usually requests the DS departments to complete the checking and confirm it within two months (i.e. by early December of the year). From 2004 to 2006, the CSD took 6 to 13 months and the HKPF took 6 or 9 months to confirm the Treasury's annual reports on DSQs.

4.15 **Audit considers that the CSD and the HKPF need to complete the checking, and report any errors or confirm the Treasury's annual reports on DSQs within the two-month deadline.**

Updating of the departmental records for officers allocated with DSQs

4.16 It is important that all information in the departmental records for officers allocated with DSQs is correctly input, maintained and updated so that accurate and up-to-date information can be used for prompt allocation of vacant DSQs, rent deductions for DSQs occupants or other management purposes. Audit found that, in the HKPF, the correct data of some officers allocated with DSQs had not been accurately input into its computer system and the central payroll database of the Treasury. For example:

- (a) in June 2004, the HKPF found that an officer had moved from a unit of Grade IJ DSQs to a unit of Grade G DSQs in July 2001. According to HKPF records, a GF140 was sent to the Treasury in July 2001. However, rent deduction was based on 5% instead of 7.5% of his monthly salary. In June 2004, the Treasury confirmed that it had not received the GF140 for making proper rent deduction. An adjustment of rental charges was subsequently made for the period from July 2001 to April 2004 and the amount involved was recovered from the officer;
- (b) in mid-2005, the HKPF, in processing an officer's application for moving into another unit of DSQs, found that the officer was allocated with a unit of DSQs in November 1990 but there was no rent deduction from his salary. According to the records of the HKPF, a GF140 was sent to the Treasury in late 1990. In January 2006, the HKPF noted that the Treasury had not received the GF140 for rent deduction from the officer's salary. The officer was subsequently required to pay rent for the period from November 1990 to August 2005 by monthly instalments;
- (c) two married officers (different families) were each allocated with one unit of DSQs in December 2005 and January 2007. However, the marital status of these two officers, in the DSQs records of the HKPF as at 30 May 2007, was single; and
- (d) in January 2005, an officer eligible for Grade CD DSQs, moved from a unit of Grade E DSQs to a unit of Grade C DSQs. The officer was required to pay rent at 7.5% of his salary. A GF140 was sent by the HKPF to the Treasury in January 2005. In February 2006, the HKPF found that rent deduction for this officer was based on the old platform rate instead of 7.5% of his salary. An adjustment of rental charges was made and the amount involved for the period from January 2005 to January 2006 was subsequently recovered from the officer.

4.17 **Audit considers that the HKPF needs to introduce measures to ensure that the correct data of officers allocated with DSQs are promptly and accurately input into its departmental records and the central payroll database of the Treasury.**

***Late submission of memos by the HKPF
to effect rent deductions for officers' old DSQs***

4.18 Officers may occupy two DSQs concurrently (i.e. for moving into the new DSQs without relinquishing the old DSQs). According to the ARs, the officers are required to pay rent for both the new and the old DSQs until they vacate the old DSQs. The HKPF submits GF140s to the Treasury for rent deductions from the officers' salaries in respect of the new DSQs, and sends memos to the Treasury to effect rent deductions for the old DSQs. Audit review of the rent deductions in 2006-07 found that there was an undue delay in the submission of memos by the HKPF to the Treasury to effect rent deductions for officers' old DSQs. In 2006-07, 95 out of 106 memos were submitted to the Treasury more than six months after the officers had moved out of the old DSQs.

4.19 **For officers occupying two DSQs concurrently, Audit considers that the HKPF needs to submit memos to the Treasury promptly to effect rent deductions for the old DSQs.**

Audit recommendations

4.20 **Audit has *recommended* that the Controlling Officers of the DS departments should, in checking the Treasury's annual reports on DSQs:**

- (a) **reconcile the total number of DSQs occupied with the total number of rent deductions made by the Treasury and rectify any errors and discrepancies;**
- (b) **review the circumstances leading to the errors and discrepancies, and introduce measures to prevent the recurrence of similar errors in future;**
- (c) **in respect of rent deductions for officers allocated with DSQs, ensure that the data in the DSQs records and the Treasury's annual reports on DSQs are complete and correct; and**
- (d) **remind officers occupying DSQs to report to their departments any omission of rent deduction, or incorrect deduction of rent and other related charges.**

4.21 **Audit has *recommended* that the Commissioner of Correctional Services, the Commissioner, Independent Commission Against Corruption and the Director of Fire Services should improve the control over the submission of GF140s to the Treasury.**

4.22 **Audit has *recommended* that the Director of Fire Services should update the records of all DSQs occupants promptly through the submission of GF140s to the Treasury, including records of rent deductions for officers occupying DSQs.**

4.23 **Audit has *recommended* that the Commissioner of Correctional Services and the Commissioner of Police should complete the checking and confirm the Treasury's annual reports on DSQs within the two-month deadline set by the Treasury.**

4.24 **Audit has *recommended* that the Commissioner of Police should:**

- (a) **introduce measures to ensure that, upon the allocation of DSQs, the correct data of officers allocated with DSQs are promptly and accurately input into the departmental records and the central payroll database of the Treasury; and**
- (b) **for officers occupying two DSQs concurrently, submit memos to the Treasury promptly to effect rent deductions for the old DSQs.**

Response from the Administration

4.25 **The Controlling Officers of the DS departments agree with the audit recommendations mentioned in paragraph 4.20.**

4.26 **The Commissioner of Police has said that:**

Audit recommendations in paragraph 4.20

- (a) **the HKPF accords top priority to manage cases of double housing benefits, ineligibility and breaches, particularly the breach of live-in requirement. Cases of overpaid or underpaid rent are previously subject to routine administrative arrangements. In view of this audit review, preventive and monitoring measures will be introduced;**

- (b) to ensure rent deduction notifications are received by the Treasury, a mechanism has already been put in place requesting the Treasury to return acknowledgement receipt within three days of the submission of serially numbered GF140s, detailing officers' information for easy identification;
- (c) the HKPF will also conduct double checks and subsequent periodic checks to ensure that the Treasury has received GF140s and effected rent deductions without unnecessary delay. The HKPF has opened a master file to conduct monthly full-scale checks on the occupant records against the payroll;
- (d) the HKPF will examine ways in reminding officers to pay correct rent timely and report discrepancies. The HKPF will further explore ways to improve the mechanism;
- (e) the HKPF has opened a new subject file to action on and monitor cases in which rent is charged through the issue of demand notes instead of through the payroll system;

Audit recommendation in paragraph 4.23

- (f) he agrees with the audit recommendation. He has also said that:
 - (i) annual checks include the checking of the rental charges, furniture allowance and domestic appliances allowance. The HKPF maintains the rental records and domestic appliances records and is able to complete the checking of the rental charges and domestic appliances allowance within the two-month deadline; and
 - (ii) the furniture records are maintained by the Government Logistics Department which directly deals with the DSQs occupants on the furniture matters. The HKPF will write to the Government Logistics Department to seek its commitment to complete the checking of the records of furniture allowance within the time frame set by the Treasury for the future annual checking exercises; and

Audit recommendations in paragraph 4.24

- (g) he agrees with the audit recommendations. The HKPF:
 - (i) has all along consciously applied various measures to ensure that the correct data of officers allocated with DSQs are promptly and accurately input into the computer records and the central payroll database of the Treasury. Despite that, errors can still happen in view of the huge

volume of data handled. Nevertheless, the HKPF has the checking mechanism to detect errors and rectify them. Coupled with the implementation of the improvement measures suggested in paragraph 4.20(a) to (c), data accuracy can be further assured. For the four cases of incorrect data mentioned in paragraph 4.16, only clerical errors were involved and most of them were detected by the HKPF. All the errors had been rectified; and

- (ii) has all along submitted memos for rent deductions as early as possible. 2006-07 was a very special year in which the DSQs turnover rate was exceptionally high as a result of the intake of 2,723 new DSQs (i.e. the Home Ownership Scheme flats purchased from the Hong Kong Housing Authority) in 2005-06 and the subsequent return of eight DSQs sites to the GPA. The situation is now back to normal. For future cases, the HKPF will submit memos to the Treasury timely to effect rent deductions.

4.27 The **Director of Fire Services** has said that:

Audit recommendations in paragraph 4.20

- (a) the FSD has conducted reconciliation and carried out 100% full-scale checks against the Treasury's quarterly and annual reports. The FSD agrees that further checking and reconciliation between the number of DSQs in the department and the number of officers paying DSQs rent will help prevent errors and discrepancies. The present checking system has been tightened and new requirements have been put in place to prevent recurrence of the errors and discrepancies. Officers will be invited to report to the management of the FSD on any omissions or errors of rent deductions;

Audit recommendation in paragraph 4.21

- (b) he agrees with the audit recommendation. GF140s will be assigned with serial numbers and kept in a master control file to facilitate better monitoring and control; and

Audit recommendation in paragraph 4.22

- (c) he agrees with the audit recommendation. A monitoring system and control measures have been put in place to ensure that there is no delay in the submission of GF140s.

4.28 The **Commissioner of Correctional Services** agrees with the audit recommendations mentioned in paragraphs 4.21 and 4.23.

4.29 The **Director of Immigration** has said that:

Audit recommendations in paragraph 4.20

- (a) the ImmD will perform the reconciliation;
- (b) the ImmD will continue to strengthen the existing measures to ensure that the DSQs records are accurate although no errors or discrepancies have been found; and
- (c) the ImmD will enhance the existing mechanism to ensure that the DSQs records and the Treasury's annual reports are complete and correct although no discrepancies have been found.

4.30 The **Commissioner, Independent Commission Against Corruption** has said that:

Audit recommendations in paragraph 4.20

- (a) the ICAC has conducted checking and verified its data against the Treasury's reports on rent deductions;
- (b) the ICAC will step up reconciliation efforts to doubly ensure data accuracy; and

Audit recommendation in paragraph 4.21

- (c) he agrees with the audit recommendation. The ICAC will take follow-up action accordingly.

4.31 The **Director of Accounting Services** supports the audit recommendations made in this PART.

PART 5: OTHER QUARTERS-RELATED MATTERS

5.1 This PART examines the other matters related to DSQs and suggests measures for improvement.

Sheung Shui Disciplined Services Quarters

The project

5.2 In 1989, a site at Fanling was reserved for the development of two blocks of DSQs for the C&ED and the ImmD. One block with 120 Grades G and H DSQs for the officers of the rank and file was completed in 1991. The development of the other block for the provision of 2 Grade B and 58 Grades D or E DSQs for inspectorate officers was held in abeyance due to competing demand for resources.

5.3 In March 1994, the Secretary for Security informed the then Secretary for the Treasury (now the Secretary for Financial Services and the Treasury) that as more and more staff of the C&ED and the ImmD would work at Lo Wu, Lok Ma Chau, Man Kam To and Sha Tau Kok Control Points, the proposed DSQs at Fanling were a favourite choice among the staff. The works project was upgraded to Category B (i.e. resources might be allocated to the project for detailed design) under the Public Works Programme in September 1995.

Revision of the project scope

5.4 In order to better utilise the site, the scope of the project was revised to provide for the construction of 2 Grade B and 94 Grade D DSQs (i.e. an addition of 36 Grade D DSQs) in two blocks. In April 1997, the Secretary for Security informed the C&ED and the ImmD that the GPA proposed to allocate some of the additional quarters to the ICAC. Both the C&ED and the ImmD commented that the total 96 quarters should be shared by them because they needed more Grade D DSQs. In July 1997, the Secretary for Security indicated that the quarters would be provided for the C&ED and the ImmD.

5.5 In order to achieve better site utilisation, the scope of the project was further revised. In September 1999, the Secretary for Financial Services and the Treasury approved the increase of the project cost from \$376.9 million to \$391.8 million.

5.6 In January 2002, the DSQs of the project (i.e. the Sheung Shui Disciplined Services Quarters (SSDSQs)) were ready for occupation. There were 2 Grade B DSQs each with a saleable area of 140 square metres, and 175 Grade D DSQs each with a saleable area

of 100 square metres. The Secretary for Security allocated 58 and 117 Grade D DSQs to the C&ED and the ImmD respectively, in proportion to the latest shortfalls of DSQs in the two departments. The two Grade B DSQs were allocated to the C&ED for replacement of two Grade B DSQs held by it.

Audit observations

Low demand for the SSDSQs

5.7 The SSDSQs were handed over to the C&ED and the ImmD in January 2002. In March 2002, the GPA informed them that only 16 families of the C&ED had actually moved into the SSDSQs. There were 161 vacant DSQs.

5.8 In April 2002, the C&ED advised the GPA that due to some unfavourable comments from the staff (such as not enough car parking spaces), the C&ED anticipated a low demand for DSQs in the SSDSQs. The ImmD advised the GPA that:

- (a) only 14 DSQs had been allocated since late February 2002;
- (b) the majority of inspectorate officers did not find the SSDSQs very attractive probably due to its location; and
- (c) there was a decrease in demand for DSQs, especially for the SSDSQs because many inspectorate officers had joined other civil service housing schemes.

5.9 In June 2002, the ImmD sought the Security Bureau's support to its proposal to allow senior officers of the rank and file with salary grading appropriate to Grade F DSQs, and junior inspectorate officers with salary grading appropriate to Grade G DSQs to apply for the Grade D DSQs in the SSDSQs. In August 2002, the C&ED sought the Security Bureau's policy support to its proposal to allow senior officers of the rank and file with salary grading appropriate to Grade F DSQs to apply for the Grade D DSQs in the SSDSQs. The Security Bureau gave policy support to the proposals, and stressed that the arrangements were only applicable to the SSDSQs and that they were interim arrangements subject to review after one year.

5.10 In September 2002, the GPA suggested that vacant DSQs in the SSDSQs could be used to replace some leased DSQs held by the C&ED and the ImmD. The Security Bureau, the C&ED and the ImmD all objected to the GPA's proposal. They considered that such proposal would cause disturbance to the officers concerned and their families.

5.11 In November 2002, the Security Bureau allocated 44 surplus DSQs in the SSDSQs to four DS departments (i.e. 23 DSQs to the HKPF, 13 DSQs to the FSD, 6 DSQs to the CSD and 2 DSQs to the GFS) to meet their needs. The Security Bureau allowed the ImmD to withhold 48 Grade D DSQs for allocation to senior officers of the rank and file with salary grading appropriate to Grade F DSQs, and junior inspectorate officers with salary grading appropriate to Grade G DSQs. In December 2002, the GPA commented that, from a management point of view, the allocation of Grade D DSQs to officers with salary grading appropriate to Grade G DSQs was a mismatch of entitlement and provision.

DSQs allocated to junior inspectorate officers and officers of the rank and file

5.12 In June 2003, the GPA requested the Security Bureau to consider returning vacant DSQs to the GPA to facilitate de-leasing of 25 leased DSQs in the North Point Terrace. In September 2003, the Security Bureau continued to give policy support to the C&ED and the ImmD for the allocation of DSQs in the SSDSQs to junior inspectorate officers and senior officers of the rank and file, and indicated that it was an interim arrangement which would be reviewed in August 2004.

5.13 In October 2003, the Security Bureau indicated that most leased DSQs were located on Hong Kong Island and the occupants would be reluctant to move to the SSDSQs. The Security Bureau allowed the CSD, the FSD and the HKPF to allocate vacant DSQs in the SSDSQs to junior inspectorate officers with the salary grading appropriate to Grade F DSQs.

5.14 In September 2004, after reviewing the situation in the SSDSQs, the Security Bureau informed:

- (a) the C&ED that all the Grade D DSQs under its purview were fully occupied. The Security Bureau ceased the policy support for the C&ED's allocation of the vacant DSQs to officers of the rank and file; and
- (b) the ImmD that more than half of the Grade D DSQs were taken up by junior officers due to lack of applications from officers of appropriate grades. The Security Bureau continued to give policy support to the ImmD for the allocation of vacant Grade D DSQs to junior inspectorate officers with the salary grading appropriate to Grade G DSQs.

5.15 In June 2005, the ImmD sought the Security Bureau's policy support to its proposal for the allocation of three Grade D DSQs in the SSDSQs to officers of the rank and file. In July 2005, the GPA commented that:

- (a) the allocation of Grade D DSQs to **officers of the rank and file** would result in a mismatch between the stock of DSQs and the entitlement of officers;
- (b) such allocation should be avoided because government quarters were valuable public resources; and
- (c) according to the guidelines on the utilisation and management of quarters promulgated by the GPA, the vacant DSQs in the SSDSQs should be returned to the GPA for reallocation after three quarters allocation exercises.

The Security Bureau, after seeking the agreement of the GPA, gave policy support to the ImmD for including the three vacant DSQs in the call circular for the quarters allocation exercise. The three Grade D DSQs in the SSDSQs were subsequently allocated to inspectorate officers.

5.16 Audit analysed the occupation of DSQs in the SSDSQs as at 31 May 2007. Details are shown in Appendix K. Audit found that, as at 31 May 2007, 85 (49%) out of the 175 Grade D DSQs in the SSDSQs were allocated as follows:

- (a) 22 (13%) DSQs were allocated to inspectorate officers with salary grading appropriate to Grade F DSQs;
- (b) 1 (1%) unit of DSQs was allocated to an inspectorate officer with salary grading appropriate to Grade G DSQs (i.e. three grades higher than the officer's salary grading); and
- (c) 62 (35%) DSQs were allocated to **officers of the rank and file** with salary grading appropriate to Grades E and F DSQs.

The saleable area of a unit of Grade D DSQs in the SSDSQs is 100 square metres. The saleable areas of a unit of Grade F and Grade G DSQs were 70 and 55 square metres respectively (see Appendix C). The allocation of Grade D DSQs to officers with salary grading appropriate to Grades F and G DSQs resulted in over-provisions of 30 and 45 square metres respectively.

5.17 **In Audit's view, allocation of Grade D DSQs to junior inspectorate officers with salary grading appropriate to Grades F and G DSQs, and officers of the rank and file with salary grading appropriate to Grades E and F DSQs should be avoided. The Security Bureau and the DS departments need to consider relocating junior inspectorate officers and officers of the rank and file residing in the SSDSQs to DSQs of appropriate grades.**

Audit recommendations

5.18 Audit has *recommended* that the Secretary for Security and the Controlling Officers of the DS departments should:

- (a) before requesting new DSQs for inspectorate officers, critically assess the demand, taking into account the location of new DSQs, officers' preferences, and other civil service housing schemes available to them;
- (b) avoid allocating higher grade DSQs for inspectorate officers to junior inspectorate officers and officers of the rank and file;
- (c) consider relocating junior inspectorate officers and officers of the rank and file residing in the SSDSQs to DSQs of appropriate grades; and
- (d) consider surrendering surplus DSQs to the GPA for reallocation to other DS departments.

Response from the Administration

5.19 The Secretary for Security has said that the Security Bureau will continue to work with the GPA and the DS departments concerned to ensure effective allocation of DSQs in future. He has also said that:

- (a) during the years between 2002 and 2004, the Security Bureau, in consultation with the GPA, gave support exceptionally as an interim arrangement for the DS departments to allocate Grade D DSQs in the SSDSQs to junior inspectorate officers and officers of the rank and file on the following grounds:
 - (i) there was low demand from eligible officers for Grade D DSQs in the SSDSQs;
 - (ii) there was an acute shortfall of DSQs for officers of the rank and file; and
 - (iii) there was difficulty for the DS departments to use the vacant DSQs in the SSDSQs to replace leased DSQs in urban areas because of strong objection from the staff side and affected tenants;
- (b) in August 2007, there were 6 junior inspectorate officers (i.e. 2 in the HKPF and 4 in the ImmD) and 50 officers of the rank and file (i.e. 6 in the C&ED and 44 in the ImmD) with salary grading appropriate to Grades F or G DSQs residing in the SSDSQs;

- (c) of the 4 junior inspectorate officers of the ImmD, 2 will become eligible for Grade D DSQs in October 2007 while the remaining 2 will also become eligible in June 2008 and March 2010 upon adjustment in salary points. Likewise, the 2 junior inspectorate officers of the HKPF will become eligible for Grade D DSQs by August 2008; and
- (d) as the junior inspectorate officers will soon become eligible for Grade D DSQs, the Security Bureau will mainly focus on the 50 officers of the rank and file. The issue will be dealt with in a pragmatic manner as follows:
 - (i) the C&ED and the ImmD will try to identify replacement DSQs of appropriate grade, which can be released upon retirement or removal of current tenants, and encourage the affected officers in the SSDSQs to move to these replacement DSQs on a voluntary basis. Administrative measures can be adopted to accelerate the process (e.g. priority will be given to the affected officers over other applicants in future allocation of DSQs);
 - (ii) in identifying DSQs of appropriate grade for the affected officers and the internal reshuffle with other tenants, the C&ED and the ImmD will also consider bidding for surplus quarters returned to the GPA for reallocating to other departments to facilitate the move-out as appropriate; and
 - (iii) when the affected officers move out upon retirement or accept the replacement DSQs, the departments concerned will allocate the vacated DSQs to officers of appropriate grade only. If unsuccessful, the GPA will be approached for the reallocation of the vacated DSQs to other DS departments.

5.20 The **Controlling Officers of the DS departments** generally agree with the audit recommendations mentioned in paragraph 5.18.

5.21 The **Commissioner of Police** agrees with the audit recommendations mentioned in paragraph 5.18(c) and (d). He has said that, as at 31 May 2007, there were four officers with salary grading appropriate to Grade F DSQs occupying Grade D DSQs in the SSDSQs. In September 2007, two of the four officers have become eligible for Grade D DSQs. The other two officers are expected to become eligible for Grade D DSQs in August 2008. In the circumstances, the HKPF does not consider it necessary to relocate the four officers to other DSQs.

5.22 The **Commissioner of Customs and Excise** has said that:

- (a) given that the attractiveness of the SSDSQs remains to be relatively low and having regard to the complex implications of relocating the affected occupants, the issue should be resolved in a pragmatic and flexible manner. The C&ED is required to:
 - (i) manage the reactions from the affected tenants and encourage them to move to the DSQs of the same grade as their salary grading on a voluntary basis;
 - (ii) seek the GPA's assistance in identifying appropriate DSQs of the same grade as the salary grading of those affected tenants;
 - (iii) allocate the DSQs to officers of appropriate grades when the affected tenants move out upon retirement; and
 - (iv) take account of the reallocation factor in controlling the pace of such move-out; and
- (b) the C&ED will follow the audit recommendations when the GPA can provide sufficient replacement DSQs which are acceptable to the affected occupants and their sentiments are taken into consideration.

5.23 The **Director of Immigration** has said that:

- (a) the ImmD has ceased the arrangement of allocating DSQs in the SSDSQs to officers of inappropriate grades;
- (b) as at 1 September 2007, 48 officers of "inappropriate" grades are residing in the SSDSQs, including 4 Immigration Officers and 44 Chief Immigration Assistants. Of the 4 Immigration Officers, 2 will be eligible for Grade D DSQs in October 2007 upon adjustment in salary points. The remaining 2 Immigration Officers will also be eligible for Grade D DSQs in June 2008 and March 2010. Hence, the mismatch in the allocation of DSQs resources in respect of the Immigration Officers would be resolved by that time;
- (c) as regards the 44 Chief Immigration Assistants, the ImmD has seriously considered the audit recommendation of relocating them to DSQs of appropriate grades. The ImmD anticipates that there are great difficulties in following the audit recommendation because the ImmD does not have sufficient replacement DSQs of comparable grades to relocate the affected occupants. Relocating them to other DSQs would inevitably cause great disturbance to them. It will undermine staff morale. The ImmD therefore envisages strong objection from

both the staff associations and the affected tenants. Nevertheless, the ImmD will encourage affected occupants to move to Grade F DSQs once available. They will be given priority over other applicants for Grade F DSQs which are made available when they are vacated by the current occupants. The ImmD hopes that this would help accelerate the process of moving these Chief Immigration Assistants to other DSQs; and

- (d) if the DSQs in the SSDSQs so released by the Chief Immigration Assistants cannot be taken up by the Immigration Officers of appropriate grades after three quarters allocation exercises, the ImmD will return the DSQs to the GPA for reallocation.

Returns on disciplined services quarters submitted to the Government Property Agency

Monthly return

5.24 According to the ARs, the DS departments are required to submit a monthly return to the GPA listing the DSQs which have remained vacant for over two months. The return should include:

- (a) DSQs which have remained vacant for over two months;
- (b) vacant DSQs which are not available for allocation due to renovation, repair and decoration works, and other reasons; and
- (c) DSQs which have been allocated to officers but have not been occupied by them due to renovation and decoration works, and other reasons.

Annual return

5.25 According to the ARs, the DS departments are required to submit an annual return to the GPA listing all the DSQs under their purview as at 31 March each year. The return should include:

- (a) total stock of DSQs including their numbers, grades and addresses; and
- (b) number of officers in each grade and rank occupying the DSQs.

The return, confirming that the DSQs are still required for operational and departmental purposes, should be certified by a directorate officer not lower than the Assistant Head of Department.

Audit observations

Information provided in the monthly return

5.26 Audit review of the monthly returns submitted by the DS departments found that:

- (a) the HKPF, in its monthly return for July 2006, did not report five DSQs which had remained vacant for over two months;
- (b) the C&ED, in its monthly return for February 2007, did not report a unit of vacant DSQs which had been included in the circulars for allocation in three quarters allocation exercises and had remained vacant for over two months;
- (c) the C&ED, in its monthly return for April 2007, did not report seven DSQs which had been allocated to officers but had not been occupied by them for over two months due to renovation and decoration works; and
- (d) the FSD, in its monthly return for April 2007, did not report 17 DSQs which had remained vacant for over two months, including a unit of DSQs lasting for 22 months.

5.27 **In Audit's view, it is important that information submitted to the GPA is complete and accurate. The HKPF, the C&ED and the FSD need to provide complete and accurate information in the monthly returns of vacant DSQs for the GPA.**

Delay in the submission of returns

5.28 According to the ARs, the DS departments are required to submit monthly returns to the GPA within the first 14 days of each month. In its memos, the GPA requires the DS departments to forward their annual returns within one month. Audit reviewed the monthly and annual returns submitted by the DS departments to the GPA from 2004-05 to 2006-07. Audit observations are as follows:

- (a) **Monthly return.** The CSD and the HKPF did not submit monthly returns to the GPA within 14 days of each month from 2004-05 to 2006-07. In 2006-07, the other five DS departments failed to submit the returns to the GPA before the deadlines in some months. The delay in submission ranged from 1 to 58 days; and
- (b) **Annual return.** The CSD, the FSD and the HKPF failed to submit annual returns to the GPA before the deadlines from 2004-05 to 2006-07. The GFS and the C&ED failed to submit the returns to the GPA before the deadlines

in 2004-05 and 2005-06 respectively. The delay in submission ranged from 1 to 44 days.

5.29 In Audit's view, all the DS departments need to submit the monthly and annual returns within the time limits specified by the GPA.

Audit recommendations

5.30 Audit has *recommended* that the Commissioner of Police, the Commissioner of Customs and Excise and the Director of Fire Services should provide complete and accurate information in the monthly returns of vacant DSQs for the GPA.

5.31 Audit has *recommended* that the Controlling Officers of the DS departments should submit to the GPA their monthly returns of vacant DSQs and annual returns of all DSQs within the time limits specified by the GPA.

Response from the Administration

5.32 The Commissioner of Police agrees with the audit recommendation mentioned in paragraph 5.30. He has said that the delay in reporting the vacant DSQs was due to late notification by the Property Management Offices of the DSQs sites. This has been rectified and weekly reports are now submitted to the HKPF by the Property Management Offices to avoid delay. The HKPF will continue to closely monitor the Property Management Offices to ensure the timely submission of accurate returns.

5.33 The Commissioner of Customs and Excise agrees with the audit recommendation mentioned in paragraph 5.30.

5.34 The Director of Fire Services agrees with the audit recommendation mentioned in paragraph 5.30. He has said that the FSD has taken positive steps to ensure no omission of data in the monthly returns.

5.35 The Controlling Officers of the DS departments agree with the audit recommendation mentioned in paragraph 5.31.

5.36 The **Commissioner of Police** has said that:

- (a) the HKPF is required to submit monthly return on vacant DSQs to the GPA within the first 14 days of each month. The HKPF has looked into the situation and tightened the control to ensure timely submission of the monthly returns to the GPA in future; and
- (b) the HKPF is required to submit annual returns on all DSQs to the GPA within the one-month deadline. Since a lot of manual checks are needed in preparing the annual return on all DSQs (i.e. more than 12,000 DSQs in the HKPF), the one-month deadline cannot be met. It is considered that a two-month deadline for the HKPF should be more appropriate and reasonable.

5.37 The **Director of Fire Services** has said that the DS departments consider it realistic to allow more than 14 days to compile their monthly returns since a large variety of information is involved and extensive checking is necessary to ensure accuracy. The FSD will endeavour to submit its annual returns before the deadlines.

5.38 The **Director of Immigration** has said that the ImmD will take all necessary steps to ensure the timely submission of monthly and annual returns to the GPA.

5.39 The **Commissioner, Independent Commission Against Corruption** has said that the ICAC will adhere to the submission deadlines for monthly returns.

Appendix A
(para. 1.2 refers)

**Number of quarters
(1 April 2007)**

Type	Number	
(1) NDQs		914
(2) DQs		
(a) DSQs	21,892	
(b) Judiciary quarters	23	
(c) Operational quarters	82	
(d) General quarters	210	
Sub-total		22,207
(3) Post-tied quarters		167
Total		23,288

Source: GPA records

Appendix B
(paras. 1.4 and 3.14 refer)

**Government-owned and leased
disciplined services quarters
(1 April 2007)**

DS department	Number of government-owned DSQs		Number of leased DSQs	Total
	Government-built	Purchased from the private sector		
HKPF	6,156	6,082	2	12,240
FSD	2,225	1,800	13	4,038
CSD	1,802	493	6	2,301
C&ED	885	698	18	1,601
ImmD	947	435	9	1,391
ICAC	41	195	—	236
GFS	51	34	—	85
Total	12,107	9,737	48	21,892

Source: GPA records

Appendix C
(paras. 1.7 and 5.16 refer)

**The prevailing reference size standards for
newly acquired disciplined services quarters**

Grade	Saleable area (Square metre)
A	(Note)
B	140
C	120
CD	110
D	100
E	85
F	70
G	55
H	45
I	(Note)
IJ	(Note)
JKL	(Note)

Source: GPA records

Note: The GPA has not set flat size standards for Grades A, I, IJ and JKL DSQs.

Appendix D
(paras. 1.8, 2.5 (Note 3),
2.10(b) and 4.3 refer)

**Grade of disciplined services quarters and
rent payable per month with reference to the Pay Scales
(June 2007)**

Grade of DSQs	Pay Scale (Points)					Rent payable
	General Disciplined Services			ICAC	Police	
	Commander	Officer	Rank and File			
A	1 (3rd point) – 3			45 (3rd point) – 48	55 (3rd point) – 58	7.5% of salary
B	1 (1st and 2nd points)	28 – 38		34 – 45 (1st and 2nd points)	44 – 55 (1st and 2nd points)	
C		25 – 27		31 – 33	41 – 43	
CD		20 – 24		28 – 30	36 – 40	
D		15 – 19		24 – 27	31 – 35	
E		11 – 14		19 – 23	26 – 30	
F		8 – 10	26 – 27	16 – 18	21 – 25	
G		4 – 7	17 – 25	10 – 15	13 – 20	
H		1c – 3	8 – 16	6 – 9	4 – 12	5% of salary
I			3 – 7	2 – 5	1a – 3	
IJ			1a – 2	1		
JKL						

Source: GPA records

Remarks: The points in brackets represent salary increments.

Appendix E
(para. 3.3 refers)

**Vacant disciplined services quarters
in seven disciplined services departments
(1 April 2007)**

DS department	Number of vacant DSQs			
	More than 2 months to less than 12 months	12 months to less than 36 months	36 months to less than 72 months	Total
HKPF	114	34	1	149
CSD	37	12	—	49
ImmD	41	2	—	43
ICAC	14	12	—	26
FSD	10	4	1	15
C&ED	6	—	—	6
GFS	3	—	—	3
Total	225	64	2	291

Source: DS departments records

Appendix F
(para. 3.7 refers)

**Disciplined services quarters withheld
from allocation because of renovation and repair works
(1 April 2007)**

DS department	Number of vacant DSQs		
	More than 2 months to less than 12 months	71 months	Total
CSD	6 (Note)	—	6
HKPF	2	—	2
C&ED	1	—	1
FSD	—	1	1
ImmD	1	—	1
GFS	—	—	—
ICAC	—	—	—
Total	10	1	11

Source: DS departments records

Note: The CSD did not request the ArchSD to carry out renovation and repair works for five DSQs.

Appendix G
(para. 3.8 refers)

**Disciplined services quarters allocated but not
occupied by officers due to renovation, repair and decoration works
(1 April 2007)**

DS department	Number of vacant DSQs		
	More than 2 months to less than 12 months	12 months to less than 36 months	Total
HKPF	67	8	75
C&ED	15	—	15
ImmD	3	—	3
FSD	1	—	1
CSD	—	—	—
GFS	—	—	—
ICAC	—	—	—
Total	86	8	94

Source: DS departments records

Appendix H
(paras. 3.23 and 3.25 refer)

**Officers occupying two disciplined services quarters concurrently
(2006-07)**

DS department	Number of officers occupying two DSQs					
	8 to 30 days	31 to 60 days	61 to 90 days	103 days	266 days	Total
HKPF	85	28	2	1	1	117
FSD	68	17	1	—	—	86
C&ED	11	3	—	—	—	14
CSD	11	1	—	—	—	12
ICAC	7	3	—	—	—	10
ImmD	1	2	2	—	—	5
GFS	—	—	—	—	—	—
Total	183	54	5	1	1	244

Source: DS departments records

Appendix I
(para. 4.7 refers)

**The total number of officers
occupying disciplined services quarters
and the total number of rent deductions**

DS department	Number of officers occupying DSQs shown in departmental records		Number of rent deductions shown in the Treasury's reports on DSQs		Difference	
	As at 30 September 2006 (a)	As at 31 May 2007 (b)	As at 30 September 2006 (c)	As at 31 May 2007 (d)	As at 30 September 2006 (e) = (a) – (c)	As at 31 May 2007 (f) = (b) – (d)
HKPF	11,532	11,794	11,397	11,638	135	156
FSD	3,883	3,920	3,767	3,897	116	23
CSD	2,093	2,133	2,108	2,137	(15)	(4)
C&ED	1,551	1,557	1,547	1,551	4	6
ImmD	1,289	1,316	1,294	1,313	(5)	3
ICAC	191	191	191	192	—	(1)
GFS	81	80	80	79	1	1

Source: DS departments records and Audit analysis

**Errors and discrepancies in rent deductions and
incorrect data relating to disciplined services quarters**

DS department	Cases
C&ED	<p>The four cases were as follows:</p> <ul style="list-style-type: none"> (a) in one case, the allocation of a unit of Grade I DSQs in November 2005 was wrongly input as a unit of Grade H DSQs in the Treasury’s records. In July 2007, a GF140 was submitted to the Treasury to reimburse the officer the overcharged rent from November 2005 to June 2007; (b) in two cases, the allocation of a unit of Grade G DSQs and a unit of Grade H DSQs was wrongly recorded as a unit of Grade H DSQs and a unit of Grade IJ DSQs respectively in the C&ED’s departmental records. The errors were rectified in July 2007; and (c) in one case, the date of moving into a unit of DSQs on 24 December 2001 was wrongly recorded as 24 December 2002 in the C&ED’s departmental records. The error was rectified in July 2007.
FSD	<p>The five cases were as follows:</p> <ul style="list-style-type: none"> (a) in the first case, a unit of DSQs, which had remained vacant since June 2005, was wrongly recorded as “occupied” in the FSD’s departmental records. In August 2007, the unit of DSQs was allocated to an officer; (b) in the second case, an officer in a unit of DSQs, after taking all paid leave, took one day no-pay sick leave on 21 April 2006. The Treasury advised the FSD to issue demand notes to the officer for the collection of rent. However, the FSD failed to take follow-up action. Rent from May 2006 to June 2007 was collected from the officer in August 2007; (c) in the third case, the date of moving into a unit of DSQs on 16 September 2005 was wrongly recorded as 16 September 2006 in the FSD’s departmental records. The error was rectified in August 2007; (d) in the fourth case, the allocation of a unit of DSQs to an officer in April 2005 was recorded in the FSD’s departmental records in May 2007; and (e) in the fifth case, the allocation of a unit of Grade C DSQs was wrongly recorded as a unit of Grade CD DSQs in the FSD’s departmental records. The error was rectified in August 2007.

Appendix J
(Cont'd)
(para. 4.8(c) refers)

DS department	Cases
HKPF	<p>The five cases were as follows:</p> <ul style="list-style-type: none"> (a) in four cases, upon changing DSQs by officers, the grades of and the dates of moving into the new DSQs were not updated in the Treasury's records. According to the HKPF, the Treasury did not receive the GF140s containing the updated information; (b) in one case, the allocation of a unit of Grade D DSQs in November 2003 was wrongly recorded as a unit of Grade CD DSQs in the HKPF's departmental records. The error was rectified in March 2007; and (c) in these five cases, rent paid by an officer was undercharged from January 2005 to June 2007, and rent required to be paid by the other four officers was the same. All the errors were rectified and the undercharged rent was recovered from the officer in July 2007.
ICAC	<p>The two cases were as follows:</p> <ul style="list-style-type: none"> (a) in one case, a unit of Grade F DSQs occupied by an officer in January 2007 was wrongly recorded in the Treasury's records as a unit of Grade E DSQs. The error was rectified in August 2007; and (b) in another case, an officer on pre-resignation leave vacated his unit of DSQs on 2 March 2007. However, rent was deducted from the officer's salary until 26 June 2007 (the last date of his employment contract). The overcharged rent for the said period was reimbursed to the officer in August 2007.

Source: DS departments records and Audit analysis

Appendix K
(para. 5.16 refers)

**Occupation of Grade D disciplined services quarters
in the Sheung Shui Disciplined Services Quarters
(31 May 2007)**

DS department	Number of DSQs occupied by								Number of vacant DSQs	Total
	Inspectorate officers with salary grading appropriate to Grades C to G DSQs						Officers of rank and file with salary grading appropriate to Grades E and F DSQs			
	C	CD	D	E	F	G	E	F		
ImmD	—	4	14	11	18	1	—	47	4	99
C&ED	—	10	13	2	—	—	—	6	1	32
HKPF	3	5	—	—	4	—	9	—	2	23
FSD	3	3	1	2	—	—	—	—	4	13
CSD	—	—	1	5	—	—	—	—	—	6
GFS	—	—	—	1	—	—	—	—	1	2
Total	6	22	29	21	22	1	9	53	12	175

Source: DS departments records

Appendix L

Acronyms and abbreviations

ArchSD	Architectural Services Department
ARs	Accommodation Regulations
Audit	Audit Commission
CPADQ	Code of Practice for Allocation of Departmental Quarters
CSD	Correctional Services Department
CSRs	Civil Service Regulations
C&ED	Customs and Excise Department
DQs	Departmental quarters
DS	Disciplined services
DSQs	Disciplined services quarters
FSD	Fire Services Department
GFS	Government Flying Service
GPA	Government Property Agency
HKPF	Hong Kong Police Force
ICAC	Independent Commission Against Corruption
ImmD	Immigration Department
NDQs	Non-departmental quarters
SSDSQs	Sheung Shui Disciplined Services Quarters