

CHAPTER 10

Labour Department

Youth employment services

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Report No. 59 of the Director of Audit contains 10 Chapters which are available on our website at <http://www.aud.gov.hk>

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YOUTH EMPLOYMENT SERVICES

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YOUTH EMPLOYMENT SERVICES

Executive Summary

1. One of the programmes provided by the Labour Department (LD) is the provision of employment services. Included in the wide range of free employment services are career guidance, pre-employment and on-the-job training to young people. The LD provides these youth employment services through: (a) the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YTPTS), which provides case management services, training courses, workplace attachment and on-the-job training to those aged between 15 and 24 with educational attainment at sub-degree level or below; and (b) the Youth Employment Start, which provides advisory and support services on employment and self-employment to those aged between 15 and 29 at two Youth Employment Resource Centres (YERCs). Under the YTPTS, case management services and training courses are outsourced to training bodies which are non-governmental organisations and training institutions. In the financial year 2011-12, the expenditure on the YTPTS was \$80 million and that on the Youth Employment Start was \$16 million. The Audit Commission (Audit) has recently conducted a review of the LD's youth employment services.

Case management services

2. *Provision of support and assistance.* Case managers employed by training bodies are required to provide support and assistance to the trainees and the LD suggests the provision of 70 hours' case management services for each trainee during the 12-month basic period and 20 hours' services during the 12-month extended period. Audit examination however found that most case managers had actually provided less than 20 hours of support and assistance to each trainee. Although the LD estimated that the case managers would claim a total of 270,000 hours for a programme year on case management services and the total case management service fees would be \$17.55 million, Audit found that up to August 2012, the LD had only approved payment of \$1.56 million for 19,500 hours' services provided to trainees of the programme year 2009-10 (a programme year starts on 1 September and ends on 31 August of the following year).

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3. *Submission of Training and Career Plans and Case Review Reports.* According to the Training Bodies Manual, case managers are required to work out with each trainee a Training and Career Plan, and submit it to the LD. Case managers are also required to carry out a case review with each trainee and submit a Case Review Report to the LD. Audit found that up to 31 March 2012, of 4,789 trainees of the programme year 2010-11, Plans for 57% of the trainees and Reports for 78% of the trainees had not been submitted to the LD.

Training courses

4. *Training course and case management service inspections.* The LD conducts separate training course inspections and case management service inspections to monitor the quality of training courses and case management services. For the period September 2009 to March 2012, the LD targeted 8% of the training courses and 10% of the training bodies providing case management services and training courses for inspections every programme year, and conducted 243 training course inspections involving 53 training bodies. Audit noted that for each course inspection, only one training course was selected for examination, despite the fact that a number of courses were in progress in the same training venue. Audit further found that the number of course inspections analysed by training bodies was uneven, ranging from 0 to 22 inspections during the period September 2009 to March 2012. It would be more efficient to conduct training body inspections, covering both training courses and case management services, and adopt a risk-and-performance-based approach in selecting training bodies for inspections.

Workplace attachment and on-the-job training

5. *Workplace inspections.* In the programme year 2010-11, the LD conducted 321 workplace inspections. Audit noted that 26 employers had been inspected twice and one three times, although no irregularities were observed in all the inspections, while 1,317 employers received no inspection.

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Procurement of services

6. *Procurement of case management services and training services.* Every year, the LD conducts an exercise for procuring case management services and training services (i.e. training courses). The LD invites training bodies to submit proposals. The Government Stores and Procurement Regulations (SPRs) require departments to follow the tender procedures for all purchases of services exceeding the financial limit of \$1.43 million. Audit however found that although the amount involved in each procurement exercise for the YTPTS had exceeded \$100 million, the LD did not follow the procurement procedures specified in the SPRs. In March 2012, the LD: (a) informed the Financial Services and the Treasury Bureau that it would follow the requirements of the SPRs as a longer-term arrangement; and (b) prepared a timetable with a view to adopting the prescribed procurement arrangement with effect from the procurement exercise for the programme year 2013-14.

Youth Employment Start

7. *Opening hours of YERCs.* The LD set up two YERCs to provide advisory and support services on employment and self-employment to young people aged 15 to 29. The YERCs open from 10 a.m. to 7 p.m. Monday to Saturday (except public holidays). In April 2007, the LD conducted a survey, which indicated that 55% of the respondents would use the services and facilities of the YERCs in the time slot 6 p.m. to 9 p.m. Audit considers that the opening hours of the YERCs from 10 a.m. to 7 p.m. Monday to Saturday may not suit the needs of their members best.

Audit recommendations

8. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Commissioner for Labour should:**

Case management services:

- (a) **ascertain the reasons why the training bodies and the case managers had not provided the case management services according to the Training Bodies Manual;**

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- (b) **review how the training bodies monitor the work of the case managers and, where necessary, recommend ways to improve their monitoring system;**
- (c) **urge the training bodies to carry out a review of their case files to identify cases in which the case managers have failed to provide adequate support and assistance;**
- (d) **carry out periodic checks on the training bodies to ensure that they provide adequate support and assistance to trainees according to the Manual;**
- (e) **take necessary action to ensure that training bodies submit Training and Career Plans and Case Review Reports for all trainees in a timely manner;**

Training course and case management service inspections:

- (f) **consider the feasibility of inspecting more than one training course during each visit to a training venue;**
- (g) **adopt a risk-and-performance-based approach in selecting training bodies for conducting inspections, covering both their case management services and training courses;**

Workplace inspections:

- (h) **take into account various risk factors in selecting employers for inspections, including:**
 - (i) **whether the employer is new to the YTPTS; and**
 - (ii) **whether there have been any complaints against the employer;**

Procurement of services:

- (i) **closely monitor the progress of revising the procurement procedures to ensure that the new procurement arrangement can be timely adopted;**

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- (j) **take into account the results of the periodic checks and the training body inspections when evaluating the training bodies' performance in the forthcoming procurement exercise; and**

Youth Employment Start:

- (k) **review the opening hours of the YERCs to ascertain whether they serve the target young people best.**

Response from the Administration

9. The Commissioner for Labour agrees with the audit recommendations. He has said that the LD attaches importance to ensuring the effective and efficient provision of training and employment support to young people, and will strive to improve the administration of youth employment services.

PART 1: INTRODUCTION

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

Background

1.2 One of the services provided by the Labour Department (LD) is employment services. The aim of the services is to provide a comprehensive range of free employment assistance and recruitment services to help job seekers find suitable jobs and employers find recruits. The Youth Employment Division is responsible for the provision of training and employment support to young people through:

- (a) the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YTPTS); and
- (b) the Youth Employment Start.

As at 31 August 2012, the Division had 79 staff. The Labour and Welfare Bureau is the policy bureau of the LD.

Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme

1.3 Young people are more susceptible to unemployment because of a variety of factors, including their limited work experience, low academic qualifications and skills level, and weak personal networks. The Youth Pre-employment Training Programme was launched in 1999 to enhance the employability and competitiveness of school leavers aged 15 to 19 through a wide range of employment-related training. The Youth Work Experience and Training Scheme was launched in 2002 to enhance the employability of young people aged 15 to 24 with educational attainment below degree level by providing them with on-the-job training of 6 to 12 months. In September 2009, the Programme and the Scheme were enhanced and merged into one with the name of YTPTS. The YTPTS provides comprehensive training and employment support to young people aged between 15 and 24 with educational attainment at sub-degree level or below. Trainees can join the YTPTS at any time of a year and are provided with the following support and training for 12 months:

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- (a) ***Case management services.*** To provide individual employment-related counselling and assistance, each trainee is assigned a case manager, who looks after the trainee for 12 months (basic period). Trainees who have secured employment at the end of the basic period may receive extended case management services for another 12 months (extended period);

- (b) ***Training courses.*** These courses comprise:
 - (i) a core course of 48 hours. Trainees aged 15 to 19 who join the YTPTS for the first time are required to attend the core course. Other trainees may be recommended by their case managers to attend the core course. The purpose of the course is to equip trainees with basic knowledge and application skills on career planning, interpersonal skills, and job-search methods;

 - (ii) elective courses which cover three areas, namely discipline and motivation training, computer application training and job-specific skills training. Trainees can choose from a wide array of courses and attend a maximum of four courses; and

 - (iii) courses for special projects. From time to time, the YTPTS organises special projects with tailor-made training courses.

Trainees will receive a training allowance at a rate of \$30 per training day if they have an attendance rate of 80% or more in a course; and

- (c) ***Workplace attachment and on-the-job training.*** Trainees can choose to join the one-month's workplace attachment and the 6 to 12 months' on-the-job training on an optional basis. These training opportunities are offered by employers in the private and public sectors. In order to be engaged, trainees have to be interviewed and selected by the employers. Trainees' relationship with the employers is as follows:
 - (i) in workplace attachment, the trainees have no employment relationship with the employers (and no salary from the latter) and will receive a training allowance of \$2,000 (Note 1) from the LD directly; and

Note 1: *Trainees will receive a training allowance of \$2,000 if they complete the workplace attachment and have an attendance rate of 80% or more.*

- (ii) in on-the-job training, the trainees have an employment relationship with the employers. They receive a salary from the employers (but no training allowance from the LD) while the latter are entitled to a monthly training subsidy of \$2,000 per trainee from the LD.

Case management services and training courses are outsourced to training bodies which are non-governmental organisations and training institutions. In the programme year 2010-11 (Note 2), there were 54 training bodies and 11,921 trainees.

1.4 In the financial year 2011-12, the expenditure on the YTPTS was \$80 million, including \$40 million of training subsidy paid to employers for on-the-job training and \$24 million of course fees paid to training bodies.

Youth Employment Start

1.5 The Youth Employment Start provides one-stop advisory and support services on employment and self-employment to young people aged between 15 and 29 at two Youth Employment Resource Centres (YERCs). The YERCs are administered by the LD, with centre operation contracted out to a non-governmental organisation (i.e. the operator). The YERCs provide services (e.g. career assessment and guidance, training, counselling and other support services) to members free of charge. As at 31 March 2012, the Youth Employment Start had some 61,000 members. In the financial year 2011-12, the expenditure on the Youth Employment Start was \$16 million, representing mainly fees paid to the operator and rent.

Audit review

1.6 The Audit Commission (Audit) has recently conducted a review of the LD's youth employment services. The audit has focused on the following areas:

Note 2: *Unless otherwise specified, all years mentioned in this Report are programme years which start on 1 September and end on 31 August of the following year.*

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- (a) case management services (PART 2);
- (b) training courses (PART 3);
- (c) workplace attachment and on-the-job training (PART 4);
- (d) procurement of services (PART 5);
- (e) the Youth Employment Start (PART 6); and
- (f) the way forward (PART 7).

Audit has found areas which call for improvement and has made a number of recommendations to address the issues.

General response from the Administration

1.7 The Commissioner for Labour agrees with the audit observations and accepts the audit recommendations. He finds the Audit Report constructive and thanks Audit for its advice. He has said that:

- (a) as the sponsoring department for youth employment services, the LD attaches importance to ensuring the effective and efficient provision of training and employment support to young people; and
- (b) the LD will strengthen the monitoring of the work of the service providers and strive to improve the administration of youth employment services.

Acknowledgement

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

PART 2: CASE MANAGEMENT SERVICES

2.1 This PART examines the case management services provided by training bodies under the YTPTS.

2.2 Case management services are provided by case managers employed by the training bodies. The services include personalised career guidance, training support, and pre-employment and post-employment support. As at 30 June 2012, there were 364 case managers working under 40 training bodies.

2.3 Case management services in the 12-month basic period cover six areas:

- (a) ***Initial assessment.*** Case managers arrange trainees to attend the core course and work out with each trainee a Training and Career Plan;
- (b) ***Training support.*** Case managers provide support to trainees before they attend the core course and assist them in choosing and enrolling on elective courses. Case managers also provide support to the trainees when they are attending the courses;
- (c) ***Pre-employment assistance.*** Case managers assist trainees in the preparation for job searching, e.g. preparation of resumes and improving interview techniques;
- (d) ***Career counselling.*** Case managers assist trainees in finding suitable places for workplace attachment, on-the-job training and employment, and undergoing mock interviews tailor-made for the positions available;
- (e) ***Workplace attachment and on-the-job training support.*** Case managers provide support to the trainees during the workplace attachment and on-the-job training period; and
- (f) ***Case review.*** Case managers carry out a case review with each trainee within four weeks before the completion of the basic period in order to decide whether he should join the YTPTS afresh or whether he should be given extended case management services (i.e. the basic period followed by the extended period).

Case management services

2.4 During the extended period, the case managers assist the trainees to settle in their jobs, overcome problems at workplaces and pursue further learning and skills upgrading opportunities.

2.5 Every year, the LD promulgates a Training Bodies Manual for the training bodies' reference. The Manual includes detailed guidelines on case management services. To cater for the individual needs of the trainees, case managers provide suitable services to trainees based on their professional assessment.

Registration of case managers

2.6 According to the requirement of the LD, a case manager must be a social worker registered under the Social Workers Registration Ordinance (Cap. 505). Since 2009-10, the LD has carried out checking to verify the registered social worker status of applicants for all newly registered case managers. In addition, the LD requires the person applying for registration to:

- (a) attend a Briefing Session for Training Bodies organised by the LD in July every year or appropriate training organised by the training body to ensure that he understands the objectives and operation of the YTPTS and the role of case manager. The applicant is then regarded as temporarily registered and is allowed to provide case management services to trainees; and
- (b) complete at least three training activities (such as workshops or seminars) on youth career counselling organised by the LD for case managers. After completing at least three activities, the registration process is completed.

Training bodies are required to inform the LD as soon as possible if there is any change in the particulars stated in the registration application forms.

2.7 Audit selected 80 case managers from the list of 364 case managers as at 14 March 2012 for examination. Audit found that two case managers were not registered social workers. They were registered with the LD as case managers in August 2005 and November 2006 respectively (Note 3). However, the training bodies concerned had not informed the LD that the registration of these case managers should be discontinued.

Note 3: *Before the merger of the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme to become the YTPTS, case management services were also provided by case managers. The requirements for the registration of case managers were the same.*

Case management services

2.8 Audit noted that of the 364 case managers, 164 (45%) were only temporarily registered because they had not completed at least three training activities. For 30 of these 164 case managers, their registration status had remained as temporary for more than three years.

2.9 Audit also noted that:

- (a) in the period 2009-10 to 2011-12 (up to 31 March 2012), only two such training activities were organised each year; and
- (b) many case managers were unable to enrol on the training activities due to high demand for training places.

Audit recommendations

2.10 **Audit has recommended that the Commissioner for Labour should:**

- (a) **take necessary action to ensure that training bodies inform the LD when case managers cease to be registered social workers; and**
- (b) **organise more training activities to enable case managers to complete the registration process by attending the required amount of training activities.**

Response from the Administration

2.11 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) the LD will periodically issue reminders to all training bodies requesting them to report to the LD any changes in the status of their case managers; and
- (b) the LD will organise more training activities for case managers to enhance their understanding of the objectives and operation of the YTPTS and youth career counselling skills.

Submission of Training and Career Plans

2.12 According to the Training Bodies Manual, case managers are required to work out with each trainee a Training and Career Plan, and submit it to the LD within one week after the trainee's completion of the core course. For the trainee who is not required or recommended to attend the core course, the Plan should be submitted within one week after the case manager's first interview with him. The Plan is an important tool to help the trainees to achieve their training and career objectives. It should be prepared at an early stage of the 12-month basic period.

2.13 As at 31 March 2012, there were 4,789 trainees of 2010-11 who had completed the basic period. The Training and Career Plans of these trainees should have been submitted to the LD. Audit noted that:

- (a) the Plans for 2,746 (57%) trainees had not been submitted to the LD. There is a risk that no Plan has actually been prepared for these trainees. There was no documentary evidence showing that the LD had ascertained the submission due dates or had taken follow-up action with the case managers; and
- (b) for the remaining 2,043 (43%) trainees, their Plans had been submitted to the LD. However, the LD did not keep record of the submission due dates. Audit found that the Plans for 527 (26%) of the 2,043 trainees were submitted after the due dates. For 89 of these 527 trainees, the Plans were submitted more than 180 days after the due dates.

Audit recommendations

2.14 **Audit has recommended that the Commissioner for Labour should:**

- (a) **ascertain the reasons why the training bodies had not submitted Training and Career Plans for all trainees in a timely manner; and**
- (b) **take necessary action to ensure that training bodies submit Training and Career Plans for all trainees in a timely manner.**

Response from the Administration

2.15 The Commissioner for Labour agrees with the audit recommendations. He has said that though late submission or non-submission of the Training and Career Plans would not affect trainees' eligibility for services under the YTPTS, the reasons should be ascertained and improvement measures be put in place.

Provision of support and assistance

2.16 According to the Training Bodies Manual, case managers are required to undertake a number of specific tasks in the provision of support and assistance to trainees. For instance, they are required to assist the trainees in preparing resumes, and in finding suitable places for workplace attachment and on-the-job training.

2.17 Audit reviewed the case files of 30 trainees. Audit noted that in many case files, there was no evidence suggesting that the case managers had actually provided support and assistance to the trainees according to the Training Bodies Manual (see Appendix A).

2.18 According to its Training Bodies Manual, the LD suggests that 70 hours of case management services be provided for each trainee during the 12-month basic period and 20 hours during the 12-month extended period. In response to Audit enquiries, the LD informed Audit in September 2012 that the extent of services provided by case managers hinged on various factors, e.g. the case managers' professional assessment, and the trainees' receptiveness to services and assistance. Audit found that as at 31 March 2012, among the 13,705 trainees of 2009-10 (for whom case management services are required — Note 4):

- (a) the LD only received claims from the case managers of 5,779 (42%) trainees for service fees. The LD had processed or was processing 1,751 claims. Audit analysis of these 1,751 claims revealed that the number of hours of services provided by the case managers to each trainee was much less than the suggested 70 hours (see Table 1). In actuality, most case managers (82%) spent less than 20 hours a year or on average less than half an hour a week with each trainee. The LD had not

Note 4: *Some trainees do not require case management services because:*

- (a) *trainees who are required to attend the core course but fail to show up are regarded as having withdrawn from the YTPTS; and*
- (b) *trainees who have joined training programmes organised by the Vocational Training Council have been provided similar case management services.*

Case management services

started processing the remaining 4,028 claims and information on the number of service hours claimed was not available; and

- (b) no claim was received from the case managers of the remaining 7,926 (58%) trainees.

Table 1

**Number of service hours
spent by case managers on 1,751 trainees
(2009-10)**

No. of service hours spent on a trainee	No. of trainees
0	2 (0%)
>0 to <5	377 (21%)
5 to <10	450 (26%)
10 to <20	608 (35%)
20 to <30	203 (12%)
30 to <70	108 (6%)
70	3 (0%)
Total	1,751 (100%)

Source: Audit analysis of LD records

2.19 The average case management service fee per hour is \$65 but varies among the training bodies. The LD estimated that for each programme year, the case managers would claim a total of 270,000 hours on case management services and the total amount of case management service fees would be \$17.55 million. However, up to August 2012, the LD had only approved payment of \$1.56 million case management service fees for 19,500 hours (7% of 270,000 hours) for trainees of 2009-10.

Audit recommendations

- 2.20 **Audit has *recommended* that the Commissioner for Labour should:**
- (a) **issue reminders to the training bodies highlighting the importance of case management services to the success of the YTPTS;**
 - (b) **ascertain the reasons why the training bodies and the case managers had not provided the case management services according to the Training Bodies Manual;**
 - (c) **review how the training bodies monitor the work of the case managers and, where necessary, recommend ways to improve their monitoring system;**
 - (d) **urge the training bodies to carry out a review of their case files to identify cases in which the case managers have failed to provide adequate support and assistance as required by the Training Bodies Manual, and inform the LD the results of the review;**
 - (e) **carry out periodic checks on the training bodies to ensure that they provide adequate support and assistance to trainees according to the Training Bodies Manual;**
 - (f) **where warranted, consider issuing advisory/warning letters to the training bodies and taking action according to the terms of the agreement to address the issue; and**
 - (g) **take into account the results of the periodic checks when evaluating the training bodies' performance in the forthcoming procurement exercise for case management services.**

Response from the Administration

2.21 The Commissioner for Labour agrees with the audit recommendations. He has said that:

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- (a) it would be desirable to ascertain say, by way of a survey, the reasons why the training bodies had not provided the case management services according to the Training Bodies Manual;
- (b) to monitor training bodies' performance standards, the LD would put in place effective communication channels and enforcement measures, including periodic checks and the issue of advisory letters or warnings wherever appropriate;
- (c) the LD will clearly spell out in the forthcoming procurement exercise that serious non-compliance detected by periodic checks will be taken into account when evaluating the performance of training bodies; and
- (d) case managers are entrusted with the responsibility for providing appropriate guidance and support services to trainees according to their professional assessment and the expressed interests of trainees. Case management service fees are payable to the training bodies for the actual number of service hours they have provided. The LD will consider revising the Training Bodies Manual in order to better reflect the policy intention that case managers should exercise their professional assessment in providing case management services that best suit the specific needs of trainees.

Claims for case management service fees

2.22 To claim case management service fees, case managers are required to submit a claim form for each trainee, which records the dates and the duration of each counselling session. The training bodies are required to submit the forms to the LD within six months after the trainees concerned have completed:

- (a) the 12-month basic period for services rendered during the basic period; and
- (b) the 12-month extended period for services rendered during the extended period.

2.23 Audit noted that as at 31 March 2012, no claims in respect of 7,926 (58%) of the 13,705 trainees of 2009-10 had been submitted. It may be possible that the training bodies did not submit the claims because the amount of services provided was not substantial, or they could not obtain the trainees' signature on the claim forms. As at 31 August 2012, for the 5,779 (42%) claims submitted by the training bodies, the LD had completed the processing of 1,561 claims and was processing 2,127 claims (i.e. a total of 3,688 claims). Audit examination of 97 of the 3,688 claims revealed that:

- (a) 14 (14%) claims were submitted late, ranging from one to eight months; and
- (b) the LD completed the processing of 33 (34%) claims. The time taken ranged from 15 to 19 months. In this regard, Audit noted that the LD had not set a service standard on the number of days after receiving a claim that payment should be made.

Audit recommendations

2.24 **Audit has recommended that the Commissioner for Labour should:**

- (a) **consider revising the Training Bodies Manual to specify that case management service fee claims submitted after submission deadline will not be accepted unless the delay is fully justified; and**

Case management services

- (b) **improve the efficiency of processing claims for case management service fees and consider setting a service standard on the number of days after receiving a claim that payment should be made.**

Response from the Administration

2.25 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) the LD will consider revising the Training Bodies Manual to specify that overdue claims will not be approved unless fully justified;
- (b) the LD will improve the efficiency of processing claims for case management service fees and consider setting a service standard on the processing time;
- (c) trainees can enrol on a year-round basis. Training bodies will submit their claims for service fees after the completion of the 12-month case management services period. Therefore, the training bodies would submit claims for services provided to trainees of 2009-10 over a span of two years after the commencement of 2009-10; and
- (d) the merger of the two programmes (the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme) in September 2009 had brought about some disruptions to the processing of claims. The LD had to re-align the payment systems of case management service fees and to overhaul the computer systems. The LD has been devising various appropriate measures to resolve the problem. The processing of claims has now been smoothened. The LD will make efforts to speed up the processing work.

Submission of Case Review Reports

2.26 According to the Training Bodies Manual, case managers are required to carry out a case review with each trainee through interview within four weeks before the completion of the 12-month basic period, and submit a Case Review Report to the LD. One of the objectives of case review is to evaluate the achievement of the Training and Career Plan previously drawn up, and assist the trainee to draw up a future plan. The timely review is important to help the trainee identify his future needs.

2.27 Audit reviewed the 4,789 trainees of 2010-11 who had completed the basic period as at 31 March 2012 and noted that:

- (a) for 3,755 (78%) trainees, the Case Review Reports had not yet been submitted to the LD as at 31 March 2012; and
- (b) Case Review Reports for 1,034 (22%) trainees had been received. The Case Review Reports for 263 (25%) of these trainees were submitted more than 90 days after the completion of the basic period. For 70 of these 263 trainees, the Reports were submitted more than 180 days after the completion of the basic period.

Audit recommendations

2.28 **Audit has recommended that the Commissioner for Labour should:**

- (a) **ascertain the reasons why the training bodies had not submitted Case Review Reports for all trainees in a timely manner; and**
- (b) **take necessary action to ensure that training bodies submit Case Review Reports for all trainees in a timely manner.**

Response from the Administration

2.29 The Commissioner for Labour agrees with the audit recommendations. He has said that though late submission or non-submission of the Case Review Reports would not affect trainees' eligibility for services under the YTPTS, the reasons should be ascertained and improvement measures be put in place.

PART 3: TRAINING COURSES

3.1 This PART examines issues relating to the training courses of the YTPTS.

3.2 Trainees of the YTPTS may enrol on three types of training courses provided by training bodies, namely core course, elective courses (Note 5) and courses for special projects. The normal class size of the courses is 15 trainees. These courses, run on full-day or half-day basis, may include lectures, visits and practice sessions. Each trainee may enrol on one core course and up to four elective courses in the 12-month basic period.

Accreditation of training courses

3.3 Qualifications Framework is a hierarchy that helps place different qualifications of academic, vocational, and continuing education in an orderly fashion. It provides objective benchmarks for quality assurance of different levels of qualifications, thus giving clear information on the objective and standard of courses so that learners can map out their own progression pathways for lifelong learning. Before a training course of the YTPTS can lead to a qualification under the Qualifications Framework, the course must be accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications.

3.4 In February 2006, the LD started preparation work for seeking accreditation of the core course first. Accordingly, the course structure and assessment method for the core course were standardised and adopted by all training bodies. In November 2008, the LD sought the expert advice from the Hong Kong Council for Accreditation of Academic and Vocational Qualifications on how best to take forward the accreditation process and aimed to complete the accreditation of the core course before September 2009.

Note 5: *Elective courses cover discipline and motivation training (80 hours for each course), computer application training (48 to 80 hours for each course) and job-specific skills training (100 to 180 hours for each course).*

Training courses

3.5 In March 2009, the Labour and Welfare Bureau and the LD informed the Panel on Manpower of the Legislative Council that they would seek accreditation of YTPTS training courses by phases. In early 2010, the LD considered the future directions and strategies of the YTPTS. Taking into account the experience accrued after the launch of the YTPTS, the LD considered it preferable to revise the existing training courses to short taster courses for the trainees to have wider exposure to different occupations. However, up to June 2012, the LD had not made a final decision on this.

Audit recommendation

3.6 **Audit has *recommended* that the Commissioner for Labour should complete the review of the appropriateness of accrediting YTPTS training courses under the Qualifications Framework and report the results to the Panel on Manpower of the Legislative Council as soon as practicable.**

Response from the Administration

3.7 The Commissioner for Labour agrees with the audit recommendation. He has said that the LD will complete the review and report to the Panel on Manpower of the Legislative Council as soon as practicable.

Training course inspections

3.8 The LD conducts training course inspections to monitor the quality of training courses. According to the LD's guidelines, at least two officers are required for conducting an inspection to ensure objective evaluation. During an inspection of a selected course, the inspecting officers are required to:

- (a) examine records (e.g. the attendance record) and check the information on the approved course proposal, e.g. the trainers' qualifications (see para. 3.17) and trainer to trainee ratio; and
- (b) observe the environment of training venue, the training equipment and facilities provided and the class conditions and atmosphere.

3.9 The LD sets a performance target that in each programme year, 8% of the courses (Note 6) should be inspected. At the beginning of each programme year, the LD selects courses for inspection giving priority to the courses which require special attention, such as:

- (a) new courses to be organised in the programme year;
- (b) courses to be run at training venues not inspected before;
- (c) courses on which suspected non-compliance with regulations under the YTPTS was found in previous investigations; and
- (d) courses with comparatively poor performance in the course evaluation surveys of the previous programme year.

In addition, the LD inspects courses against which complaints have been received.

3.10 In 2009-10, 2010-11 and 2011-12 (up to 31 March 2012), the LD conducted 89, 82 and 72 inspections respectively (243 inspections in total).

Note 6: *In this context, courses of the same content (e.g. the core course) run at different training venues are considered as different courses.*

Training courses

Only one course is covered in each inspection

3.11 Audit noted that for each training course inspection, only one training course was selected for examination, despite the fact that a number of courses were in progress in the same training venue. Given the various steps involved in an inspection (see para. 3.8), Audit considers that there is room for improving the LD's efficiency by covering more than one course in each course inspection. For instance, two or three courses in the same training venue may be covered in one inspection. In this connection, Audit notes that each workplace inspection (see para. 4.21) may cover more than one trainee in the same workplace.

Selecting targets for inspection

3.12 Training courses are selected for inspection irrespective of the training bodies which organise them. As a result, some training bodies may be inspected more frequently than others. Audit analysed the distribution of the course inspections among the 63 training bodies which had organised training courses during the period September 2009 to March 2012. Audit found that the number of course inspections conducted on each training body varied, ranging from 0 to 22 inspections (see Table 2).

Table 2

**Number of course inspections conducted on training bodies
(September 2009 to March 2012)**

No. of course inspections	No. of training bodies involved
0	10 (16%)
1 to 5	39 (62%)
6 to 10	9 (14%)
11 to 15	2 (3%)
16 to 22	3 (5%)
Total	63 (100%)

Source: Audit analysis of LD records

Coverage of inspections

3.13 In addition to conducting training course inspections, every programme year the LD selects 10% of the training bodies which provide case management services and training courses for inspection to examine the quality of case management services. The training bodies selected include those which have poor results in the trainee surveys and those which have been the subject of complaints. During inspections, inspecting officers interview case managers, examine case files, and review how the training bodies monitor case progress and the service quality.

3.14 Audit considers that the LD may explore whether it would be more efficient to conduct training body inspections, covering both the case management services and training courses. Audit also considers that the LD needs to adopt a risk-and-performance-based approach in selecting training bodies for inspections.

Audit recommendations

- 3.15 **Audit has *recommended* that the Commissioner for Labour should:**
- (a) **consider the feasibility of inspecting more than one training course during each visit to a training venue;**
 - (b) **review the method of selecting targets for training course inspections;**
 - (c) **adopt a risk-and-performance-based approach in selecting training bodies for conducting inspections, covering both their case management services and training courses; and**
 - (d) **in the forthcoming procurement exercise, take into account the results of inspections in the selection of training bodies.**

Response from the Administration

3.16 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) the LD will consider the feasibility of inspecting more than one training course during each visit to a training venue as far as feasible;
- (b) the LD will review the method of selecting targets for training course inspections;
- (c) the LD will adopt a risk-and-performance-based approach in selecting training bodies for conducting inspections, covering both their case management services and training courses, where appropriate; and
- (d) serious non-compliance detected by inspections will be taken into account in the selection of training bodies in the forthcoming procurement exercise.

Trainers' qualifications

3.17 Trainers of training courses are employed by training bodies. Most trainers of the core course are also case managers. Their qualifications are important to the quality of the courses. The training bodies are required to include information on trainers' qualifications in the training course proposals when seeking the LD's approval for the courses.

3.18 Although the LD considered that conducting training courses by trainers without the qualifications stated in the approved course proposals was a serious non-compliance, there was no documentary evidence available showing that the LD had verified their qualifications. Moreover, the training bodies are not required to submit any supporting documents on the trainers' qualifications. In June 2012, Audit accompanied inspecting officers in carrying out three inspections. Audit observed that the inspecting officers verbally asked about the qualifications of the trainers of the three selected courses and checked the information against the approved course proposals. However, the inspecting officers did not ask for or inspect any documents to support the information obtained.

Audit recommendation

3.19 **Audit has recommended that the Commissioner for Labour should, during training course inspections, verify the qualifications of the trainers against the information specified in the approved course proposals.**

Response from the Administration

3.20 The Commissioner for Labour agrees with the audit recommendation. He has said that currently, inspecting officers who have detected discrepancies in trainers' qualifications through verbal enquiries would request submission of supporting documents.

PART 4: WORKPLACE ATTACHMENT AND ON-THE-JOB TRAINING

4.1 This PART examines issues relating to workplace attachment and on-the-job training under the YTPTS.

4.2 Under the YTPTS, trainees are encouraged to engage in workplace attachment and on-the-job training to enrich their job skills and experience so as to enhance their employability (Note 7). To monitor the quality of the attachments and trainings, the LD conducts workplace inspections during the attachment period and the training period of the trainees.

4.3 All attachment vacancies and training vacancies offered by employers are vetted by the LD to ensure that they conform to YTPTS requirements. Approved vacancies are posted onto the LD's website. Audit examined the provision of workplace attachment and on-the-job training, and found that there was scope for improvement.

Engagement rates

4.4 One of the objectives of the YTPTS is to enrich the job experience of the trainees so as to enhance their employability. Workplace attachment and on-the-job training are vital elements of the YTPTS. They help trainees develop positive work attitude, establish good work habits, acquire work knowledge and interpersonal skills as well as understand their abilities and potential. In 2010-11, there were 1,800 workplace attachment vacancies and 11,214 on-the-job training vacancies.

Note 7: *Before the merger of the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme in 2009, workplace attachment and on-the-job training were elements of the Programme and the Scheme respectively.*

Workplace attachment and on-the-job training

4.5 The engagement rate is the percentage of trainees who are engaged in workplace attachment or on-the-job training. Audit calculated the engagement rates for the period 2005-06 to 2011-12 (up to 31 March 2012), and found that less than half of the trainees were engaged. There was room for encouraging more trainees to participate in workplace attachment and on-the-job training (see Table 3).

Table 3

**Engagement rates for trainees
engaged in workplace attachment or on-the-job training
(2005-06 to 2011-12)**

Programme year	No. of trainees	No. of trainees engaged	Engagement rate
2005-06	19,382	7,572	39%
2006-07	17,062	6,143	36%
2007-08	13,314	4,935	37%
2008-09	13,755	4,463	32%
2009-10	15,543	5,205	33%
2010-11	11,921	4,471	38%
2011-12 (up to 31.3.2012)	5,213	2,368	45%

Source: Audit analysis of LD records

Audit recommendations

- 4.6 **Audit has recommended that the Commissioner for Labour should:**
- (a) **ascertain the reasons why less than half of the trainees were engaged in workplace attachment or on-the-job training; and**
 - (b) **take action to encourage more trainees to participate in workplace attachment and on-the-job training.**

Response from the Administration

4.7 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) over the years, the LD has adopted various measures to canvass more suitable on-the-job training vacancies from employers and launched more tailor-made training-cum-employment projects to promote the engagement of trainees in workplace attachment and on-the-job training;
- (b) the LD has been striving hard to encourage more trainees to participate in workplace attachment and on-the-job training as witnessed by a steady rise in the engagement rate from 32% in 2008-09 to 45% in 2011-12 (up to 31 March 2012); and
- (c) the LD will explore feasible ways to further improve the engagement rate.

Trainee surveys

4.8 Every quarter, the LD conducts trainee surveys on all trainees who completed workplace attachment in the previous quarter. Trainees are asked to give their views on various issues:

- (a) whether the assigned tasks agree with those described in the job description;
- (b) the adequacy of support or assistance provided by employers and case managers;
- (c) the relevancy of training courses to the job; and
- (d) whether the workplace attachment is useful in acquiring work knowledge, learning interpersonal skills and building up self-confidence.

4.9 Trainee surveys can help the LD collect feedback from trainees and identify areas for improvement in YTPTS services. Nevertheless, the LD did not conduct trainee surveys for on-the-job training.

Audit recommendation

4.10 **Audit has *recommended* that the Commissioner for Labour should conduct trainee surveys for on-the-job training to collect trainees' views on on-the-job training with a view to improving the training.**

Response from the Administration

4.11 The Commissioner for Labour agrees with the audit recommendation. He has said that the LD will consider conducting trainee surveys for on-the-job training similar to and modelled on those for workplace attachment.

Employer surveys

4.12 Every quarter, the LD conducts employer surveys on employers of all trainees who completed workplace attachment or on-the-job training in the previous quarter. The areas covered in the surveys include:

- (a) the performance of trainees;
- (b) whether the trainees are employed by the employers after the attachment or training; and
- (c) the benefits gained from offering the vacancies for attachment or training.

4.13 Audit noted that the LD only collected feedback from the employers on the performance of their trainees as a whole instead of the performance of individual trainees. Audit considers that employers' feedback on individual trainees is important in helping the trainees concerned to improve their performance and the LD to evaluate and improve its training services. Such feedback is also very useful for the case managers in taking follow-up action with the trainees concerned.

Audit recommendation

4.14 **Audit has *recommended* that the Commissioner for Labour should consider including in employer surveys questions on the performance of individual trainees.**

Response from the Administration

4.15 The Commissioner for Labour agrees with the audit recommendation.

Surveys on development of trainees

4.16 The LD collects information from 10% of trainees a few months after they have completed the 12-month basic period of case management services on whether they are in employment. According to the information collected, the LD calculates the percentage of trainees who are in employment. The percentages for trainees of 2009-10 and 2010-11 were 71% and 76% respectively.

4.17 Audit reviewed the records of 50 trainees of 2009-10 and 50 of 2010-11 who were regarded as in employment in LD's calculation. Audit found that 3 (6%) trainees of 2009-10 and 8 (16%) trainees of 2010-11 were engaged in on-the-job training.

4.18 Furthermore, Audit found that the LD only collected information about the employment of each selected trainee once, but did not track their employment status thereafter. Therefore, the LD did not have information on the sustainability of the trainees' employment. Such information is useful to the LD in considering whether there are any adjustments need to be made to the YTPTS.

Audit recommendation

4.19 **Audit has recommended that the Commissioner for Labour should track the employment status of some or all trainees for a longer period after they have completed the 12-month basic period of case management services and on-the-job training.**

Response from the Administration

4.20 The Commissioner for Labour agrees with the audit recommendation. He has said that:

- (a) at present, the LD conducts a trainee development survey twice a year to track the employment status of the trainees; and
- (b) the LD will review the mode of the existing survey with a view to taking forward the audit recommendation.

Workplace inspections

4.21 The LD conducts workplace inspections on trainees who are engaged in workplace attachment or on-the-job training. The objective is to ensure that the engagement is genuine and in accordance with the requirements of the YTPTS. In 2010-11, the LD conducted 321 inspections, comprising 20 workplace attachment inspections and 301 on-the-job training inspections.

Different practices adopted for the two types of inspections

4.22 Audit found that the LD adopted different practices for workplace attachment inspections and on-the-job training inspections:

- (a) ***Performance targets.*** The LD targets to cover 10% of employers for workplace attachment inspections and 10% of trainees for on-the-job training inspections. No documentary evidence was available showing why different targets were set for the two types of inspections; and
- (b) ***Information collected.*** During workplace attachment inspections, the inspecting officer was required to interview the mentor assigned by the employer to the trainee to seek the mentor's comments on the trainee's performance, and to collect the trainee's views on the usefulness of the attachment. No documentary evidence was available showing that such information was collected during on-the-job training inspections.

Inspection teams

4.23 Audit noted that each workplace attachment inspection was conducted by one officer while each on-the-job training inspection was conducted by two officers together. Taking into consideration the nature and the scope of checking required for the on-the-job training inspections (i.e. to interview trainees to collect information on employment matters), Audit considers that there may be room for reducing the size of the inspection teams for such inspections. If one officer is deployed to carry out each on-the-job training inspection, the other officer can be re-deployed for other gainful uses.

Protecting the trainees' rights

4.24 According to the Employees' Compensation Ordinance (Cap. 282) and the Mandatory Provident Fund Schemes Ordinance (Cap. 485), employers are required to take out employees' compensation insurance and pay mandatory provident fund contributions for the employees. For on-the-job training, there is an employment relationship between the employers and the trainees. Audit noted that the LD's inspecting officers interviewed trainees and collected information on employment terms and conditions. In 2010-11 inspections, the LD found out from 39 trainees that their employers had failed to pay mandatory provident fund contributions. Audit reviewed 14 out of the 39 cases and found that the inspecting officers had urged the 14 employers to pay the contributions. However, for two employers, no documentary evidence was available showing that the LD had taken further follow-up action to ensure that these two employers had finally paid the contributions.

Selection for on-the-job training inspections

4.25 In 2010-11, the LD conducted 301 on-the-job training inspections. Because selections for inspections are focused on trainees (see para. 4.22(a)), Audit noted that among the 258 employers inspected, 26 (10%) employers had been inspected twice and one three times although no irregularities were observed in all the inspections. On the other hand, Audit found that 1,317 employers received no inspection. Moreover, no documentary evidence was available showing that the LD had taken into account the following risk factors in selecting employers for inspections:

- (a) whether the employer was new to the YTPTS;
- (b) whether there were any irregularities observed during previous inspections; and
- (c) whether there were any complaints against the employer.

Audit recommendations

- 4.26 **Audit has *recommended* that the Commissioner for Labour should:**
- (a) **review the justifications for adopting different practices for workplace attachment inspections and on-the-job training inspections. If necessary, revisions should be made so that uniform practices are adopted;**
 - (b) **consider the feasibility of deploying one inspecting officer to carry out each on-the-job training inspection with a view to improving the efficiency of the inspections;**
 - (c) **for non-compliance cases identified during workplace inspections, carry out follow-up actions to ensure that the employers take necessary remedial action; and**
 - (d) **take into account the following risk factors in selecting employers for on-the-job training inspections:**
 - (i) **whether the employer is new to the YTPTS;**
 - (ii) **whether there are any irregularities observed during previous inspections; and**
 - (iii) **whether there have been any complaints against the employer.**

Response from the Administration

4.27 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) the different practices for workplace attachment inspections and on-the-job training inspections would be aligned as far as practicable;
- (b) the LD will consider the feasibility of deploying one inspecting officer to carry out each on-the-job training inspection;

Workplace attachment and on-the-job training

- (c) the LD will continue to ensure that the employers of non-compliance cases identified during workplace inspections take necessary remedial action; and
- (d) the LD will take into account the risk factors set out by Audit in selecting employers for on-the-job training inspections.

PART 5: PROCUREMENT OF SERVICES

5.1 This PART examines issues relating to the procurement of services for the YTPTS.

Procurement of case management services and training services

5.2 Every year, the LD conducts an exercise for procuring case management services and training services (i.e. training courses). The LD invites training bodies to submit proposals for the provision of the services in the forthcoming programme year. Proposals received are assessed using two marking schemes, one for case management services and the other for training courses. The marking schemes comprise a price factor and non-price factors (including past performance of training bodies, their network with employers, experience in providing youth training and employment support services). The exercise for the procurement of services to be provided in 2011-12 involved a total budget of \$161 million.

Procurement procedures not in compliance with government regulations

5.3 In the Government Stores and Procurement Regulations (SPRs), detailed procurement procedures in areas such as tender boards, tender notices, tender documents, tender specifications etc. are stipulated for departments to follow when making purchases of services exceeding the financial limit of \$1.43 million. The financial limit refers to the total value of services of a similar nature obtained in a single purchase. Controlling Officers are required to ensure that officers responsible for procurement matters interpret this limit strictly, and that they do not evade the limit by dividing procurement requirements into instalments or by reducing the usual duration of contracts.

5.4 In August 2011, from an examination of the LD's procurement procedures for services under the YTPTS, Audit noted that although the amount involved in each procurement exercise had exceeded the financial limit of

\$1.43 million, the LD did not follow the procurement procedures specified in the SPRs. Audit then recommended that the LD should, in consultation with the Financial Services and the Treasury Bureau, review the current procedures for procuring services from training bodies and take necessary measures to ensure compliance with the SPRs.

5.5 In response to Audit's recommendations, the LD, in consultation with the Financial Services and the Treasury Bureau, started a review of the LD's procurement procedures in October 2011. In March 2012, the LD informed the Bureau that:

- (a) it would follow the SPR requirements as a longer-term arrangement; and
- (b) it would not be able to adopt the new procurement arrangement for services to be provided in 2012-13 because of the complexities involved and the lead time required for:
 - (i) the vetting and approval of the tender by the Central Tender Board as the total sum involved in the whole procurement exercise would be more than \$100 million per programme year; and
 - (ii) consulting training bodies as the procurement arrangement would be changed substantially.

Owing to an overriding need to ensure the continuity of the YTPTS, the LD proposed to continue with the current procurement procedures for services to be provided in 2012-13 as a stop-gap measure. Noting the need to ensure the continuity of the YTPTS, the Bureau informed the LD that it had no differing views on using the current procedures as an interim measure.

5.6 In March 2012, the LD formed a working group (headed by a Senior Labour Officer) to carry out the necessary preparation work for the new procurement arrangement. The LD also prepared a timetable with a view to adopting the prescribed procurement arrangement with effect from the exercise for procuring services to be provided in 2013-14.

Procurement of services

5.7 Audit pointed out in 2011 that the current procurement procedures were not in compliance with the SPRs (see para. 5.4). It is important that the LD takes timely action to revise the procurement procedures because any slippage may further delay the adoption of the new arrangement.

Duration of contract

5.8 It is stipulated in the SPRs that departments should consider a long-term contract in order to generate more interest among potential suppliers and to enable them to offer more competitive prices. However, Audit noted that every year the LD conducts a procurement exercise for case management services and training services for one programme year.

Audit recommendations

- 5.9 **Audit has recommended that the Commissioner for Labour should:**
- (a) **closely monitor the progress of revising the procurement procedures to ensure that the new procurement arrangement can be timely adopted;**
 - (b) **take into account the results of the periodic checks (see para. 2.20(g)) and the training body inspections (see para. 3.15(d)) when evaluating the training bodies' performance in the forthcoming procurement exercise; and**
 - (c) **consider procuring case management services and training services for a term longer than one programme year.**

Response from the Administration

5.10 The Commissioner for Labour agrees with the audit recommendations. He has said that the LD will closely monitor the progress of the revision of the procurement procedures with a view to adopting the new procurement arrangement for services to be provided in 2013-14 onward.

PART 6: YOUTH EMPLOYMENT START

6.1 This PART examines issues relating to the Youth Employment Start.

6.2 In October 2006, the Government announced that the LD would set up two YERCs to provide advisory and support services on employment and self-employment to young people aged 15 to 29. The Kowloon YERC (total floor area: 330 square metres) was set up in Mongkok in December 2007 and the New Territories YERC (total floor area: 480 square metres) in Kwai Fong in March 2008.

6.3 Facilities provided in each YERC include:

- (a) ***A computer zone.*** The computer zone is an open area where facilities such as computers, fax machines, photocopiers, printers and Internet service are available (see Photograph 1);
- (b) ***A multi-function room.*** The multi-function room is a venue for training courses, seminars and talks (see Photograph 2);
- (c) ***Counselling rooms.*** Counselling services are available to all members at the YERCs. Members can arrange meetings with the counsellors in the counselling rooms (see Photograph 3);
- (d) ***Business workstations.*** Facilities such as computers, scanners, fax machines and telephones are available at business workstations;
- (e) ***A business room.*** Presentation tools such as projector and interactive board are available in the business room. Members can use the business room for holding meetings with their clients and discussions with their business partners; and
- (f) ***A design corner.*** Members can use the professional design hardware and software at the design corner for their design work and the professional printers for preparing output samples for clients.

Photograph 1

Computer zone at the Kowloon YERC



Source: Photograph taken by Audit in May 2012

Photograph 2

Multi-function room at the Kowloon YERC



Source: Photograph taken by Audit in May 2012

Photograph 3

Counselling rooms at the New Territories YERC



Source: Photograph taken by Audit in July 2012

6.4 Membership is valid for 12 months, automatically renewed on a yearly basis if the members still meet the eligibility criteria. As at 31 March 2012, there were some 61,000 members.

Opening hours of YERCs

6.5 The YERCs open from 10 a.m. to 7 p.m. Monday to Saturday (except public holidays). Some courses are held at the YERCs after 7 p.m. Professional consultation service for members may also be arranged after 7 p.m. However, other services and facilities are not available to members after 7 p.m.

6.6 When the LD submitted the Requirement for New Accommodation to the Government Property Agency in October 2006 for the two YERCs, it stated that the YERCs could not be accommodated in government-owned buildings. The LD indicated that it planned to adopt more flexible office hours in running the YERCs so as to fit in with the life style of young people, for example, the YERCs might operate after 7 p.m. to enable young people who had to attend work during day time to undergo training or meet their counsellors.

Youth Employment Start

6.7 In March 2007, the Labour and Welfare Bureau wrote to the Government Property Agency to justify its preference of locating the Kowloon YERC in Langham Place rather than in the Trade and Industry Department Tower. The Bureau pointed out that the Tower was not suitable because the daily opening hours of the YERC would extend up to late evening, say 9 p.m. from Monday to Saturday, sometimes on holidays, with talks, workshops and training for young people after study or work. The Bureau expected that a large group of young people would gather at the YERC beyond regular office hours and on holidays.

6.8 In April 2007, the LD conducted a survey and collected the views of 300 youth employment services users regarding the YERCs. The results of the survey indicated that 55% of the respondents would use the services and facilities of the YERCs in the time slot 6 p.m. to 9 p.m. (see Table 4).

Table 4
Time slots in which respondents would use the services
and facilities of YERCs
(April 2007)

	Time slot			
	9 a.m. to 12 noon	12 noon to 3 p.m.	3 p.m. to 6 p.m.	6 p.m. to 9 p.m.
Percentage of respondents	20%	38%	52%	55%

Source: LD records

Remarks: The percentages add up to more than 100% because one respondent might use the services and facilities in more than one time slot.

6.9 In June 2007, the Labour and Welfare Bureau endorsed the LD's proposal that the opening hours be 10 a.m. to 7 p.m. Audit reviewed the LD's records and noted that the LD gave up the option of operating from 9 a.m. to 9 p.m. because this option would render the operating cost for each YERC exceeding \$1.3 million. This amount was the financial limit specified at that time by the SPRs, purchases of services beyond which would have to follow the tender procedures according to the SPRs.

6.10 Audit analysed the pattern of usage of the YERCs during different time slots in the periods 5 to 17 March and 9 to 21 July 2012. The analysis revealed that the number of members visiting the YERCs in the time slot 10 a.m. to 1 p.m. was less than the other slots (see Table 5). Audit considers that the LD needs to review the opening hours of the YERCs. If extending the opening hours of the YERCs beyond 7 p.m. is not feasible due to resources implications, the LD may consider shifting the opening hours to later hours by opening a couple of hours later in the morning and closing a couple of hours later in the evening.

Table 5
Percentage of users in different time slots
(5 to 17 March and 9 to 21 July 2012)

YERC	Period	Time slot		
		10 a.m. to 1 p.m.	1 p.m. to 4 p.m.	4 p.m. to 7 p.m.
Kowloon	5 to 17 March 2012	16%	32%	52%
	9 to 21 July 2012	19%	32%	49%
New Territories	5 to 17 March 2012	18%	35%	47%
	9 to 21 July 2012	36%	33%	31%

Source: Audit analysis of LD records

6.11 Audit considers that the opening hours of the YERCs from 10 a.m. to 7 p.m. Monday to Saturday may not suit the needs of the members best. In this connection, Audit noted that the opening hours of major and district public libraries of the Leisure and Cultural Services Department serve users better, in that they open seven days a week and open up to 8 p.m. Monday to Saturday and up to 5 p.m. on Sundays and most public holidays.

Audit recommendations

- 6.12 **Audit has *recommended* that the Commissioner for Labour should:**
- (a) **review the opening hours of the YERCs to ascertain whether they serve the target young people best; and**
 - (b) **in the light of the results of the review, consider revising the opening hours of the YERCs to better suit the needs of the target young people.**

Response from the Administration

6.13 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) a review of the opening hours of the YERCs can help ascertain whether they serve the target young people best; and
- (b) the LD will conduct the review and assess whether the opening hours should be adjusted.

Performance standards

6.14 According to the operation contracts between the LD and the operator, 10% of the operating fee will not be paid unless the operator has achieved performance standards specified in the contracts.

Attendance rate

6.15 According to the operation contracts between the LD and the operator, each YERC is required to achieve an average attendance rate of not less than 85% for training activities organised in a quarter. According to the information reported by the operator to the LD, the YERCs achieved a very high average attendance rate in the four quarters from July 2011 to June 2012 (see Table 6).

Table 6

**Average attendance rates of training activities at YERCs
(July 2011 to June 2012)**

YERC	Average attendance rate			
	July – September 2011	October – December 2011	January – March 2012	April – June 2012
Kowloon	128%	113%	102%	114%
New Territories	131%	137%	133%	161%

Source: Audit analysis of LD records

6.16 Audit noted that the operation contracts did not specify the method of calculation of the attendance rate. Instead, the operator calculated the attendance rate by dividing the number of attendees by the target number of enrolments. Audit found that if the target number of enrolments was fixed at an unreasonably low level, the attendance rate would be very high. Audit reviewed all the 89 training activities organised by the YERCs in the quarter ended 31 March 2012, and found that 54 (61%) activities had attendance rates higher than 100%, with attendance rates ranging from 103% to 285%.

Youth Employment Start

- 6.17 There was no documentary evidence showing that the LD had:
- (a) monitored the reasonableness of the target number of enrolments used by the operator in the calculation of attendance rates; or
 - (b) considered revising the target attendance rate upward.

Usage of services

6.18 When the LD invited tenders for the operation contracts of the YERCs, one of the performance standards specified for each YERC was “to attract 36,000 members to attend and to make use of the services”. However, both the LD and the operator who successfully secured the operation contracts interpreted this standard to mean “to attract members to attend and to make use of the services 36,000 times”. In 2011, 28,989 members used the services 37,582 times for the Kowloon YERC and 36,554 times for the New Territories YERC. The LD needs to clarify the interpretation of “36,000 members” in the forthcoming procurement exercise in respect of this performance standard.

Audit recommendations

- 6.19 **Audit has recommended that the Commissioner for Labour should:**
- (a) **review the reasonableness of the operator’s calculation of the attendance rates;**
 - (b) **in the light of the results of the review, revise the calculation method if necessary, taking into account factors such as the capacity of the training venues and the actual number of enrolments; and**
 - (c) **in the forthcoming procurement exercise, clarify the performance standard of each YERC to better reflect the intention of the LD, which is to attract members to use the services of the YERC “36,000 times” a year.**

Response from the Administration

6.20 The Commissioner for Labour agrees with the audit recommendations. He has said that the LD will review the calculation of the attendance rates, and make necessary adjustment in view of the review results.

PART 7: WAY FORWARD

7.1 This PART provides the way forward for improving the youth employment services.

Way forward

7.2 The YTPTS and the YERCs are the two components of youth employment services of the LD. The services are provided by the LD in close partnership with the training bodies for services under the YTPTS and the operator of the YERCs. To ensure the provision of quality employment services to young people, it is important for the LD to monitor the services of training bodies and the YERC operator closely. Apart from strengthening the monitoring of the training bodies and the operator, the LD can also improve the quality of youth employment services by improving the efficiency and effectiveness of its administration of the YTPTS and the YERCs.

Audit recommendations

7.3 **Audit has recommended that the Commissioner for Labour should take on board the audit observations and recommendations in this Report in:**

- (a) **strengthening the LD's monitoring of the provision of YTPTS services by the training bodies and YERC services by the operator; and**
- (b) **improving the LD's administration of the YTPTS and the YERCs.**

Response from the Administration

7.4 The Commissioner for Labour agrees with the audit recommendations. He has said that:

- (a) the LD will introduce new procurement procedures for YTPTS services that comply with the Government's tendering requirements;

Way forward

- (b) the LD will strengthen the monitoring of the provision of YTPTS services by the training bodies and YERC services by the operator;
- (c) the LD will strive to improve its administration of the YTPTS and the YERCs; and
- (d) as some measures recommended by Audit carry significant manpower implications, the LD has to consider how best the recommendations can be taken forward within its staffing capacity and would seek additional resources where justified.

Provision of support and assistance by case managers
(30 June 2012)

Service area	Support and assistance required (Note 1)	No. of relevant trainees	No evidence showing that such services had been provided to the trainees (Note 2)	
			No.	Percentage
Initial assessment	Meet or telephone the trainee to: (a) help the trainee to understand his career needs and directions; and (b) understand the interest, capability and expectations of the trainee.	30	1	3.3%
Training support	(a) Remind the trainee to attend the core course and follow up with him during the course.	8 (Note 3)	2	25.0%
	(b) Discuss with the trainee and make suggestions on choosing the suitable elective courses.	29	11	37.9%
	(c) Follow up with the trainee during the elective course.	14	3	21.4%
Pre-employment assistance	(a) Assist the trainee in the preparation of resume.	28	14	50.0%
	(b) Draw up job search plan for the trainee.	28	11	39.3%
	(c) Carry out mock job interview with the trainee and evaluate his interview techniques.	28	18	64.3%
Career counselling	(a) Assist the trainee in finding suitable places for workplace attachment, on-the-job training and employment.	28	16	57.1%
	(b) Before the trainee attends job interviews, carry out mock interview with the trainee specifically designed for the concerned post.	25	14	56.0%

Appendix A
(Cont'd)
(para. 2.17 refers)

Service area	Support and assistance required (Note 1)	No. of relevant trainees	No evidence showing that such services had been provided to the trainees (Note 2)	
			No.	Percentage
	(c) Assist the trainee to start work when employed.	26	18	69.2%
	(d) Accompany the trainee to attend recruitment seminars or visit recruitment centres.	28	23	82.1%
Workplace attachment and on-the-job training support	(a) Contact the trainee within seven working days after the commencement of the attachment or on-the-job training.	14	4	28.6%
	(b) If the trainee is engaged in on-the-job training, contact him at least every two months.	14	6	42.9%
	(c) If the trainee is engaged in on-the-job training, contact the employer at least every three months.	14	14	100.0%
	(d) Discuss with the trainee the experience gained from on-the-job training.	14	11	78.6%
Case review	Meet the trainee within four weeks before the end of the 12-month basic period to review the case and to decide whether extended case management services are necessary.	29	12	41.4%

Source: *Audit analysis of LD records*

Note 1: *Among the 30 case files examined, not all trainees concerned required support and assistance in all service areas. For instance, some trainees were not engaged in on-the-job training and did not require the related support and assistance.*

Note 2: *For cases in which the case manager had tried to contact the trainee but in vain, the case manager was treated as having provided the service.*

Note 3: *Trainees other than those aged 15 to 19 who joined the YTPTS for the first time were not required to attend the core course.*

Acronyms and abbreviations

Audit	Audit Commission
LD	Labour Department
SPRs	Stores and Procurement Regulations
YERC	Youth Employment Resource Centre
YTPTS	Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme