

CHAPTER 6

Security Bureau

Efforts of the Narcotics Division and Beat Drugs Fund in combating drug abuse

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EFFORTS OF THE NARCOTICS DIVISION AND BEAT DRUGS FUND IN COMBATING DRUG ABUSE

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EFFORTS OF THE NARCOTICS DIVISION AND BEAT DRUGS FUND IN COMBATING DRUG ABUSE

Executive Summary

1. The Narcotics Division (ND) of the Security Bureau is responsible for coordinating policies and measures across the public sector, non-governmental organisations (NGOs) and the community to combat the drug abuse problem. To promote community efforts to beat drugs, the Government established the Beat Drugs Fund (BDF) in March 1996 with a capital outlay of \$350 million to generate investment income for financing anti-drug projects. In May 2010, the Legislative Council (LegCo) Finance Committee approved an injection of \$3 billion into the BDF to generate an enhanced level of funding for supporting sustained anti-drug efforts. The BDF is administered by the Governing Committee of the Beat Drugs Fund Association (BDFFA) with secretariat support provided by the ND. As at 31 March 2015, the ND had a strength of 32 staff. The estimated expenditure of the ND's anti-drug work (excluding staff costs) for 2015-16 was about \$20 million. The Audit Commission (Audit) has recently conducted a review of the ND's work in combating drug abuse, including the administration of the BDF, with a view to identifying room for improvement.

Anti-drug work of the ND

2. *Worsening hidden drug abuse problem.* Over the past ten years, the number of reported drug abusers decreased by 37% from 14,115 in 2005 to 8,926 in 2014. However, the hidden drug abuse problem has worsened since 2007 as the median length of drug abusing experience of newly reported abusers increased from 1.7 years in 2007 to 5.2 years in 2014. The situation was more serious for drug abusers aged 21 and above who had a median length of drug abusing experience of 7.2 years in 2014. The proportion of young adults (aged 21 to 35) represented 55% of the newly reported drug abusers in 2014. This young adult group is mostly outside the reach of the school network. Since 2007, the number of psychotropic substance abusers has exceeded the number of narcotics drugs abusers. Prolonged abuse of psychotropic substances may lead to various long-term and irreversible

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damages to bodily functions. The ND needs to formulate further strategies to address the hidden drug abuse problem (paras. 1.9, 2.2, 2.8 and 2.21).

3. ***Need to enhance measures to tackle hidden drug abuse problem.*** The ND had since the 2011/12 school year launched the Healthy School Programme with a Drug Testing Component (HSP(DT)) to help motivate local secondary school students troubled by drugs to seek assistance and treatment. In 2015/16, the number of local secondary schools participated in the HSP(DT) was 92, representing only 19% of the total 479 local secondary schools. From 2011/12 to 2014/15, the overall proportion of students joining the voluntary drug testing dropped from 48% to 43%. There is a need to enhance the HSP(DT). In 2013-14, a public consultation exercise was conducted on introducing the RESCUE Drug Testing Scheme (RDT), aiming to provide an additional measure to identify drug abusers and refer them to counselling programmes in a timely manner. In 2014-15, the ND informed LegCo that there was a need to explore possible options to resolve controversial issues surrounding the RDT (paras. 2.7(a) and (b), 2.13(a), 2.14(a) and 2.16).

4. ***Need to collect more comprehensive drug abuse information.*** The Central Registry of Drug Abuse (CRDA) was established under the Dangerous Drugs Ordinance (DDO — Cap. 134) to provide drug abuse statistics for monitoring changes in drug abuse trends and characteristics of drug abusers to facilitate the planning of anti-drug strategies and programmes. Through a voluntary reporting system, information of drug abusers is provided to the CRDA by reporting agencies with data confidentiality statutorily protected under the DDO. During the four-year period from 2011 to 2014, 39 (54%) of the 72 reporting agencies had not reported any cases. According to the non-identifying information (i.e. without personal identity) collected by the ND, in 2013, information on 1,055 drug abusers was not reported to the CRDA. The ND also conducts student surveys once every three years to collect information on drug use by students at upper primary, secondary and post-secondary levels. From 2008/09 to 2014/15, the participation rates of all types of schools were generally declining. In particular, only 4% to 14% of international primary schools participated in the surveys, which might have adversely affected the representativeness of the survey results. There is a need to expedite the work on collecting more comprehensive data about the drug abuse population in Hong Kong (paras. 1.8, 2.26, 2.28, 2.31 and 2.35).

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5. *Need to improve preventive education and publicity programmes.* According to the ND, preventive education and publicity is the mainstay of the demand reduction efforts and the very first line of defence in the war against drug abuse. The ND has commissioned a number of NGOs to provide anti-drug education programmes for students and training programmes for teachers. The Task Force on Youth Drug Abuse in 2008 recommended that the education and teacher training programmes should cover their corresponding target schools in three years and five years respectively as far as possible. While 526 (88%) of the 598 target schools for the education programmes were reached in the four-year period from 2010/11 to 2013/14, only 427 (42%) of the 1,011 target schools for the teacher training programmes were reached in the six-year period from 2008/09 to 2013/14. During the respective periods, the numbers of schools, students and teachers reached under the education and training programmes were generally declining (paras. 2.40 to 2.43).

Management of the BDF

6. *Need to review declaration of interests and performance reporting.* The BDFA is responsible for overseeing the administration of the BDF with a fund balance of \$4.3 billion as at 31 March 2015 and approval of grants averaging \$80 million a year. There is a need to review the adequacy of adopting the one-tier reporting system for declaration of interests, which only requires a member of the Governing Committee to declare a conflict of interest as and when it arises. To help enhance performance, transparency and accountability, consideration should be given to developing performance measurements for the BDF and reporting its financial position and operation to LegCo (paras. 3.4 to 3.6).

7. *Need to make better use of the BDF funding schemes.* Under the Regular Funding Scheme, the BDF supports community-driven anti-drug activities in the areas of preventive education and publicity, treatment and rehabilitation, and research. Through the Special Funding Scheme, financial assistance is provided to the Drug Dependent Persons Treatment and Rehabilitation Centres (DTRCs) to carry out capital works for meeting the licensing requirements and enhancing their service capacity. While the government injection of \$3 billion into the BDF was made in 2010 for giving more financial support to anti-drug projects, from 2010 to 2014, the number of annual applications under the Regular Funding Scheme decreased from 349 to 54. The amount of approved funding of \$42 million in 2014 only constituted 6% of the \$682 million available for funding projects in that year. Of the 59 priority areas set in the funding exercises from 2010 to 2014 for soliciting

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projects to address the prevailing drug abuse trend, there were no approved projects for 10 (17%) priority areas. For the Special Funding Scheme, from January 2010 to June 2015, only six DTRCs had obtained funding of \$114.1 million under five projects to carry out capital works. As the BDF is a key vehicle for the Government to support anti-drug work initiated or undertaken by community partners, there is a need to appeal to their support in making better use of the BDF funding schemes in the anti-drug cause (paras. 1.7(b), 3.11 to 3.13, 3.16 and 5.4).

Administration of BDF projects

8. *Areas for improvement in administration of Regular Funding Scheme projects.* In 2010, the ND introduced measures to enhance monitoring of projects funded under the Regular Funding Scheme. However, Audit has found that there is room for improvement in the timeliness of submission of progress reports, final reports and auditors' reports by grantees. In light of the decreasing number of applications from 2010 to 2014, there is a need to encourage potential applicants to propose more worthy projects. In line with good management practices, consideration should be given to developing a marking scheme to facilitate the assessment of applications and notifying the unsuccessful applicants the reasons for the decisions to help them make improvement in their future project proposals (paras. 4.14, 4.16, 4.17 and 4.19(a)).

9. *Areas for improvement in administration of Special Funding Scheme projects.* For a works project funded under the Special Funding Scheme, it is common that the grantee will appoint an authorised person to conduct a technical feasibility study before seeking funding from the BDF. At present, the grantee, with prior approval of the BDFA, is allowed to retain the authorised person to perform the consultancy work on detailed designs and construction administration without going through another consultant selection process. There is a need to review this facilitation arrangement because it does not align with the government practice of ensuring fairness and competition in procurement. There is also a need to review the tendering requirement that grantees should obtain at least 10 tenders for capital works exceeding \$1 million. Such a requirement is more stringent than that applicable to government works projects and may not always be met in practice (paras. 4.24 and 4.25).

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Way forward

10. *Need to conduct an overall review of the BDF.* According to the report issued by the Task Force on Youth Drug Abuse in 2008, it is important to assess the overall effectiveness of the BDF. The last review of the BDF was conducted in 1999. With the lapse of time, it is opportune for the ND to conduct an overall review of the BDF with a view to evaluating its effectiveness, reviewing the allocation of resources and formulating future strategies for the BDF (para. 5.5).

Audit recommendations

11. **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 Narcotics should, in consultation with the Secretary for Education/the Governing Committee of the BDF (as appropriate):**

Anti-drug work of the ND

- (a) **formulate further strategies to tackle the hidden drug abuse problem taking into account the need to:**
 - (i) **make greater efforts to encourage school sponsoring bodies and secondary schools to participate in the HSP(DT) and take further steps to encourage students to participate in the voluntary drug testing (para. 2.23(b) and (c)); and**
 - (ii) **carry out further study on the RDT in consultation with interested parties on aspects of concern in drawing up detailed proposals for the RDT (para. 2.23(e));**
- (b) **strengthen ongoing efforts to encourage reporting agencies to report drug abuse information to the CRDA as far as possible and expedite the work on collecting more comprehensive data about the drug abuse population in Hong Kong (para. 2.36(a) and (b));**

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- (c) consider engaging directly with schools not participating in the student surveys in working out ways to address their concerns and hence securing their collaboration in the surveys (para. 2.36(e));
- (d) take measures to ensure that more target schools of the education and training programmes are covered within a reasonable time frame, and closely monitor the effectiveness of the initiatives in promoting the participation in the programmes (para. 2.50(a) and (b));

Management of the BDF

- (e) review the adequacy of adopting the one-tier reporting system for declaration of interests for the Governing Committee and the performance measurement of the BDF, and consider tabling the annual financial statements and annual reports of the BDF in LegCo (para. 3.9(a), (c) and (d));
- (f) ascertain the reasons for the decrease in funding applications under the Regular Funding Scheme and strengthen efforts to encourage applicants to propose more worthy projects (para. 3.18(a) and (b));
- (g) continue to provide assistance for the DTRCs to upgrade and/or relocate their facilities under the Special Funding Scheme to meet the licensing standards (para. 3.18(d));

Administration of BDF projects

- (h) consider developing a marking scheme for vetting panel members to assess the project applications under the Regular Funding Scheme (para. 4.20(a));
- (i) consider taking regulatory actions against grantees in cases of serious delays in submission of their progress reports, final reports or auditors' reports in accordance with funding agreement provisions (para. 4.20(e));

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- (j) review the requirement on obtaining at least 10 tenders for works projects under the Special Funding Scheme and expedite action on the review of the facilitation arrangement (para. 4.27(a) and (b)); and

Way forward

- (k) conduct an overall review of the BDF with a view to evaluating its effectiveness, reviewing the allocation of resources and formulating future strategies for the BDF (para. 5.6(b)).

Response from the Government

12. The Government generally agrees with the audit recommendations.

PART 1: INTRODUCTION

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

Background

1.2 Drugs not only alter behaviour but also create physical and psychological dependence to varying degrees. Drug abusers may resort to crimes for resources to support the habit. They may eventually die of overdose. The Government attaches great importance to combating drug abuse, with priority accorded to youth drug abuse. The Narcotics Division (ND) of the Security Bureau (SB) is responsible for coordinating policies and measures across the public sector, non-governmental organisations (NGOs) and the community to combat the drug abuse problem. The Action Committee Against Narcotics (ACAN — Note 1) advises the Government on anti-drug strategies and activities.

Role of the ND

1.3 Headed by the Commissioner for Narcotics, the ND joins hands with the ACAN to combat the drug abuse problem through the Government's five-pronged strategy, as follows:

- (a) ***Law enforcement and legislation.*** The ND and relevant government bureaux/departments (B/Ds) closely monitor the changing drug scene and regularly review existing laws to meet any emerging threat and to enable the Hong Kong Police Force (HKPF) and the Customs and Excise Department to take effective enforcement actions against drug crimes;

Note 1: *The ACAN, chaired by a non-official, is a non-statutory body comprising 17 non-official members from the fields of social work, education, medicine and community service, and seven official members (the Director of the Central Narcotics Bureau of Singapore, the Commissioner for Narcotics and representatives from the Education Bureau, the Customs and Excise Department, the Department of Health, the Hong Kong Police Force and the Social Welfare Department).*

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- (b) ***Preventive education and publicity.*** The ND collaborates with relevant B/Ds, community partners and the NGOs to organise preventive education and publicity programmes to promote awareness of the drug issues in the community and to educate the public about the harm of drug abuse;
- (c) ***Treatment and rehabilitation.*** The ND, in consultation with stakeholders in relevant services, draws up successive Three-year Plans on Drug Treatment and Rehabilitation Services in Hong Kong (hereinafter referred to as Three-year Plans — Note 2), setting out the priorities and strategies on the services as a reference for service providers to review and develop their plans and programmes in light of the latest drug scene. The Plans also set out the drug trend and anti-drug initiatives;
- (d) ***Research.*** The ND coordinates drug-related research studies to facilitate the formulation of evidence-based anti-drug strategies and programmes; and
- (e) ***External cooperation.*** The ND and relevant law enforcement agencies (such as the HKPF and the Customs and Excise Department) maintain close partnership with their international and Mainland counterparts in fighting against drug abuse and drug trafficking activities. They participate actively in international and regional anti-drug meetings and seminars to monitor evolving drug scene at the international level.

According to the ND, the estimated government expenditure on major anti-drug activities under the five-pronged strategy for 2014-15 totalled \$983 million. As at 31 March 2015, the ND had a strength of 32 staff (Note 3). The estimated expenditure of the ND's anti-drug work (excluding staff costs) for 2015-16 was about \$20 million.

Note 2: *Since 1997, the ND has been playing a coordination and oversight role in the preparation and roll-out of the Three-year Plans.*

Note 3: *Apart from anti-drug activities, some staff are also responsible for relevant policy matters on anti-money laundering and counter-terrorist financing, and administrative and personnel matters related to the operation of the ND.*

Treatment and rehabilitation programmes

1.4 The Government and the NGOs provide various treatment and rehabilitation programmes for drug abusers with different needs. The Correctional Services Department operates three Drug Addiction Treatment Centres to provide compulsory treatment and rehabilitation services for people who are addicted to drugs and found guilty of offences punishable with imprisonment. Other services include:

- (a) counselling services and assistance for psychotropic substance abusers provided by 11 Counselling Centres for Psychotropic Substance Abusers under the subvention of the Social Welfare Department (SWD);
- (b) residential treatment and rehabilitation services for drug abusers provided by 39 Drug Dependent Persons Treatment and Rehabilitation Centres (DTRCs) operated by the NGOs, of which some are under the subvention of the Department of Health or the SWD;
- (c) medical treatment for drug abusers with psychiatric problems provided by eight Substance Abuse Clinics under the Hospital Authority; and
- (d) methadone treatment for opiate drug abusers in seven day-clinics and 13 evening-clinics provided by the Department of Health.

Beat Drugs Fund

1.5 ***Establishment of the Beat Drugs Fund (BDF).*** To promote community efforts to beat drugs, the Government established the BDF in March 1996 with a capital outlay of \$350 million which should be kept intact. Investment income generated from the BDF is used to finance anti-drug projects which complement the multi-faceted strategy adopted by the Government and the NGOs. The BDF is administered by the Governing Committee (Note 4) of the Beat Drugs Fund

Note 4: *The Governing Committee comprises the Permanent Secretary for Security as the Chairperson, five non-official members and four other official members (the Commissioner for Narcotics, the Director of Accounting Services, and representatives from the Education Bureau and the SWD).*

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Association (BDFFA) which was incorporated under the Companies Ordinance (Cap. 32) in 1996 (Note 5). The ND provides secretariat support to the BDFFA.

1.6 ***Injection into the BDF.*** In May 2010, the Legislative Council (LegCo) Finance Committee (FC) approved an injection of \$3 billion into the BDF to enlarge the capital base to enable an enhanced level of funding for supporting sustained anti-drug efforts of various organisations in the community. According to the FC paper:

- (a) the injection would be an indispensable measure for sustaining the anti-drug campaign on a community-wide level in the long run; and
- (b) an average annual investment return rate of about 4% to 5% in the long run might generate around \$134 million to \$168 million investment proceeds per year from the total capital base of \$3.35 billion. This would enable the BDF to give more financial support to anti-drug projects and to continue providing funding for projects even in times of market volatility and fluctuations in investment income.

1.7 ***Use of the BDF.*** Income generated by the BDF is used to provide financial support for anti-drug projects under the following schemes:

- (a) ***Regular Funding Scheme.*** The regular funding exercises are normally held once a year to support community-driven anti-drug activities in the areas of preventive education and publicity, treatment and rehabilitation, and research. In general, grant applications are invited in the third quarter of each year;

Note 5: *Government funds have been established in different ways such as by statute or by declarations of trust. Taking into account the relevant considerations including the need to roll out the BDF swiftly in response to the serious drug abuse problem at the time, the Government, with the support of the Legislative Council Finance Committee, established the BDFFA under the Companies Ordinance in 1996 to administer the BDF. The new Companies Ordinance (Cap. 622) was introduced in 2014. According to the ND, the BDFFA has taken steps to ensure full compliance with the new legislation.*

- (b) ***Special Funding Scheme for DTRCs.*** The Special Funding Scheme aims to provide financial assistance to the DTRCs to carry out capital works for meeting the licensing requirements stipulated in the Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Ordinance (Cap. 566), and projects for enhancing their service capacity and standard. Applicants may apply for funding support all year round;
- (c) ***Healthy School Programme with a Drug Testing Component (HSP(DT)).*** The HSP(DT) is a school-based preventive education programme with voluntary drug testing for secondary school students. The ND usually invites secondary schools to participate in the HSP(DT) in January each year; and
- (d) ***Anti-drug Community Awareness Building Programme (ACABP).*** It is a multiple-year programme for supporting district-based activities to enhance anti-drug awareness in the community (especially the hidden drug abuse problem) through the 18 District Offices of the Home Affairs Department and 18 District Fight Crime Committees.

Between 2010-11 and 2014-15, the BDF supported a total of 240 projects with funding of \$390.3 million under the Regular Funding Scheme, the Special Funding Scheme and the HSP(DT). For the first round of the ACABP that ran from June 2013 to March 2015, a total of \$3.6 million was provided to the District Offices and the District Fight Crime Committees to organise anti-drug initiatives. The next round of the ACABP has been extended for three years from April 2015 to March 2018 with the total funding increased to \$6.2 million.

Central Registry of Drug Abuse

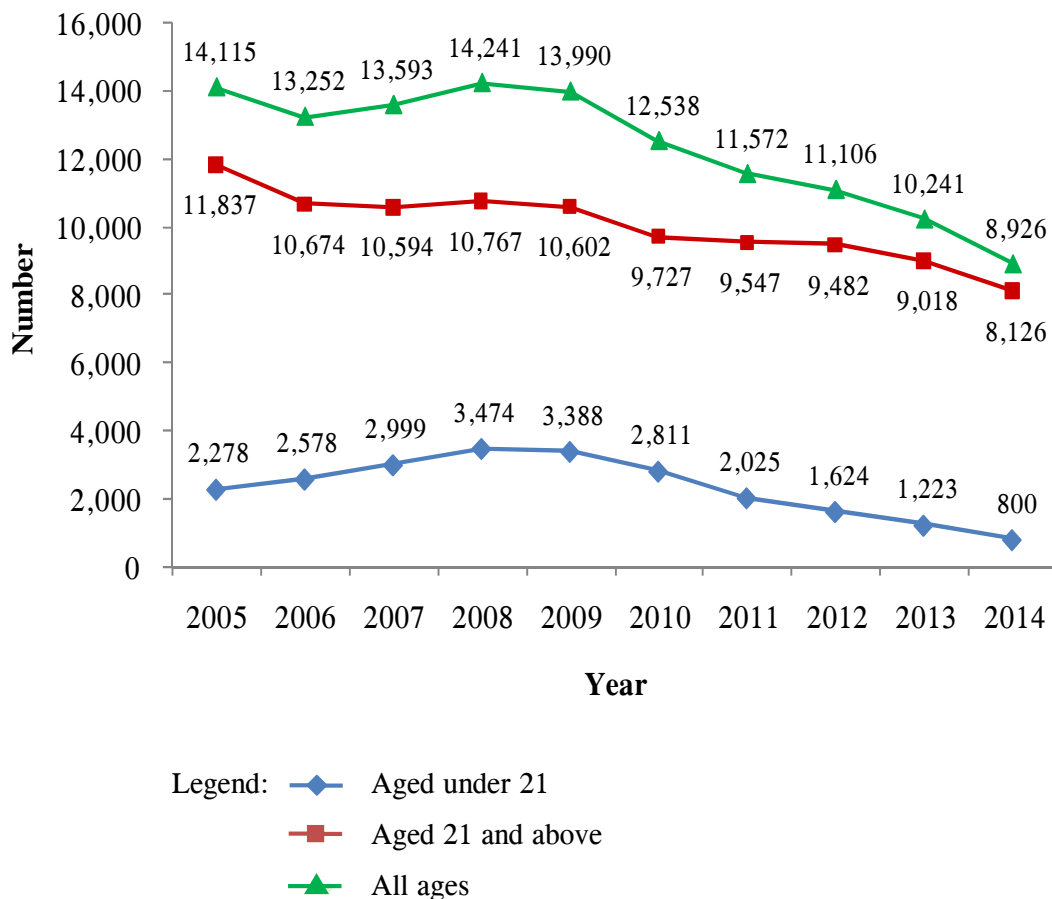
1.8 Established in 1972 under the Dangerous Drugs Ordinance (DDO — Cap. 134), the Central Registry of Drug Abuse (CRDA) of the SB provides drug abuse statistics for monitoring changes in drug abuse trends and characteristics of drug abusers to facilitate the planning of anti-drug strategies and programmes. Through a voluntary reporting system, information of drug abusers provided by the reporting agencies (including law enforcement agencies, treatment and welfare agencies, tertiary institutions, hospitals and clinics) is recorded in the CRDA.

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1.9 According to the statistics of the CRDA, the number of reported drug abusers (Note 6) decreased by 37% from 14,115 in 2005 to 8,926 in 2014 (see Figure 1). In particular, the number of reported young drug abusers aged under 21 increased from 2,278 in 2005 to the peak of 3,474 in 2008, and then decreased significantly by 77% to 800 in 2014. However, during the 10-year period from 2005 to 2014, the median length of drug abusing experience of newly reported abusers increased from 2.1 years to 5.2 years and that of newly reported abusers aged 21 and above increased from 3.2 years to 7.2 years (see Figure 2).

Figure 1

Reported drug abusers (2005 to 2014)

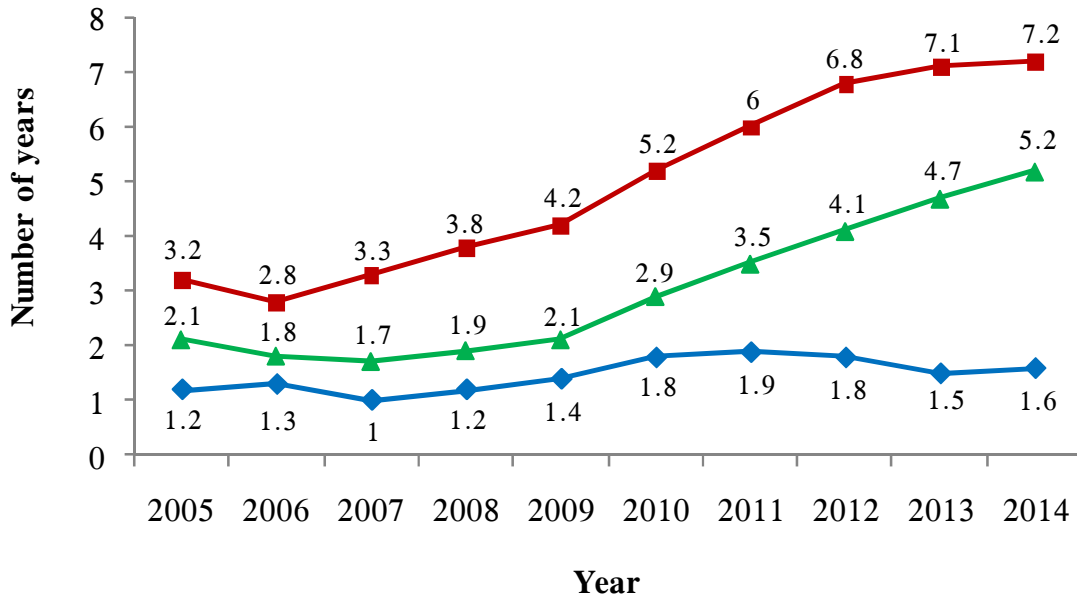


Source: ND records

Note 6: For the purpose of reporting, a drug abuser is defined as a person who has taken drugs in doses above those normally regarded as therapeutic in the preceding four weeks.

Figure 2

**Median length of drug abusing experience of newly reported abusers
(2005 to 2014)**



Legend:
◆ Aged under 21
■ Aged 21 and above
▲ All ages

Source: ND records

Remarks: According to the ND, in the first half of 2015, the medium length of drug abusing experience increased to 6.1 years for newly reported abusers of all ages, and 8.2 years for those aged 21 and above, but decreased to 1.5 years for those aged under 21. These figures could be subject to large fluctuations due to the small number of newly reported abusers captured for the half-year period.

Task Force on Youth Drug Abuse

1.10 In October 2007, the Chief Executive of the Hong Kong Special Administrative Region in his Policy Address announced the appointment of the Secretary for Justice (the Deputy Chairman of the Fight Crime Committee) to lead a high level inter-departmental task force, namely the Task Force on Youth Drug Abuse, to tackle the youth drug abuse problem which had caused community concern at the time. Its terms of reference were to review anti-drug measures,

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spearhead cross-bureaux and inter-departmental efforts, and enhance collaboration among the NGOs, stakeholders and the community, with a view to identifying areas of focus and improvement.

1.11 In November 2008, the Task Force on Youth Drug Abuse issued its report (hereinafter referred to as the 2008 Task Force Report) setting out recommendations on measures to be taken immediately, and sustainable and comprehensive strategies to be implemented in the longer term in various aspects including preventive education and publicity, school sector, treatment and rehabilitation, drug testing, research and the BDF. While the relevant B/Ds would implement the recommendations individually, the ND would take up the coordination role. In the subsequent years, the B/Ds took initiatives to ensure that the demand for various services arising from the prevalence of psychotropic substances was fully met (Note 7).

Chief Executive's anti-drug campaign

1.12 Further to the initiatives recommended by the Task Force on Youth Drug Abuse, the Chief Executive announced in July 2009 the stepping up of the anti-drug campaign. Under the campaign, a number of new initiatives (such as a trial scheme of school drug testing in Tai Po) were launched and existing services were enhanced. The government injection of \$3 billion into the BDF in 2010 (see para. 1.6) also provided new impetus to community projects and capital works for the DTRCs to fulfil licensing requirements. According to the ND, the anti-drug campaign significantly increased the capacity of various anti-drug services, enhanced the awareness of the community on drug issues and engaged various sectors in the community to fight against drug abuse together.

Latest situation on drug abuse

1.13 In May 2015, the ND reported to the LegCo Panel on Security the drug situation of 2014, as follows:

Note 7: *These included expanding the network of Counselling Centres for Psychotropic Substance Abusers, enhancing the outreaching and school social work services for young people with drug problems, increasing the capacities of the DTRCs and increasing the number of clinical sessions at the Substance Abuse Clinics.*

- (a) ***Decline in the number of drug abusers.*** There was a decline in the total number of reported drug abusers (from 10,241 in 2013 to 8,926 in 2014 by 13%), including the decrease of reported young drug abusers under the age of 21 (from 1,223 in 2013 to 800 in 2014 by 35% — see Figure 1 in para. 1.9);
- (b) ***Worsening situation of hidden drug abuse.*** The drug history of newly reported cases was rising. Half of the newly reported abusers in 2014 had abused drugs for 5.2 years or more, compared with 4.7 years in 2013 (see Figure 2 in para. 1.9). About 80% of the 2014 reported drug abusers took drugs at home or at friends' home, rather than at public places; and
- (c) ***Prevalence of psychotropic substance abuse.*** The popularity of psychotropic substance (such as ketamine, methamphetamine (“ice”), cocaine, cough medicine and cannabis) abuse had been growing in the past decade, with the number of psychotropic substance abusers surpassing that of narcotics drug (mainly heroin) abusers since 2007. Specifically, a general decline was observed in most of the substances abused while the number of abusers of “ice” had been increasing.

Audit review

1.14 The Government's five-pronged strategy to combat drug abuse requires the cooperation of various parties in the community including relevant B/Ds, the ACAN, the Hospital Authority and the NGOs (see paras. 1.3 and 1.4). In 2007, the Audit Commission (Audit) conducted two reviews, namely “The Society for the Aid and Rehabilitation of Drug Abusers” (Note 8) and “Voluntary treatment and rehabilitation programmes for drug abusers”, the results of which were included in Chapters 5 and 6 of the Director of Audit's Report No. 50 of March 2008. In 2010, Audit conducted another review on “Residential treatment and rehabilitation services for drug abusers” and the results were included in Chapter 10 of the Director of Audit's Report No. 55 of October 2010.

Note 8: *This NGO adopts a medical approach to provide voluntary residential treatment and rehabilitation programmes for drug abusers.*

Introduction

1.15 Audit has recently conducted a review to examine the ND's work in combating drug abuse, including the administration of the BDF, with a view to identifying room for improvement. The review has focused on the following areas:

- (a) anti-drug work of the ND (PART 2);
- (b) management of the BDF (PART 3);
- (c) administration of BDF projects (PART 4); and
- (d) way forward (PART 5).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

Acknowledgement

1.16 Audit would like to acknowledge with gratitude the assistance and full cooperation of the staff of the ND during the course of the audit review.

PART 2: ANTI-DRUG WORK OF THE NARCOTICS DIVISION

2.1 This PART examines the following issues relating to the anti-drug work of the ND:

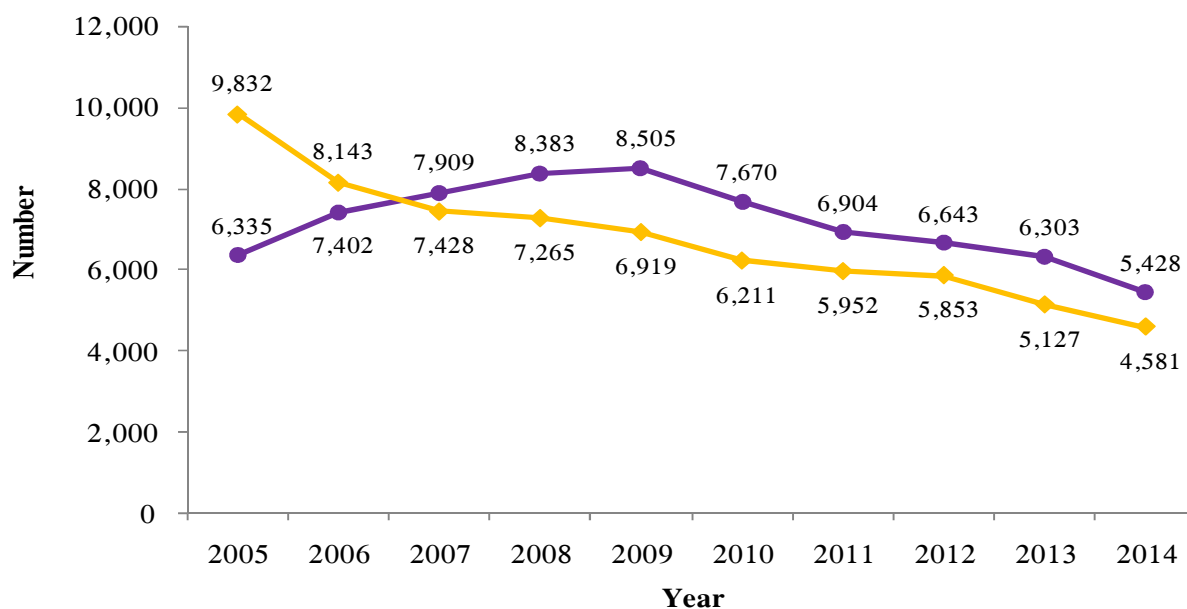
- (a) measures to tackle hidden drug abuse problem (paras. 2.4 to 2.25);
- (b) collection of drug abuse information (paras. 2.26 to 2.39); and
- (c) preventive education and publicity programmes (paras. 2.40 to 2.51).

Drug abuse trend

2.2 Since 2007, the number of psychotropic substance abusers has exceeded the number of narcotics drugs abusers (see Figure 3), indicating that psychotropic substances have become more prevalent than narcotics drugs. Prolonged abuse of psychotropic substances may lead to severe cognitive impairment, depression and hallucinations, and even induce dementia-like symptoms. It may also lead to various long-term and irreversible damages to bodily functions (such as brain, urinary tracts and liver).

Figure 3

Reported abusers of narcotics drugs and psychotropic substances (2005 to 2014)



Legend: ◆ Reported abusers of narcotics drugs
● Reported abusers of psychotropic substances

Source: ND records

Remarks: As an abuser might take both narcotics drugs and psychotropic substances, the total number of reported abusers of narcotics drugs and psychotropic substances was greater than the total number of reported abusers in a year (see Figure 1 in para. 1.9).

2.3 According to the 2008 Task Force Report, psychotropic substance abuse is more hidden in nature because:

- (a) many psychotropic substances can be swallowed or sniffed rather than injected. The need for apparatus is often minimal, making discovery more difficult;
- (b) many psychotropic substances are subject to less frequent use and may not have immediate or apparent harmful effects on the body of an abuser at the beginning of abuse; and

- (c) the lower frequency of psychotropic substance abuse and the slow emergence of withdrawal symptoms and other harmful effects on the body of an abuser often make enquiries by family members less likely and young abusers themselves less motivated to seek help.

Measures to tackle hidden drug abuse problem

Hidden drug abuse

2.4 The continual rise in the median length of drug abusing experience of newly reported cases from 2005 to 2014 (see Figure 2 in para. 1.9) indicates that many drug abusers were only discovered after they had taken drugs for a long period of time. In other words, the hidden drug abuse problem has deteriorated.

Recommendations of the 2008 Task Force Report

2.5 According to the 2008 Task Force Report:

- (a) the rise of psychotropic substance abuse among young people posed significant challenges to Hong Kong. A major difficulty was identification and contact as many youngsters at risk might remain out of reach or unknown to help networks for years;
- (b) identification tools and outreaching programmes should be useful for seeking psychotropic substance abusers out for treatment and rehabilitation. The inadequacy of early intervention had been regarded as a service gap in the anti-drug sector;
- (c) a Supplementary Drug Abuse Monitoring System (SDAMS) to collect more information about the drug situation was originally designed with an additional qualitative module which was held up in 2006 due to non-availability of a suitable researcher (Note 9). The qualitative module

Note 9: *The original design of the SDAMS comprised a quantitative module and a qualitative module. While the quantitative module (for maintaining drug-related data) has been put into operation since 2006, the qualitative module has not been developed (see para. 2.10).*

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would encompass reaching out through different means in a structured manner (e.g. review of professional literature, Internet research, key informant personal interview and focus group discussion);

- (d) the World Health Organisation noted that populations that were best reached or studied through qualitative methods included hidden populations, groups usually not detected through the traditional household or student surveys, and those who did not participate in health and welfare institutions; and
- (e) efforts should be made to develop and launch the qualitative module of the SDAMS.

Initiatives in tackling hidden drug abuse problem

2.6 Over the years, the ND, in consultation with the ACAN, has made efforts to tackle the hidden drug abuse problem. In the Sixth Three-year Plan covering the period from 2012 to 2014, the ND highlighted the early identification of hidden drug abusers for intervention as one of the major anti-drug initiatives. In the Regular Funding Scheme of the BDF, the ND accorded priority to projects that promoted new and innovative measures to tackle the hidden drug abuse problem. According to the ND, the following initiatives had been taken to facilitate the early identification of those with drug problems:

- (a) ***Community awareness.*** The strategic directions for preventive education and publicity initiatives/programmes in both 2013 and 2014 had made enhancing community awareness of drug abuse problems and promoting early help-seeking as major issues;
- (b) ***Community and parent education.*** The ND had strengthened the efforts at community and parent education to prevent people from falling prey to drugs and facilitate early identification of drug abusers. In particular, the ACABP (see para. 1.7(d)) promoted a more active role of the community in identifying hidden drug abusers and encouraging them to seek help early. More support had also been given to family members of drug abusers, including encouraging relevant parties to apply for funding support under the BDF, so that these family members could better handle the drug abuse problem in their families; and

- (c) ***Enhanced outreaching services.*** The outreaching services provided by the Counselling Centres for Psychotropic Substance Abusers (see para. 1.4(a)) and outreaching social service teams had been strengthened. Efforts had also been made to encourage cooperation between the two parties as well as their collaboration with other service units (such as family doctors, nurses and social workers in youth/children centres) in identifying people at risk and drug abusers, and making referrals where appropriate.

2.7 In the Seventh Three-year Plan issued in July 2015, the ND also reported the following initiatives for early identification and intervention of the youth at risk:

- (a) ***HSP(DT).*** The ND had since 2011/12 (Note 10) launched the HSP(DT) (see para. 1.7(c)) to strengthen secondary school students' resolve to stay away from drugs and to help motivate students troubled by drugs to seek assistance and treatment. In 2015/16, over 90 secondary schools (Note 11) would join the HSP(DT);
- (b) ***Drug testing.*** Between September 2013 and January 2014, the ACAN conducted a public consultation exercise on introducing a drug testing scheme, namely the RESCUE Drug Testing Scheme (RDT — Note 12), aiming to provide an additional measure to identify drug abusers and refer them to counselling programmes in a timely manner. In July 2014, the ACAN announced the consultation conclusion and recommendations, and the Government agreed with the ACAN's recommendations on further developing specific proposals for the RDT; and

Note 10: *Unless otherwise stated, a year under the HSP(DT), student surveys and educational and training programmes for schools refers to a school year from September to August of the following year.*

Note 11: *According to the ND, as at September 2015, the number of participating schools in 2015/16 was 92.*

Note 12: *“RESCUE” is an acronym for “Reasonable and Early Screening for Caring and Universal Engagement”. Under the proposed scheme, when there is circumstantial evidence to suspect that a person has taken illicit drugs, the law will enable law enforcement officers to require the person to undergo drug testing procedures.*

- (c) **“186 186” service enhancement.** As part of the initiatives to encourage drug abusers, and their family members and friends to seek help early, an anti-drug telephone hotline service “186 186” had been put in place since August 2009 (Note 13). Instant messaging service “98 186 186” was also launched in mid-2014 (Note 14) to provide people with an additional channel to seek assistance.

Need to formulate further strategies to address hidden drug abuse problem

2.8 The 2008 Task Force Report revealed that the rise of psychotropic substance abuse had posed significant challenges to Hong Kong and many drug abusers had remained out of reach for years. While various initiatives have been taken for early identification of drug abusers (see paras. 2.6 and 2.7), the hidden drug abuse problem has worsened since 2007 and remained an issue of concern. The median length of drug abusing experience of newly reported abusers increased from 1.7 years in 2007 to 5.2 years in 2014, and to 6.1 years in the first half of 2015 (see Figure 2 in para. 1.9). The situation was more serious for drug abusers aged 21 and above who had a median length of drug abusing experience of 7.2 years in 2014. As the ND is responsible for coordinating policies and measures across the stakeholders, it needs to continue its efforts in formulating further strategies to address the hidden drug abuse problem, taking into account the audit findings in paragraphs 2.9 to 2.22.

Need to expedite action on developing a qualitative module of the SDAMS

2.9 The 2008 Task Force Report pointed out that hidden populations were best reached through qualitative methods and appreciated the difficulties in identifying a suitable researcher for developing such methods. Nevertheless, the

Note 13: *The hotline service is manned by professional social workers to provide callers with appropriate counselling services and refer them to the NGOs for follow-up actions. Since its enhancement in 2012, the service has been provided 24 hours a day.*

Note 14: *According to the ND, the instant messaging service was launched on a trial basis and provision of the service in long term would be further reviewed. Starting from 1 July 2015, the service hours have been changed to 10:00 a.m. – 6:00 p.m. daily.*

2008 Task Force Report recommended that efforts should be made to develop and launch the qualitative module of the SDAMS (see para. 2.5(c) to (e)). In July 2008, in the half-yearly progress report on follow-up action on the 2008 audit review of “Voluntary treatment and rehabilitation programmes for drug abusers” (see para. 1.14), the ND informed Audit that it had consulted the Research Advisory Group (Note 15) and would launch the research project on the development of the qualitative module of the SDAMS.

2.10 Since 2010, the ND has invited applicants to develop the qualitative module of the SDAMS as a priority area project under the Regular Funding Scheme of the BDF. One application for developing the module was received each year in 2010 and 2011. However, they were not granted funding support due to keen competition (see para. 3.13(b)). Since then, no application for developing the module had been received.

2.11 The qualitative module would encompass reaching out through different means in a structured manner to collect more information about drug situation. In Audit’s view, there is a need to develop the qualitative module of the SDAMS in a structured manner, as recommended by the 2008 Task Force to enhance understanding of the drug situation and formulation of suitable anti-drug policies and programmes. The ND needs to expedite action in this regard.

Need to enhance the HSP(DT)

2.12 After a successful trial scheme in Tai Po district, the ND has launched since 2011/12 the HSP(DT) with funding support from the BDF (see paras. 1.7(c) and 2.7(a)). It comprises the following two major components:

- (a) ***Voluntary school drug testing.*** It aims at enhancing the resolve of students to stay away from drugs, and triggering the motivation of those students abusing drugs to quit drugs and seek help; and

Note 15: *The Research Advisory Group, comprising the Convenor and members from the ACAN or its sub-committees, and from the academic and professional fields, is responsible for overseeing the drug-related research work.*

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- (b) *Preventive anti-drug and personal growth activities.* The activities aim at cultivating healthy lifestyles of students and fostering a drug free culture on campus, and offering programmes for parents and teachers in providing necessary counselling and support to students in need.

Secondary school participation in the programme and student participation in the drug testing are voluntary. Schools participating in the HSP(DT) may coordinate and seek collaboration with NGOs to design activities which best suit their needs and development.

2.13 *School participation in the HSP(DT).* In around January of each year, the ND and the Education Bureau (EDB) issue a joint invitation letter to all local secondary schools (Note 16) to encourage them to join the HSP(DT) in the next school year (Note 17) and attend experience sharing sessions to enhance their understanding of different aspects of the HSP(DT). The ND also discusses the HSP(DT) with the stakeholders (including school sponsoring bodies, schools, and other relevant organisations or personnel) throughout the year and arranges meetings with the participating schools to gather their feedback on the operation of the programme. Audit noted that:

- (a) the ND aimed to progressively encourage more schools to participate in the HSP(DT). The number of secondary schools joining the HSP(DT) increased from 43 in 2011/12 to 71 in 2014/15, and further to 92 in 2015/16 (see Note 11 to para. 2.7(a)). However, when comparing with the total number of 479 local secondary schools as at August 2015, the school participation rate was only 19%; and

Note 16: *According to the ND, based on its past correspondence with some international schools, they either have included the drug testing element in their school regulations, or preferred compulsory instead of voluntary school drug testing. The ND has separately commissioned an NGO to provide anti-drug education programmes for international schools.*

Note 17: *An option for schools to run the HSP(DT) for two consecutive school years was introduced in 2013/14.*

- (b) the ND had organised experience sharing sessions for schools since 2013. Two sessions were held in early 2015 for the 2015/16 round of applications. However, the number of schools attending the sharing sessions was on the low side, ranging from 30 to 40 each year.

In Audit's view, the ND, in collaboration with the EDB, needs to make greater efforts to encourage school sponsoring bodies and secondary schools to participate in the HSP(DT).

2.14 *Student and parent participation in the HSP(DT).* From 2011/12 to 2014/15, the BDF supported the HSP(DT) with total funding of \$78.3 million. An analysis of the student and parent participation in the HSP(DT) at Appendix A shows mixed results. Audit noted that:

- (a) *Decrease in student participation in voluntary drug testing.* The overall proportion of students joining the voluntary drug testing dropped from 48% in 2011/12 to 43% in 2014/15 (Note 18). Moreover, the student participation rates in individual schools varied significantly from 3% to 96%;
- (b) *Decrease in student participation in preventive anti-drug activities.* From 2011/12 to 2013/14, the total number of students in the participating schools increased by 36% from 34,958 to 47,648. Over the same period, the number of anti-drug activities organised for students generally decreased by 7% from 584 to 546 and the number of students participating in the activities generally decreased by 20% from 99,764 to 79,444. According to the ND, many participating schools had organised more small-group activities to enable more focused work with the target students;
- (c) *Some participating schools not organising anti-drug activities for parents.* From 2011/12 to 2013/14, the number of preventive anti-drug activities organised for/with participation of parents increased from 30 to 55. The significant increase in the number of participants from 795 to 4,296 was encouraging. According to the ND, the funding cycles in the

Note 18: *Students participating in the voluntary drug testing were randomly selected to take the test.*

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past few years were advanced and the funding results were announced before the school years. As a result, more flexibility was provided for schools to arrange activities targeting at Form 1 students and their parents during the orientation period. However, Audit examination of the activity reports submitted by 56 schools participating in the HSP(DT) revealed that:

- (i) 17 (30%) schools had not organised any preventive anti-drug activities for/with participation of parents; and
 - (ii) for the other 39 (70%) schools with activities organised for parents, the number of parent participants in 15 schools did not meet the target numbers proposed in the implementation plans; and
- (d) ***Evaluation research on the HSP(DT)***. The ND had engaged a contractor to conduct an independent evaluation research on the HSP(DT) in 2015/16 to review the effectiveness, administration and monitoring of the programme and make recommendations.

In Audit's view, the ND, in collaboration with the EDB, needs to take further steps to encourage participation in the voluntary drug testing by students and in anti-drug activities by students, parents and/or teachers, taking into account the experience of those schools with higher participation rates and findings of the evaluation research. The ND also needs to identify the reasons for some participating schools not organising anti-drug activities for parents, continue to render appropriate assistance in encouraging parent participation in those activities, and promote experience sharing by participating schools.

Need to continue study on the RDT

2.15 As mentioned in paragraph 2.7(b), in July 2014, the ACAN announced the consultation conclusion and recommendations on the RDT, as follows:

- (a) there was an overwhelming public support. While views in the public submissions were more divided, there was general support for the need to do more to facilitate early identification of drug abusers for early intervention;

- (b) the Swedish experience had demonstrated how a compulsory drug testing scheme might successfully work to achieve the objective of early identification, and hence the provision of assistance to drug abusers; and
- (c) the ACAN recommended that the Government should:
 - (i) continue to explore details of the RDT and engage stakeholders, professional bodies and the public in ongoing discussions. The Government should foster a more favourable environment for considering the RDT, including exploring ways to address the concerns of professional bodies especially on how to minimise the interference to human rights and civil liberties;
 - (ii) share the best practices in other countries (e.g. Sweden) with local stakeholders and develop a follow-up mechanism that could effectively balance giving a chance to the drug abusers while mandating counselling and treatment; and
 - (iii) immediately follow up the recommendations and roll out proposals for operational details for a second-stage public consultation as soon as practicable.

In the same month, the Government announced that it agreed with the ACAN's recommendations on developing specific proposals.

2.16 At a LegCo Establishment Subcommittee meeting in January 2015, in response to some LegCo Members' questions, the Commissioner for Narcotics responded that the Government was mindful of the need to secure support of different sectors for the implementation of the RDT, and there was a need to explore possible options to resolve controversial issues surrounding the RDT. Hence, the Government did not have a firm timetable for launching the second-stage public consultation and the next step would hinge on the views of different sectors in the community and further deliberations of relevant issues with them. In view of the development, the ND needs to carry out further study on the RDT in consultation with interested parties on aspects of concern in drawing up detailed proposals for the RDT.

Need to further improve public awareness of hotline service and instant messaging service

2.17 Anti-drug enquiry services are provided for drug abusers to seek help early through the 24-hour hotline service “186 186” and instant messaging service “98 186 186” (see para. 2.7(c)). The ND has publicised the services through different means, including Announcements in the Public Interest through television and radio, advertisements on smartphone applications and online discussion forums, posters, and preventive education and publicity activities.

2.18 The ACAN considered that the hotline and instant messaging services provided support and assistance to hidden drug abusers. This was supported by usage statistics that between 20 September 2012 and 30 April 2015, of the total 4,981 help-seeking cases received through the two services, 1,821 (37%) were related to first-time help-seekers.

2.19 The ND conducts annual opinion surveys of Hong Kong residents aged between 11 and 60 through telephone interviews to assess the extent to which the relevant publicity initiatives have helped promote awareness of specific publicity messages as a reference for future publicity initiatives. According to the 2013 and 2014 surveys:

- (a) the awareness rates of the anti-drug messages promoted by the relevant publicity initiatives on the hotline service “186 186” ranged from 42% to 52%; and
- (b) the awareness rate of the anti-drug messages on the instant messaging service “98 186 186” was 21% after launching the service and relevant Announcement in the Public Interest for six months (Note 19) (see Appendix B).

Note 19: *According to the ND, it is not uncommon for a service and its related publicity initiatives, which have only been launched for about six months by the time the public opinion survey is conducted, to be relatively lower. Experience tells that the awareness would gradually improve with time.*

2.20 According to the ND, efforts in enhancing and promoting the “186 186” services as an additional channel to encourage drug abusers to seek early help had been well appreciated by stakeholders in the anti-drug field. However, during a consultation session with the NGOs on the Seventh Three-year Plan before its issue in July 2015, a few NGOs commented that the hotline service “186 186” should be further promoted as some members of the public were not well aware of its purposes. In Audit’s view, the ND needs to take measures to further improve public awareness of the two services. The ND also needs to review the effectiveness of the instant messaging service “98 186 186” which has been launched on a trial basis since mid-2014 (see para. 2.7(c)) to determine the way forward.

Need to analyse views of young adults in annual opinion surveys

2.21 Audit noted that of the newly reported drug abusers in 2014, 55% were young adults (aged 21 to 35). They were mostly outside the reach of the school network. Their views collected through the annual opinion surveys (see para. 2.19) are important for planning future publicity initiatives. The present practice of specifically analysing only the views of three categories of respondents (i.e. youngsters aged from 11 to 20, parents, and high-risk people who know some drug abusers and/or have been offered drugs before) needs enhancement to also cover the views of young adults.

Discrepancies in voluntary drug testing figures

2.22 In examining the HSP(DT), Audit requested the ND to provide yearly data on voluntary school drug testing from 2011/12 to 2013/14 including the number of participants, number of persons who took the test and number of persons who did not complete the test. Audit found that some figures provided by the ND were different from those provided to LegCo Members in the examination of Estimates 2015-16 in March 2015. In particular, the discrepancies were most significant for 2011/12 (see Appendix C). Upon enquiry, the ND said that the discrepancies could be attributed to the use of incomplete information for 2011/12, and data collection at different snapshots and data compilation based on different definitions for 2012/13 and 2013/14. The ND acknowledged that there was some oversight in providing certain figures. In Audit’s view, the ND needs to step up checking of information provided to LegCo.

Audit recommendations

2.23 **Audit has recommended that the Commissioner for Narcotics should formulate further strategies to tackle the hidden drug abuse problem taking into account the need to:**

- (a) expedite action on developing the qualitative module of the SDAMS to enhance understanding of the drug situation and formulation of suitable anti-drug policies and programmes;**
- (b) in collaboration with the Secretary for Education, make greater efforts to encourage school sponsoring bodies and secondary schools to participate in the HSP(DT);**
- (c) in collaboration with the Secretary for Education, take further steps to encourage participation in the voluntary drug testing by students and in anti-drug activities by students, parents and/or teachers, taking into account the experience of those schools with higher participation rates and findings of the forthcoming evaluation research of the HSP(DT);**
- (d) in collaboration with the Secretary for Education, identify the reasons for some participating schools not organising anti-drug activities for parents, continue to render appropriate assistance in encouraging parent participation in those activities, and promote experience sharing by participating schools;**
- (e) carry out further study on the RDT in consultation with interested parties on aspects of concern in drawing up detailed proposals for the RDT;**
- (f) take measures to further improve public awareness of the hotline service “186 186” and instant messaging service “98 186 186”;**
- (g) review the effectiveness of the instant messaging service “98 186 186” which has been launched on a trial basis since mid-2014 to determine the way forward;**

- (h) **analyse the views of the young adults collected through the annual opinion surveys for planning future publicity initiatives; and**
- (i) **step up checking of information provided to LegCo.**

Response from the Government

2.24 The Commissioner for Narcotics agrees in principle with the audit recommendations for formulating further strategies to tackle the hidden drug abuse problem. She has said that:

- (a) it has been one of the ND's priorities in continuously identifying measures, in collaboration with the ACAN, the anti-drug sector and the community, to tackle the hidden drug abuse problem on different fronts;
- (b) the ND adopts an evidence-based approach in the formulation of anti-drug policies and programmes. It will continue to collect both qualitative and quantitative data to facilitate understanding of the drug situation and implementation of suitable anti-drug initiatives;
- (c) taking into account difficulties encountered in identifying a suitable researcher for the development of the qualitative module of the SDAMS and the Research Advisory Group's view that the relevant information could be collected from other means, the ND has been making continuous attempts to capture qualitative information through multiple sources to enable the monitoring of the drug trend in a comprehensive manner. These include frequent engagement with frontline workers, establishing a drug monitoring system to keep track of the development of new types of psychotropic drugs in the market, and commissioning various thematic researches. The ND will continue with such efforts and will consult the ACAN and the Research Advisory Group as appropriate;
- (d) the ND welcomes the audit recommendation on encouraging participation of school sponsoring bodies and secondary schools in the HSP(DT). The ND is actively promoting the HSP(DT) through multiple stakeholder engagement, including members of school sponsoring bodies, school principals and staff, and/or relevant organisations and personnel. Against the concerns expressed by some schools over possible labelling effects

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caused by conducting school drug testing, it is noted that the steady growth in the number of schools joining the HSP(DT) since 2011/12 reflects that the existing promotional strategies are bearing fruit. The ND will continue to actively promote the HSP(DT), including promoting understanding of its objectives;

- (e) as a school-based initiative, the HSP(DT) allows flexibility for participating schools to plan and organise activities and school drug testing according to their specific background and circumstances. Schools may therefore have varying preference on activities for parents and/or teachers. The ND respects the assessment of the schools and will continue to encourage schools to arrange activities which best suit the needs of students and the development of the schools;
- (f) student participation in school drug testing will vary in different schools with regard to the voluntary nature of the component. In particular, experience shows that it takes time for students and parents to be familiar with the objectives and administration of drug testing, but the student participation rate will gradually pick up after one or two school years. The ND will continue to work with schools and the NGOs to encourage student participation in school drug testing;
- (g) the ND takes an active interest in continuously reviewing the administration of the HSP(DT) in light of experience. The independent evaluation research commissioned in 2015/16 (see para. 2.14(d)) will also cover issues addressed by Audit and will, where appropriate, make recommendations on improvement measures;
- (h) the audit recommendation in paragraph 2.23(e) is in line with the Government's direction. The ND will continue to examine different issues concerning the RDT in consultation with interested parties;
- (i) the ND attaches great importance to promoting public awareness on and usage of the services of "186 186" and "98 186 186", as one of the measures for addressing the hidden drug abuse problem. Such efforts will continue. The ND will also review the effectiveness of the "98 186 186" service as soon as possible to determine the way forward;

- (j) the ND conducts annual public opinion surveys to gauge the effectiveness of various publicity initiatives implemented in the past years. In light of the rising proportion of drug abusers in their young adulthood, the ND will collect and analyse the views of this group in future surveys; and

- (k) the ND will step up checking of information provided to LegCo in future. In response to Audit's request for data during the audit review, the ND adopted new formats of tabulations for data entry as well as more formulae for the compilation of statistics. The new system of data entry, with computer validation checking, will provide an assurance for consistency and reliability, and has since June 2015 been adopted in all relevant data updating. Meanwhile, the ND will explore other measures to improve the system in the context of the evaluation research commissioned (see para. 2.14(d)), including seeking to standardise definitions and establishing a complete set of quality control measures to counter-check data input. The objective will be to ensure the reliability of the system for statistical analyses as the amount of data continues to grow steadily as a result of the extension of the HSP(DT) to more schools.

2.25 The Secretary for Education generally accepts the audit recommendations in paragraph 2.23(b) to (d). He has said that:

- (a) the EDB will continue to work with the ND to further enhance the implementation of the HSP(DT) by encouraging school sponsoring bodies and secondary schools to participate in the HSP(DT) and promoting experience sharing to disseminate good practices; and

- (b) the HSP(DT) is funded by the BDF. In this connection, the EDB will continue to collaborate with the ND in vetting the applications and providing advice to the NGOs in organising the anti-drug activities.

Collection of drug abuse information

2.26 The ND collects drug abuse information mainly through the CRDA and student surveys:

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- (a) **CRDA.** Drug abuse information is provided to the CRDA on a voluntary basis by the reporting agencies (see para. 1.8). The confidentiality of all records held by the CRDA and its reporting agencies is safeguarded by the DDO and the Personal Data (Privacy) Ordinance (Cap. 486). As at August 2015, there were 72 reporting agencies which were included in Schedule 4 of the DDO under which data confidentiality is statutorily protected; and
- (b) **Student surveys.** The ND conducts surveys once every three years (Note 20) to collect information on drugs use by students at upper primary, secondary and post-secondary levels (Note 21). Students are required to complete an anonymous questionnaire and only aggregated statistics of the surveys are released.

Need to encourage reporting of drug abuse information to the CRDA

2.27 As the collection of drug abuse information by the CRDA relies on a voluntary reporting system, some reporting agencies may not report all the drug abuser cases. As stated in the 2008 Task Force Report, it was not the intention of the CRDA to ascertain the exact size of the drug abuse population in Hong Kong, but statistics derived from it would reflect the trends of drug abuse. Given that there were demands by different quarters to reduce under-reporting of the CRDA as far as possible, the 2008 Task Force Report recommended that the ND should make ongoing efforts to improve the CRDA. In response, the ND in 2012 and 2014 invited 54 reporting agencies to attend two briefings to promote the work of the CRDA and collect feedback from them. However, the attendance rates of the reporting agencies in the two years were only 52% and 48%. In the consultation stage of the Seventh Three-year Plan, the ND noted that some reporting agencies were concerned about the security of drug abuse information which was in fact

Note 20: *Before 2008/09, student surveys were conducted once every four years.*

Note 21: *Upper primary level refers to primary four to six of local primary schools and year five and six of international primary schools. Secondary level refers to secondary one to six of local secondary schools and year seven to 13 of international secondary schools. Post-secondary level refers to publicly-funded and self-financing degree and sub-degree programmes.*

protected by law (Note 22). The ND had pledged in the Three-year Plan to continue to organise briefings/seminars to familiarise reporting agencies with the use of the CRDA and advise them of the safeguards which had been built into the system to protect the privacy of reported drug abusers.

2.28 The current reporting situation of drug abuse information is still a matter of concern, as evidenced by the following:

- (a) in 2014, 41 (57%) of the 72 reporting agencies had not reported any cases to the CRDA (Note 23). During the four-year period from 2011 to 2014, 39 (54%) reporting agencies had not reported any cases; and
- (b) according to the non-identifying information collected by the ND (Note 24), in 2011, 2012 and 2013, 1,213, 1,572 and 1,055 drug abusers (who were engaged by the reporting agencies) were not willing to be identified and therefore their information was not reported to the CRDA.

Relevant drug abuse statistics are crucial to the planning of anti-drug strategies and programmes. In Audit's view, the ND needs to strengthen its ongoing efforts to encourage reporting agencies to report drug abuse information to the CRDA as far as possible (e.g. inviting all reporting agencies to attend the briefings), particularly for those which have not done so for years.

Note 22: *All information supplied to the CRDA is accessible only to the people who are directly involved in the operation of the CRDA and workers of reporting agencies. They are required to observe the rule of confidentiality. Any person who discloses any record of confidential information which is kept by the CRDA or a reporting agency, or supplies to any person information obtained from any such record, or permits access to any such record, commits an offence.*

Note 23: *According to the 2008 audit review (see para. 2.9), 39 (58%) of the 67 reporting agencies had not reported any drug abuser cases in 2006. The number of reporting agencies has increased from 67 to 72 since 2011.*

Note 24: *Since 2009, the ND has collected from some reporting agencies annually the characteristics of drug abusers (without personal identity) whom they came into contact but their information was not reported to the CRDA.*

Need to follow up estimation methods for drug abuse population

2.29 The 2008 Task Force Report also pointed out that:

- (a) owing to the voluntary nature of the CRDA and student surveys, the number of drug abusers might be grossly underestimated. There were increasing demands for a more accurate estimate of the number of drug abusers to facilitate better allocation of resources and formulation of policies and measures; and
- (b) while acknowledging that there was no universally accepted method to accurately measure the size of the drug abuse population in a country or a territory, the Report recommended that:
 - (i) further research should be launched to review various methodologies for estimating the drug population and to recommend a possible method that would be suitable in the Hong Kong context; and
 - (ii) subject to a satisfactory identification of a suitable estimation method, a further study might be considered in due course to apply the method for estimating the number of drug abusers in Hong Kong.

2.30 In late 2009, the ND engaged a contractor to review the estimation methods on prevalence of drug abuse population in Hong Kong. The contractor completed the study in February 2013 and recommended, among others, adopting the two-source capture-recapture methodology (Note 25) in estimating the number of drug abusers.

2.31 In September 2015, in response to Audit's enquiries, the ND said that:

Note 25: *This methodology is commonly used to estimate a population's size when it is not practical to count all the individuals in the population.*

- (a) at its meeting in February 2013, the Research Advisory Group had considered the proposal but was of the view that the assumptions required of such methodology (such as assuming the population under study to be closed without individuals entering or leaving during the study period) were in practice not met. Thus, the estimates derived from the 2013 study should serve as a reference only, and could at best give a rough estimate of the size of the drug abuse population. Therefore, the estimates should not be taken as the basis for resource planning; and
- (b) in 2015, the BDF had supported another research to estimate the total drug abuse population of Hong Kong.

In Audit's view, the ND needs to expedite the relevant work in this regard with a view to collecting more comprehensive data about the drug abuse population in Hong Kong.

Need to improve data submission to the CRDA

2.32 The CRDA has developed an e-Submission system to facilitate online submission of electronic data of drug abusers by reporting agencies. The system also streamlines the ND's work flow and improves data quality and timeliness for the CRDA. However, Audit noted that as at August 2015, two of the 72 reporting agencies (including the HKPF) still submitted drug abuse information to the ND in paper form:

- (a) the HKPF submitted information of some 2,000 drug abuser cases (or 23% of the total cases) in 2014. The information was in fact stored in the HKPF's computer system but there was no interface with the CRDA to enable electronic transfer of data. According to ND records, the ND had discussed with the HKPF in 2008 and 2009 on the interface issue. Owing to data security consideration, the HKPF had to undertake system upgrading in order to enable electronic data transfer for CRDA reporting. With the lapse of time, the ND needs to take prompt follow-up actions with the HKPF with a view to improving the efficiency and accuracy in data submission to the CRDA; and

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- (b) as regards the other reporting agency, the ND informed Audit in October 2015 that due to its focus on long-term residential drug treatment service, this agency normally had only a small number of abusers to report (e.g. only 10 in 2014). Flexibility for reporting agencies to choose their form of submission would give them greater motivation to report.

Need to widen the reporting network and keep Schedule 4 of the DDO up-to-date

2.33 As a result of the ND's efforts to identify new reporting agencies, the number of reporting agencies increased from 67 in 2006 to 72 in 2015. However, Audit noted that an organisation which reported an average of 46 drug abuser cases to the CRDA each year during 2010 to 2014 had not been included in Schedule 4 of the DDO to provide statutory protection for data confidentiality (see para. 2.26(a)).

2.34 Given the increasing problem of hidden drug abuse among those aged 21 and above, some organisations (such as self-funded tertiary institutions) which might have contacts with drug abusers of this age group should be enlisted as reporting agencies and included in the Schedule. In Audit's view, the ND needs to step up its efforts to widen the reporting network of the CRDA and regularly update the reporting agencies list in Schedule 4 of the DDO to accord them the statutory protection of data confidentiality.

Need to improve school participation in student surveys

2.35 As mentioned in paragraph 2.26(b), the ND engages contractors to conduct student surveys regularly to collect information on drug-taking trends and patterns, drug-taking students' profiles, and students' knowledge of drugs and attitudes towards drug-taking. To ensure the representativeness of the survey, a high participation rate of schools is desirable. Before the launch of each survey, the ND and the EDB issue a joint letter to solicit the schools' support. Audit examination of the surveys conducted in the 2008/09, 2011/12 and 2014/15 (see Appendix D) revealed that:

- (a) the participation rates of all five types of schools were generally declining (i.e. from 70% in 2008/09 to 63% in 2014/15 for local primary schools, from 14% to 9% for international primary schools, from 68% to 63% for local secondary schools, from 52% to 38% for international secondary schools, and from 94% to 81% for post-secondary institutions); and
- (b) the participation rates of international schools were generally lower than those of local schools. In particular, only 4% to 14% of international primary schools participated in the surveys, which might have adversely affected the representativeness of the survey results. According to the ND, with a view to encouraging participation by international schools, it had invited all international schools to participate in the surveys, instead of adopting a sampling method. The number of participating international schools was maintained at a stable level.

According to the schools' feedback collected by the contractors, the main reasons for not participating in the student surveys were time constraint and no interest in participation. In Audit's view, the ND, in collaboration with the EDB, needs to consider engaging directly with the non-participating schools in working out ways to address their concerns and hence securing their collaboration in the surveys.

Audit recommendations

2.36 **Audit has recommended that the Commissioner for Narcotics should:**

- (a) **strengthen ongoing efforts to encourage reporting agencies to report drug abuse information to the CRDA as far as possible, particularly for those which have not done so for years;**
- (b) **expedite the work on collecting more comprehensive data about the drug abuse population in Hong Kong;**
- (c) **take prompt follow-up actions with the HKPF on interfacing the computer systems to enable electronic transmission of drug abuse information to the CRDA;**

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- (d) **step up efforts to widen the reporting network of the CRDA and regularly update the reporting agencies list in Schedule 4 of the DDO; and**
- (e) **in collaboration with the Secretary for Education, consider engaging directly with schools not participating in the student surveys in working out ways to address their concerns and hence securing their collaboration in the surveys.**

Response from the Government

2.37 The Commissioner for Narcotics agrees in principle to explore the audit recommendations, where appropriate. She has said that:

- (a) the ND makes ongoing efforts to encourage reporting to the CRDA by both existing and new agencies. Apart from organising briefings to reporting agencies, the importance of reporting to the CRDA had also been highlighted during the consultation on the Seventh Three-year Plan (see para. 2.27);
- (b) as regards electronic data submission to the CRDA, the ND and the HKPF will continue to work closely together in pursuing the necessary system upgrading for achieving the purpose;
- (c) the ND attaches great importance to collecting comprehensive data about the drug abuse population in Hong Kong, and will continue to closely monitor the progress of the research study which commenced in 2015 (see para. 2.31(b)); and
- (d) the ND makes vigorous efforts in encouraging participation in the student surveys. Apart from issuing joint letters to school principals with the EDB, and inviting all international schools (as against adopting a sampling method) to participate in the survey, various measures have been implemented to encourage participation (e.g. conducting briefings for school head associations to promote support, seeking help from the NGOs which have close working relationship with schools on drug issues to urge schools to join the survey, providing participating schools with individual school reports on aggregated statistics of survey results of their

students as an incentive, and flexibly arranging the fieldwork sessions to suit the busy schedule of schools). Nevertheless, the ND will continue to explore further means to encourage schools' participation in future student surveys, in collaboration with the EDB.

2.38 The Commissioner of Police agrees with the audit recommendation in paragraph 2.36(c). He has said that the HKPF and the ND will continue to work closely together in pursuing the necessary system upgrading for electronic data submission to the CRDA.

2.39 The Secretary for Education generally accepts the audit recommendation in paragraph 2.36(e). He has said that the EDB will continue to work with the ND to further enhance the conduct of regular student surveys by soliciting the schools' support in the surveys.

Preventive education and publicity programmes

2.40 According to the ND, preventive education and publicity is the mainstay of the demand reduction efforts and the very first line of defence in the war against drug abuse under the five-pronged anti-drug strategy (see para. 1.3(b)). Over the years, the ND has worked closely with relevant stakeholders to implement various preventive education and publicity initiatives.

2.41 To enhance drug education in primary and secondary schools, the ND has commissioned a number of NGOs to provide the following three types of anti-drug education and training programmes (Note 26):

Note 26: *The NGOs' services are paid based on the number of students/teachers/schools reached.*

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- (a) ***On-site education programmes for students.*** These programmes are provided for primary three to six students in all local primary schools and all international primary and secondary school students (Note 27). Programme contents cover knowledge on common drug types and their harmful effects, refusal skills and information on help-seeking channels;

- (b) ***Half-day on-site training programmes for teachers.*** Pursuant to the recommendations of the 2008 Task Force Report, the ND organises these programmes for teachers of all local primary and secondary schools aiming to enhance their skills in delivering anti-drug education, identifying the youth at risk and handling students with drug problems, and to equip them with skills and practical knowledge in implementing a healthy school policy with an anti-drug element promulgated by the EDB (Note 28); and

- (c) ***Two-day advanced training programmes for key school personnel and school management staff.*** Also pursuant to the recommendations of the 2008 Task Force Report, the ND provides these programmes for key school staff of all local primary and secondary schools. Programme contents cover techniques in drawing up guidelines for handling drug cases in schools and developing a framework for helping high risk students.

Audit examination of the drug education programmes organised by the ND during 2009/10 to 2013/14 revealed room for improvement. Audit findings are set out in paragraphs 2.42 to 2.49.

Note 27: *The education programmes for local secondary schools are organised by 11 Counselling Centres for Psychotropic Substance Abusers under the subvention of the SWD.*

Note 28: *In response to one of the recommendations of the 2008 Task Force Report, the EDB has been promoting the institutionalisation of a healthy school policy with an anti-drug element in schools.*

*Need to cover more target schools
in education and training programmes*

2.42 The 2008 Task Force Report recommended that the education programmes for upper primary students and training programmes for teachers should cover their corresponding target schools in three years and five years respectively as far as possible. However, during the four-year period from 2010/11 (Note 29) to 2013/14, 526 (88% of the 598 target schools — Note 30) schools for the education programmes were reached. During the six-year period from 2008/09 (i.e. the launch of the programme) to 2013/14, only 427 (42% of the 1,011 target schools — Note 31) schools for the training programmes were reached. Audit notes that in recent years the ND has been monitoring the participation rates of students/teachers in addition to schools. However, there is still a need to take measures to ensure that more target schools are covered within a reasonable time frame.

*Need to encourage participation in
education and training programmes*

2.43 Figures 4 and 5 are year-by-year analyses of the numbers of schools, students and teachers reached under the education and training programmes. It can be seen that they were generally declining.

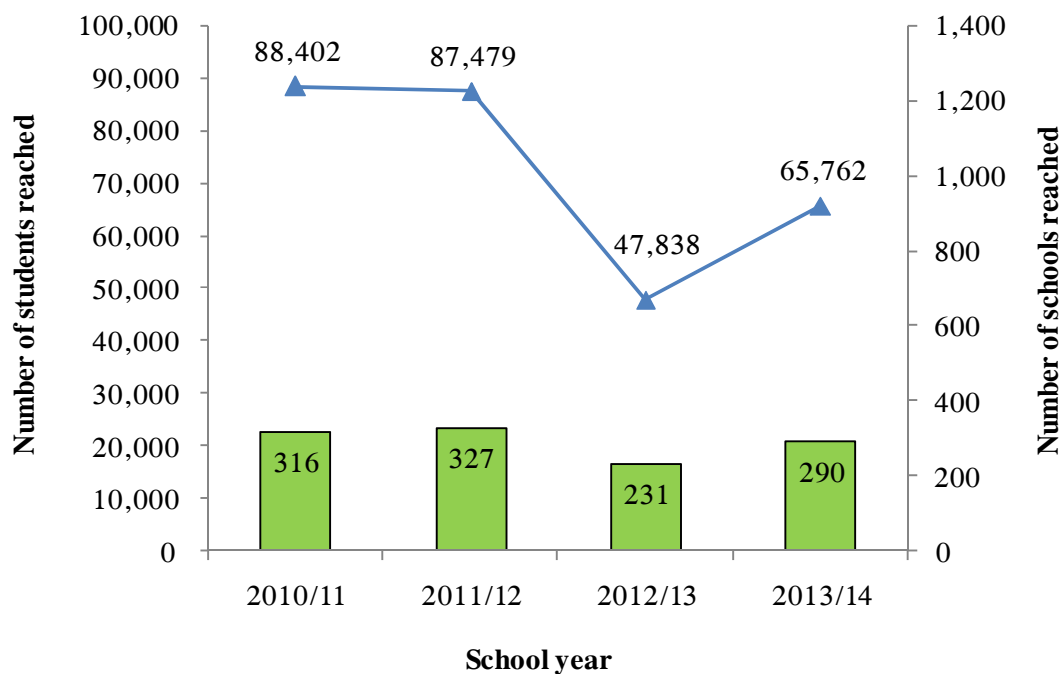
Note 29: *The education programmes were launched in 1999/2000 and the ND revised the programme contents in 2010/11 to include role-plays, interactive puppet shows, musical and adventure activities, and visits to the Hong Kong Jockey Club Drug InfoCentre.*

Note 30: *According to the paper submitted to the ACAN by the ND in December 2014, there were 598 local primary schools and international primary and secondary schools in 2013/14, which were targeted to be reached for the education programmes.*

Note 31: *According to the paper submitted to the ACAN by the ND in December 2014, there were 1,011 local primary and secondary schools in 2013/14, which were targeted to be reached for the training programmes.*

Figure 4

On-site education programmes for students
(2010/11 to 2013/14)

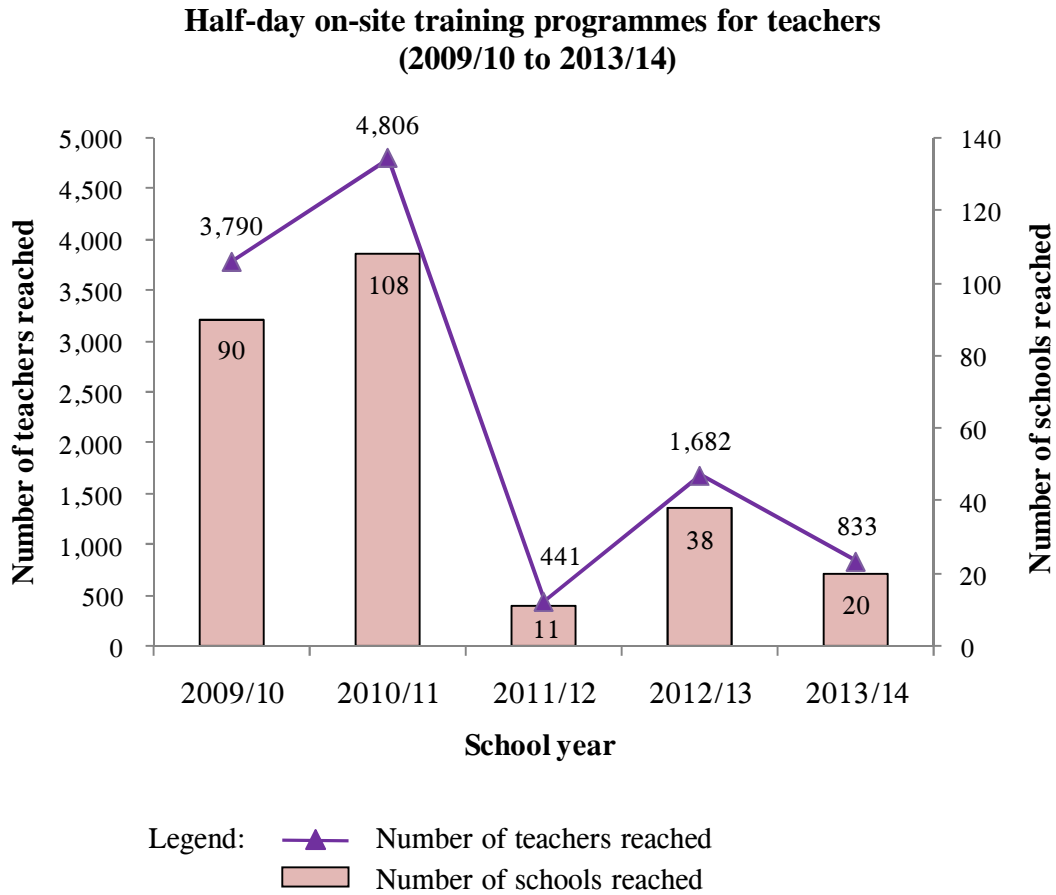


Legend: ▲ Number of students reached
 Number of schools reached

Source: ND records

Remarks: For like-with-like comparison, the analysis started from 2010/11 when the ND revised the programme contents (see Note 29 to para. 2.42).

Figure 5



Source: ND records

Remarks: For 2011/12, the programmes only lasted for six months from March to August 2012.

2.44 The ND conducts periodic reviews on the anti-drug education and training programmes. According to the latest review in 2014 (hereinafter referred to as the 2014 Review):

- (a) **Education programmes for students.** Over 95% of the participating schools considered the programmes effective. Noting the competing priorities of schools and the improving situation of youth drug abuse which might have shifted their attention from anti-drug education, the 2014 Review recommended launching more innovative initiatives such as interactive drama education programmes; and

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- (b) *Training programmes for teachers.* All participants were satisfied with the programmes. Some schools had difficulties in arranging at least 40 teachers or 80% of all teachers to take part in the training programmes, or arranging teachers to attend the training session for 2.5 hours as required by the programmes.

2.45 In light of the 2014 Review results, the ND:

- (a) engaged an organisation in mid-2014 to provide an anti-drug drama education programme on a trial basis. According to the ND, the response was overwhelming and all participating schools indicated that the programmes had enhanced students' awareness in drug harm, refusal skills to drugs and knowledge in consequences of involvement in drug crimes; and
- (b) made adjustments to the training programmes such as trimming the required class size, expanding the target group to cover school social workers and shortening the class duration.

The initiatives taken by the ND are noteworthy. The ND needs to closely monitor the effectiveness of these initiatives in promoting participation in the education and training programmes and take further measures where necessary.

Need to award contracts for education and training programmes in a timely manner

2.46 In the 2011 and 2014 evaluation reports on the education programmes for students and training programmes for teachers submitted to the ND, some NGOs commented that insufficient time was provided for their promotion of the education and training programmes to schools and schools' consideration of including such programmes in school calendars in the first school year. They suggested that related contracts should be awarded earlier and preferably no later than June of a year.

2.47 For the provision of the education and training programmes commencing 2014/15, six of the 10 contracts were awarded in August 2014. For the remaining four contracts awarded in October 2014, the delay was due to the need to conduct a second quotation exercise as the first one failed to attract any submissions. Based on such experience, the ND needs to endeavour to award the contracts for the education and training programmes before the start of a school year as far as practicable so that the contracted NGOs will have sufficient time to promote the programmes to schools.

Need to improve and re-launch advanced training programmes for key school staff

2.48 The 2008 Task Force Report recommended that the two-day advanced training programmes should cover key school staff of all the local primary and secondary schools in five years' time. Audit noted that during the five-year period from 2008/09 to 2012/13, 547 schools (54% of the 1,011 target schools — see Note 31 to para. 2.42) and 825 participants were reached (Note 32). According to the 2014 Review (see para. 2.44), over 90% of the participants were satisfied with the programme contents and agreed that the programmes could enhance their ability in identifying and handling students with drug problems. However, such programmes have not been organised since July 2013.

2.49 In September 2015, the ND informed Audit that upon completion of the 2014 Review, the ND was in the process of re-launching the advanced training programmes with suggested improvements incorporated. In view of the lapse of time, the ND needs to re-launch the improved programmes as soon as possible.

Note 32: *According to the paper submitted to the ACAN by the ND in December 2014, the coverage of the programmes was difficult to work out because the number of key school staff varied among individual schools.*

Audit recommendations

- 2.50 **Audit has *recommended* that the Commissioner for Narcotics should:**
- (a) **take measures to ensure that more target schools of the education and training programmes are covered within a reasonable time frame;**
 - (b) **closely monitor the effectiveness of the initiatives in promoting participation in the education and training programmes and take further measures where necessary;**
 - (c) **endeavour to award the contracts for the education and training programmes before the start of a school year as far as possible so that the contracted NGOs will have sufficient time to promote the programmes to schools; and**
 - (d) **re-launch the advanced training programmes for key school staff with the necessary improvements incorporated as soon as possible.**

Response from the Government

2.51 The Commissioner for Narcotics agrees to take into account the audit recommendations in future reviews of the education and training programmes. She has said that:

- (a) the ND will continue to closely monitor the implementation and effectiveness of the anti-drug education programmes for students and training programmes for teachers. This is in line with ongoing efforts of the ND in conducting periodic reviews of such programmes (see para. 2.44); and
- (b) enhancement and refinement measures will be introduced as a result of review findings.

PART 3: MANAGEMENT OF THE BEAT DRUGS FUND

3.1 This PART examines the management of the BDF, focusing on the following areas:

- (a) governance and accountability (paras. 3.2 to 3.10); and
- (b) funding for projects (paras. 3.11 to 3.19).

Governance and accountability

3.2 The BDF is administered by the BDFA which is a non-profit-making limited company incorporated under the Companies Ordinance. Governed by the Governing Committee of the BDFA (see para. 1.5), the day-to-day operation of the BDF is conducted by the ND. Audit review of the governance and accountability of the BDF revealed room for improvement. The audit findings are set out in paragraphs 3.3 to 3.8.

Need to review declaration of interests

3.3 According to the Home Affairs Bureau's memorandum issued to B/Ds in August 2005 on the guidelines for declaration of interests for advisory and statutory bodies, a governing board or committee has to properly manage conflicts of interest of its members. Two different systems for declaration of interests have been developed, as follows:

- (a) ***One-tier reporting system.*** If a member of a board or committee perceives a potential conflict of interest in a matter placed before the board or committee, he/she should make a full disclosure of his/her interest; and
- (b) ***Two-tier reporting system.*** All members of a board or committee should disclose their general pecuniary interests on appointment to the board or committee and annually thereafter, in addition to the report of conflicts of interest as and when they arise.

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The two-tier reporting system should be adopted for bodies which have a high degree of management and financial autonomy, extensive executive powers in matters of public interest, or control and disbursement of substantial public funds. B/Ds are requested to take into account the nature and special needs of each body in deciding which of the two systems to adopt.

3.4 The Governing Committee of the BDFA has adopted the one-tier reporting system for declaration of interests by members, which only requires a member to declare a conflict of interest as and when it arises. Declarations of interests are not required to be made upon joining the Governing Committee and annually thereafter. The BDFA is responsible for overseeing the administration of the BDF with a fund balance of \$4.3 billion as at 31 March 2015 and approval of grants averaging \$80 million a year (see para. 5.4). To a certain extent, the BDFA meets the criteria for the adoption of the two-tier reporting system (see para. 3.3). In Audit's view, the ND needs to review the adequacy of adopting the one-tier reporting system to maintain public confidence in the impartiality of members' advice to the Governing Committee. Meanwhile, the ND needs to strengthen its monitoring of the reporting by members under the present one-tier reporting system to prevent undeclared potential conflicts.

Need to review performance measurement and reporting

3.5 Developing and reporting performance measures help enhance government performance, transparency and accountability. However, Audit noted that there were no performance targets developed for the BDF. Some performance indicators set in specific projects were reported in internal documents only and not accessible to the public. In Audit's view, the ND needs to review the performance measurement and reporting of the BDF and make improvement as appropriate (e.g. developing outcome targets and indicators).

Need to enhance transparency, accountability and ease of use/access to information

3.6 ***Information not provided to LegCo.*** Regular reporting of the financial performance, financial position and operation of the BDF to LegCo helps enhance transparency and accountability. Audit noted that the financial statements and annual reports of the BDF were not tabled in LegCo. In the LegCo Panel on Security and FC discussions on the proposed injection of \$3 billion into the BDF in

2010, some LegCo Members requested the Government to provide more information on the operation of the BDF to the Panel (Note 33). However, up to August 2015, the ND had not done so. In view of the substantial amount of public monies vested in the BDF, the ND needs to consider tabling the annual financial statements and annual reports of the BDF in LegCo and providing the Panel on Security with the requested information on the operation of the BDF.

3.7 *Need to disclose more information on BDF website.* Audit also noted that the annual budgets, financial statements and annual reports of the BDF were not uploaded to the BDF website for public inspection. For the meetings of the Governing Committee of the BDFA, only the agendas were uploaded to the website. As the BDF is a key vehicle for the Government to support anti-drug work initiated or undertaken by the community partners, the ND needs to disclose more information on the BDF website for easy access by all stakeholders.

3.8 *Recent development.* In February 2015, the Financial Services and the Treasury Bureau (FSTB) issued Financial Circular No. 2/2015 promulgating a Guide on management of funding schemes. The Guide lays down the good practices in respect of the governance, fund administration, performance management, transparency and accountability, conflict of interest and investment management. In Audit's view, the ND, in consultation with the Governing Committee of the BDFA, needs to make reference to the Guide in improving the governance and accountability of the BDF.

Audit recommendations

3.9 **Audit has recommended that the Commissioner for Narcotics should, in consultation with the Governing Committee of the BDFA and with reference to the Guide on management of funding schemes issued by the FSTB:**

Note 33: *In the LegCo Panel on Security discussion in April 2010, the Deputy Chairman suggested the Government to provide in its future paper information about the top 20 applications with the highest level of funding. In the FC discussion in May 2010, the Chairman requested the Government to provide progress reports to the Panel on the operation of the BDF, including arrangements for assessing applications, monitoring of projects by the ACAN members and staffing of the BDF secretariat (i.e. the ND).*

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- (a) **review the adequacy of adopting the one-tier reporting system for declaration of interests for the Governing Committee;**
- (b) **strengthen the monitoring of the reporting by members of the Governing Committee under the present one-tier reporting system to prevent undeclared potential conflicts;**
- (c) **review the performance measurement and reporting of the BDF and make improvement as appropriate (e.g. developing outcome targets and indicators);**
- (d) **consider tabling the annual financial statements and annual reports of the BDF in LegCo and providing the Panel on Security with the requested information on the operation of the BDF; and**
- (e) **disclose more information about the BDF on the website for easy access by all stakeholders.**

Response from the Government

3.10 The Commissioner for Narcotics agrees in principle to examine the audit recommendations in consultation with the Governing Committee of the BDFA and the ACAN. She has said that:

- (a) the ND will continue to closely monitor the operation of the BDF and projects funded by the BDF, and make improvements as and when required;
- (b) the ND will review the adequacy of adopting the one-tier reporting system for declaration of interests for the Governing Committee and strengthen the monitoring of the reporting by relevant members under the present one-tier reporting system;
- (c) the BDF has an established mechanism for monitoring performance measurement and evaluation of funded projects (e.g. project-based performance measures). Such monitoring efforts will continue, taking into account the relevant guidelines issued by the FSTB; and

- (d) the BDF is incorporated under the Companies Ordinance and will need to comply with the requirements under the Ordinance, including requirements on submission of annual financial statements and annual reports to the Companies Registry. Such information is accessible by the public. The ND will, taking into account these arrangements under the law, explore the audit recommendations regarding the provision of information to LegCo and the Panel on Security, and the disclosure of BDF information on the Internet.

Funding for projects

3.11 The BDF provides funding support to projects under the Regular Funding Scheme, the Special Funding Scheme for DTRCs, the HSP(DT) and the ACABP (see para. 1.7). According to the FC paper submitted in 2010 for the government injection of \$3 billion into the BDF (hereinafter referred to as the 2010 FC paper), the SB stated that the injection would enable the BDF to give more financial support to anti-drug projects under the Regular Funding Scheme, the Special Funding Scheme and the school-based programmes for developing students' anti-drug knowledge and skills (i.e. the HSP(DT)). Upon the FC's approval in May 2010, the injection of \$3 billion into the BDF was made in June 2010.

Need to solicit more projects to meet funding objectives of the Regular Funding Scheme

3.12 Regular funding is provided to support community-driven anti-drug activities in the three areas of preventive education and publicity, treatment and rehabilitation, and research. Since the injection of \$3 billion into the BDF in 2010, the maximum level of grant for each approved project under the Regular Funding Scheme has been raised from \$3 million to \$6 million (Note 34). For each round of funding exercise, the ND draws up a list of priority areas (under each of the

Note 34: *For projects that the BDF considers exceptionally innovative, the maximum grant has increased from \$5 million to \$10 million.*

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three areas of preventive education and publicity, treatment and rehabilitation, and research) to solicit projects to address the prevailing drug abuse trend. From 2010 to 2014, six rounds of regular funding exercises were conducted (two rounds were conducted in 2010 and one round was conducted each year from 2011 to 2014) with a total of 186 projects approved. On average, about 31 projects with total funding of around \$40.8 million were approved in each round of funding exercise. Audit noted that during the five-year period from 2010 to 2014, the number of annual applications generally decreased from 349 (239 in the first round and 110 in the second round) to 54 (see Table 1). While the approved amount of \$42 million in 2014 was comparable to the average amount of \$40.8 million per funding exercise from 2010 to 2014, it only constituted 6% of the \$682 million available from the BDF for funding projects in that year. In Audit's view, the ND, in consultation with the Governing Committee of the BDFA, needs to ascertain the reasons for the decrease in funding applications with a view to devising effective measures to solicit more projects to meet the funding objectives of the Regular Funding Scheme.

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Table 1

**Regular Funding Scheme
(2010 to 2014)**

Item	2010 (Note 1)			2011	2012	2013	2014	Total
	1st round	2nd round	Subtotal					
Number of applications	239	110	349	100	64	72	54	639
Number of projects approved:								
(a) preventive education and publicity	42	7	49	1	4	7	7	68
(b) treatment and rehabilitation	7	4	11	7	9	11	9	47
(c) research	4	2	6	1	2	1	5	15
(d) mixed types (Note 2)	12	8	20	4	6	16	10	56
Overall	65	21	86	13	21	35	31	186
Total amount approved (\$ million)	54	32	86	24	32	61	42	245
Amount available from BDF (Note 3) (\$ million)	47	111	158	56	353	605	682	N/A

Source: ND records

Note 1: One round of funding exercise was conducted each year except for 2010 (the year of government injection) in which two rounds of funding exercises were conducted.

Note 2: Mixed types projects comprised activities that were related to more than one of the three areas of anti-drug programmes.

Note 3: This was the amount available for funding projects under all schemes of the BDF. It was calculated by subtracting the capital injected into the BDF, and commitments for ongoing projects and other activities from the fund balance of the BDF. This information was provided by the ND to the Governing Committee of the BDF when considering the applications under the Regular Funding Scheme in the respective year.

Management of the Beat Drugs Fund

3.13 From 2010 to 2014, a total of 59 priority areas were promulgated in six funding exercises (i.e. about 10 priority areas in each funding exercise). However, there were no approved projects for 10 (17%) priority areas, of which seven were related to research (see Appendix E). It should be noted that:

- (a) priority area projects are meant to address the prevailing drug abuse trend. It is important that they are implemented in a timely manner; and
- (b) research studies are an important part of the five-pronged strategy to tackle the drug abuse problem as they provide a solid foundation to facilitate the formulation of evidence-based anti-drug strategy. For example, in 2010 and 2011, the development of a qualitative module for the SDAMS which would help address the hidden drug problem was set as a priority area. In each of the two years, a proposed project in this priority area was received. However, both projects could not obtain funding support in the competition against other applications (including non-priority area projects of other areas, e.g. treatment and rehabilitation) for grant allocation (see para. 4.13).

3.14 The ND needs to strengthen efforts to encourage applicants to propose more worthy projects in specific priority areas to address prevailing drug abuse problem in a timely manner. In this connection, a review of the grant allocation arrangement is also necessary to ensure that sufficient recognition is given to priority area projects vis-à-vis non-priority area projects.

Need to solicit more projects to meet funding objectives of the Special Funding Scheme

3.15 The Special Funding Scheme aims to provide financial assistance to the DTRCs to carry out capital works. In the 2010 FC paper, the SB stated that:

- (a) as at April 2010, of the 40 DTRCs, 19 (48%) were operating under licences issued under the Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Ordinance and 21 (52%) were operating under Certificates of Exemption issued by the Director of Social Welfare (see para. 1.7(b)). Of the 21 DTRCs, 15 had indicated that they might possibly apply for funding under the Special Funding Scheme for carrying out capital works to meet licensing standards; and

- (b) the scope of the Special Funding Scheme would be expanded to cover potential new players.

3.16 In May 2011, the maximum level of grant under the Special Funding Scheme was raised from \$3 million to \$50 million (Note 35). The scope of the Scheme was also expanded to cover fees for engaging authorised experts and professionals, and enhancing service capacity and sophistication (Note 36). However, Audit noted that from January 2010 to June 2015, only six DTRCs had obtained funding support under five projects from the Scheme (see Projects 1 to 5 at Appendix F). Audit also noted that, as at June 2015:

- (a) of the 39 DTRCs (Note 37), 24 were operating under licences and 15 under Certificates of Exemption (see para. 3.15(a)). Five DTRCs obtained the licences after May 2010, and only two of which had sought funding from the Special Funding Scheme, i.e. one obtained \$0.8 million in 2006 and the other obtained \$9.9 million in 2012 (see Project 1 at Appendix F);
- (b) of the 15 DTRCs operating under Certificates of Exemption, five obtained a total grant of \$104.2 million under four projects from the Special Funding Scheme for conducting feasibility studies or carrying out capital works to enhance their service capacity or sophistication. They had yet to obtain the licences (see Projects 2 to 5 at Appendix F). Another DTRC had submitted an application for funding support, which was being processed by the ND;

Note 35: *For projects of estimated cost below \$6 million, full funding will be provided. For projects of \$6 million to \$7.5 million, a grant of \$6 million will be provided. For projects of more than \$7.5 million, 80% of the estimated costs will be granted subject to a ceiling of \$50 million.*

Note 36: *Before May 2011, the Special Funding Scheme could only be used for financing capital works for meeting licensing standards.*

Note 37: *In May 2014, two DTRCs operated by an NGO were reprovioned in a new DTRC which obtained a licence.*

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- (c) many DTRCs operating under Certificates of Exemption had encountered difficulties in planning, land issues, relocation or project implementation in enhancing their service capacity or sophistication for obtaining licences; and
- (d) the scope of the Special Funding Scheme had not been expanded to cover potential new players as specified in the 2010 FC paper (see para. 3.15(b)).

3.17 It is important that all DTRCs comply with the licensing requirements to meet the present day requirements in various aspects (such as management, staffing and safety measures) and to protect the well-being of persons undergoing treatment in these DTRCs. In view of the difficulties encountered by the DTRCs still operating under Certificates of Exemption (see para. 3.16(c)), the ND needs to continue to provide assistance for the DTRCs to relocate and/or upgrade their facilities to meet the licensing standards. Funding support from the Special Funding Scheme should be provided for these DTRCs where necessary. The ND also needs to review the need for expanding the Scheme to cover new players as specified in the 2010 FC paper.

Audit recommendations

3.18 **Audit has *recommended* that the Commissioner for Narcotics should, in consultation with the Governing Committee of the BDFA:**

Regular Funding Scheme

- (a) **ascertain the reasons for the decrease in funding applications with a view to devising effective measures to solicit more projects to meet the funding objectives of the Regular Funding Scheme;**
- (b) **strengthen efforts to encourage applicants to propose more worthy projects in specific priority areas to address prevailing drug abuse problem in a timely manner;**

- (c) **review the grant allocation arrangement to ensure that sufficient recognition is given to priority area projects vis-à-vis non-priority area projects;**

Special Funding Scheme

- (d) **continue to provide assistance for the DTRCs still operating under Certificates of Exemption to upgrade and/or relocate their facilities to meet the licensing standards; and**
- (e) **review the need for expanding the Special Funding Scheme to cover new players as specified in the 2010 FC paper.**

Response from the Government

3.19 The Commissioner for Narcotics agrees in principle to explore the audit recommendations. She has said that:

Regular Funding Scheme

- (a) the ND maintains close dialogue with different stakeholders to encourage applications for funding to support worthy projects and ensure that the BDF will be able to take into account the needs of the evolving drug scene. The implementation of the ACABP is an example of initiatives to more fully utilise the fund to help address the hidden drug abuse problem;

Special Funding Scheme

- (b) the ND has been actively assisting the DTRCs still operating under Certificates of Exemption in relocating and/or upgrading their facilities in-situ with a view to fulfilling the statutory licensing requirements. This is a lengthy and complex process involving site search, soliciting local support, assisting the NGOs in seeking the necessary planning and land

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use permissions, supporting the NGOs in monitoring the project feasibility study and building design and securing funding support, advising on the tender process, as well as monitoring the use of funds and construction works with the support of the Architectural Services Department. Except for the need for site search, the DTRCs that require in-situ upgrading will have to manage essentially the same challenges;

- (c) the ND will continue to coordinate efforts of various B/Ds in the whole process and where necessary, to facilitate communication between the NGOs and the B/Ds; and
- (d) the ND will review the need for expanding the scope of the Special Funding Scheme having regard to its operational experience in the past five years and the service needs.

PART 4: ADMINISTRATION OF BEAT DRUGS FUND PROJECTS

4.1 This PART examines the following issues relating to the administration of the BDF projects:

- (a) control over projects (paras. 4.3 to 4.12);
- (b) administration of Regular Funding Scheme projects (paras. 4.13 to 4.21);
and
- (c) administration of Special Funding Scheme projects (paras. 4.22 to 4.28).

4.2 The BDF provides grants for organisations and individuals to conduct anti-drug projects. The grant process generally includes inviting grant applications, vetting and assessing grant applications, entering into grant agreements, making grant payments, monitoring and implementation of approved projects, and evaluating the effectiveness of completed projects.

Control over projects

4.3 In conducting the projects, grantees are required to comply with the terms and conditions laid down in the application guidelines, funding agreements and/or undertakings signed by the grantees (hereinafter collectively referred to as grant agreements). As the grants involve public monies, the grant agreements need to contain proper control to ensure that the grants are spent appropriately.

4.4 The BDF uses six types of grant agreements (see Appendix G) for the projects under the Regular Funding Scheme, the Special Funding Scheme and the HSP(DT) (Note 38). Audit examination of the terms and conditions of the grant

Note 38: *As the ACABP is implemented through the 18 District Offices of the Home Affairs Department which is a government department, no grant agreement is imposed.*

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agreements revealed room for improvement. The audit findings are set out in paragraphs 4.5 to 4.10 and Appendix G.

Need to improve control over projects

4.5 ***Auditors' reports.*** Four of the six types of grant agreements involving the grant of over \$500,000 per project required the submission of an auditor's report. While one of them required grantees to expand the scope of their auditors' work to cover the grantees' compliance with key terms and conditions laid down in the grant agreements, the other three did not contain such requirement.

4.6 ***Recruitment of staff.*** While procedures for recruiting project staff (e.g. open recruitment) helped ensure the proper use of project funds in staff recruitment, they were not specified in five of the six types of grant agreements.

4.7 ***Unallowable costs and administrative expenses.*** Specifying unallowable items (e.g. financial reward to participants and personal electronic devices) and imposing restrictions on charging administrative expenses to project funds would help ensure the proper use of project funds. It was noted that they were not specified in all the six types of grant agreements.

4.8 ***Conflicts of interest.*** Grant agreements should specify requirements on avoiding and declaring conflicts of interest (e.g. related party transactions). However, two of the six types of grant agreements did not contain such requirements.

4.9 ***Records retention period.*** While one of the six types of grant agreements required keeping records for seven years (Note 39), the other five required keeping records for three years only.

Note 39: *According to the Treasury's Standing Accounting Instructions, accounting records of B/Ds should generally be retained for at least seven years.*

4.10 In Audit's view, the ND, in consultation with the Governing Committee of the BDFA, needs to review the issues on the control over projects as mentioned in paragraphs 4.5 to 4.9 and take appropriate improvement measures with reference to the Guide on management of funding schemes issued by the FSTB (see para. 3.8).

Audit recommendations

4.11 **Audit has *recommended* that the Commissioner for Narcotics should, in consultation with the Governing Committee of the BDFA and with reference to the Guide on management of funding schemes issued by the FSTB:**

- (a) **review the issues on the controls of projects, including:**
 - (i) **requiring grantees to expand the audit scope of their auditors to cover grantees' compliance with key terms and conditions in the grant agreements;**
 - (ii) **specifying requirements on recruitment of project staff;**
 - (iii) **specifying the unallowable costs and restricting the charging of administrative expenses to project funds;**
 - (iv) **specifying requirements on avoiding and declaring conflicts of interest; and**
 - (v) **specifying the records retention period; and**
- (b) **based on the review results in (a) above, take appropriate measures to improve the control over projects.**

Response from the Government

4.12 The Commissioner for Narcotics agrees in principle to explore, in consultation with the Governing Committee of the BDFA, the audit recommendations where appropriate. She has said that individual schemes under the BDF have their own defined scope, modus operandi, and target applicants and service recipients. The issues on the control over projects will invariably need to take into account the varying circumstances of the funding schemes. For example, it will be desirable to leave flexibility for the BDF assessment panels and/or relevant B/Ds to consider on a case-by-case basis the unallowable costs and funding support on administrative expenses for BDF funded projects.

Administration of Regular Funding Scheme projects

4.13 The Regular Funding Scheme supports community-driven anti-drug activities conducted by organisations or individuals in the areas of preventive education and publicity, treatment and rehabilitation, and research in response to the prevailing drug abuse trend and community needs. Applications for funding of projects are normally invited once a year. After receiving applications, the ND seeks advice from the relevant B/Ds on whether they will support the applications. Applications not supported by the majority (i.e. 50% or more) of the B/Ds will be screened out. The screened-in applications will be passed to respective vetting panels for assessment using the 10-point scoring system. The assessed applications will be submitted to the ACAN for seeking its advice before submission to the Governing Committee of the BDFA for approval.

4.14 Following the \$3 billion injection into the BDF in 2010, the ND has introduced measures to enhance the monitoring of projects (Note 40) funded under the Regular Funding Scheme, including:

- (a) inviting two to three members of the ACAN or its sub-committees to take part in monitoring the progress of projects which receive a grant of more than \$6 million or last for more than two years; and

Note 40: *Research projects are monitored directly by the Research Advisory Group.*

- (b) conducting an overall examination on the effectiveness of individual projects by the ND.

4.15 Between 2010 and 2014, a total of 639 applications were received and 186 (29%) projects with total funding of \$245 million were approved. As at June 2015, of the 186 approved projects, 7 were withdrawn by grantees (Note 41), 103 (55%) were completed and the remaining 76 were still in progress. Audit examination of the application arrangement and implementation of projects revealed room for improvement as set out in paragraphs 4.16 to 4.20.

Project application

4.16 *Need to develop marking scheme for vetting panel members.* In the assessment of project applications, each vetting panel member gave an overall score for each application taking into account various factors such as benefits to anti-drug cause, number of beneficiaries and reasonableness of the proposed budget. However, no marking scheme was drawn up to facilitate panel members' assessment. According to the Independent Commission Against Corruption (ICAC) Best Practice Checklist on Strengthening Integrity and Accountability — Administration of Government Funds, a marking scheme with weightings and passing marks for each assessment criterion should be drawn up for vetting panel members. In Audit's view, the ND needs to consider developing such a marking scheme to ensure fairness, consistency and objectivity in the assessment of applications.

4.17 *Need to provide more support to encourage applications.* From 2010 to 2014, the number of applications under the Regular Funding Scheme was declining (see para. 3.12). There is a need to encourage potential applicants to propose more worthy projects by fostering collaborative relationship with them:

Note 41: *The reasons for the withdrawals included reduced project budgets which the grantees considered insufficient for conducting the projects.*

Administration of Beat Drugs Fund projects

- (a) Audit noted that during the application period, the ND would organise a briefing session for potential applicants to brief them on the objectives of the BDF, priority areas and assessment criteria. In 2015, of over 1,900 parties (including potential applicants such as relevant NGOs and schools, and previous applicants) invited, about 60 attended the briefing session. As any individuals and organisations (including B/Ds) can apply for funding under the Regular Funding Scheme, there is a need to publicise details of the briefing sessions (e.g. in the press releases to invite applications each year) so that more potential applicants can attend the briefing sessions; and

- (b) according to the ICAC Best Practice Checklist on Strengthening Integrity and Accountability — Administration of Government Funds, unsuccessful applicants should be notified in writing with reasons for the decisions. The ND had not adopted such practice. According to the feedback of some participants, they also wished to know the reasons for their unsuccessful applications. According to the ND, it had engaged in active exchanges with the parties concerned to study their applications in details. All applicants had also been invited to contact the ND if they wished to discuss their applications. In Audit's view, the ND should explore giving more support to help unsuccessful applicants make improvement in their future project proposals.

Project implementation

4.18 For each project, an implementation schedule including the commencement and completion dates will be drawn up to facilitate monitoring the projects. For the 179 projects approved (excluding 7 withdrawn projects — see para. 4.15) between 2010 and 2014, Audit noted that, as at June 2015, a total of 17 (9%) projects had encountered delays, of which five had delays for more than one year. Cases 1 and 2 are examples of such delayed projects. As both cases were not under the monitoring of the ACAN or its sub-committee members (see para. 4.14(a)), the ACAN might not be aware of their delays. Significant delays in implementing anti-drug activities (especially those in priority areas) might affect the delivery of the anti-drug services. In Audit's view, the ND needs to inform the Governing Committee of the BDFA and the ACAN of projects which have encountered significant delays or implementation problems, and seek their advice where necessary.

Case 1

Project delay due to technical problems

In 2011, Project 6 was approved with funding of \$1.6 million for optimising a hair drug testing platform and providing free hair drug testing for the NGOs and schools for two years from October 2011 to September 2013. However, due to the long time taken to obtain accreditation for the test, the project was only expected to be completed in January 2016.

Source: ND records

Case 2

Project delay due to failure to obtain approval for works

In 2011, Project 7 was approved with funding of \$2.3 million for constructing a vocational training room in a DTRC (Note). The project was targeted for completion in June 2014. However, up to August 2015, construction work had not started as the grantee had not obtained from the Lands Department the required approval related to the development restriction of the DTRC site.

Source: ND records

Note: Before May 2011, applicants could only apply for funding under the Regular Funding Scheme to enhance service capacity of DTRCs.

4.19 Audit examination of 47 selected ongoing or completed projects revealed the following issues:

- (a) ***Delay in submission of progress reports, final reports and auditors' reports.*** In 12 (26%) of the 47 projects under audit examination, there were delays of over six months in the submission of progress reports,

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final reports or auditors' reports as at June 2015 (Note 42). Such delays will impair the ND's ability to timely monitor the progress of projects, evaluate the effectiveness of projects against deliverables, and check whether project funds have been used for the approved purposes. In Audit's view, the ND needs to consider taking regulatory actions in cases of serious delays in accordance with the funding agreement provisions; and

- (b) ***A grantee's lack of expertise/support in undertaking a project.*** For Project 8, a total grant of \$0.94 million was approved in November 2011 for acquiring a vessel for transporting DTRC staff and residents between two islands. The grantee in April 2012 purchased a vessel which was found to be defective in July 2012 because the engine did not function properly (Note 43). In light of this incident, the ND needs to tighten the vetting of funding applications for the acquisition of specialised equipment to ensure that the applicants have demonstrated that they have the necessary expertise/support to undertake the projects before giving funding support.

Audit recommendations

4.20 **Regarding the administration of Regular Funding Scheme projects, Audit has recommended that the Commissioner for Narcotics should, in consultation with the Governing Committee of the BDFA:**

Project application

- (a) **consider developing a marking scheme with weightings and passing marks for each assessment criterion for vetting panel members to assess the project applications;**

Note 42: *For the longest delay project, the yearly and final audited financial statements had been overdue for about 3 years and 2 years respectively. In the event, the ND withheld payment of grants to the grantee in accordance with the provisions in the funding agreement.*

Note 43: *The grantee reported the case to the HKPF. After investigation by the HKPF, no criminal prosecution was undertaken.*

- (b) **publicise details of the briefing sessions on the Regular Funding Scheme so that more potential applicants can attend the briefing sessions;**
- (c) **explore giving more support to help unsuccessful applicants make improvement in their future project proposals;**

Project implementation

- (d) **inform the Governing Committee and the ACAN of projects which have encountered significant delays or implementation problems, and seek their advice where necessary;**
- (e) **consider taking regulatory actions against grantees in cases of serious delays in submission of their progress reports, final reports or auditors' reports in accordance with funding agreement provisions; and**
- (f) **tighten the vetting of funding applications for the acquisition of specialised equipment to ensure that the applicants have demonstrated that they have the necessary expertise/support to undertake the projects before giving funding support.**

Response from the Government

4.21 The Commissioner for Narcotics agrees in principle to examine the audit recommendations. She has said that:

- (a) the ND engages in active exchanges with applicants, successful and unsuccessful alike, to go over with them their applications. The ND will continue such efforts, with a view to helping applicants to make improvements in their future project proposals; and
- (b) a monitoring mechanism has been set up to closely monitor the progress of projects (including significant delays and implementation problems) and achievement of output/outcome indicators (see para. 4.14(a)). Under the current arrangement, grantees of projects encountering significant

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delays and implementation problems will be invited to present their cases at the meetings of the ACAN, its sub-committees or the Research Advisory Group, as appropriate, to keep members informed of the situation and for members to consider suggested remedial actions. The Governing Committee of the BDFFA will also be suitably informed. The ND will continue with the arrangement and propose refinements where appropriate.

Administration of Special Funding Scheme projects

4.22 The objective of the Special Funding Scheme is to provide financial assistance to the DTRCs for carrying out capital works to meet the licensing standards or enhance their service capacity (see para. 1.7(b)). The Scheme is open to applications all year round. Similar to the Regular Funding Scheme, the ND will seek advice on the applications from B/Ds first and then submit them to the ACAN and the Governing Committee of the BDFFA for consideration.

4.23 Between January 2010 and June 2015, five projects were approved under the Special Funding Scheme with total funding of \$114.1 million (see Appendix F). As at August 2015, only one project (i.e. Project 1 at Appendix F) was completed. Audit examination of four projects (i.e. Projects 1 to 4 at Appendix F) revealed areas for improvement as set out in paragraphs 4.24 to 4.27.

4.24 *Difficulties in meeting the tendering requirement.* According to the Special Funding Scheme Manual, for capital works exceeding \$1 million, grantees should obtain at least 10 tenders. Audit notes that such a requirement is more stringent than that applicable to government works projects (Note 44). As the grantees have no control over the market response, the requirement may not be always met. For example, for Project 3, only six tenders were obtained. In Audit's view, the ND needs to review the 10-tender requirement by making reference to the government practice.

Note 44: *There is no such requirement in the Government's Stores and Procurement Regulations.*

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4.25 *Lack of competition in engaging consultants.* For a works project, it is common that the grantee will appoint an authorised person to conduct a technical feasibility study before seeking funding from the BDF. To facilitate implementation of the project (hereinafter referred to as the facilitation arrangement), the grantee, with prior approval of the BDFA, is allowed to retain the authorised person to perform the consultancy work on detailed designs and construction administration without going through another consultant selection process. In this regard, Audit noted that:

- (a) for Projects 2, 3 and 4 which had engaged the authorised persons, the grantees concerned had applied for the facilitation arrangement. Approval was given to Projects 2 and 3;
- (b) in considering Project 4, a member of the Governing Committee of the BDFA expressed concerns on the facilitation arrangement because it did not align with the government practice of ensuring fairness and competition in procurement. In the event, the grantee withdrew the application for the facilitation arrangement; and
- (c) in March 2015, the ND undertook to review the facilitation arrangement and report to the Governing Committee in due course.

4.26 *Need to closely monitor the progress of Project 4.* For Project 4, the grantee was granted \$47.1 million (i.e. about 80% of the estimated project cost) for the construction of facilities for two DTRCs on the same site on Lantau Island. The land lease of the site was for a period of five years, including the estimated construction period of one and a half years. In other words, the new facilities might only be used for three and a half years. According to the ND:

- (a) the project was considered worth implementing as there was no other more feasible or economical alternative after examining over 300 sites; and
- (b) it was conscious of possible concerns about the cost-effectiveness of investing in a project for temporary facilities, which was not intended for the purpose of meeting the licensing standards of the two DTRCs.

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Given that the land lease is on a short-term basis, any delay in the construction works will significantly reduce the useful life of the facilities. In Audit's view, the ND needs to closely monitor the works progress to ensure that the project is completed on time. The ND also needs to provide necessary assistance to the grantee in case of difficulties encountered in the project implementation.

Audit recommendations

4.27 Regarding the administration of Special Funding Scheme projects, Audit has recommended that the Commissioner for Narcotics should, in consultation with the Governing Committee of the BDFa:

- (a) review the requirement on obtaining at least 10 tenders for works projects with reference to the government practice;**
- (b) expedite action on the review of the facilitation arrangement with a view to providing clear guidance to potential applicants; and**
- (c) closely monitor the works progress of Project 4 to ensure that the project is completed on time and provide necessary assistance to the grantee in case of difficulties encountered in the project implementation.**

Response from the Government

4.28 The Commissioner for Narcotics generally agrees with the audit recommendations.

PART 5: WAY FORWARD

5.1 This PART explores the way forward for the anti-drug work of the ND and the BDF.

Efforts to combat drug abuse

5.2 It is encouraging to note that the reported number of drug abusers decreased by 37% from 2005 to 2014. However, the worsening hidden drug abuse problem calls for sustained efforts to arrest this trend. According to the statistics of the CRDA, the proportion of young adults (aged 21 to 35) among newly reported drug abusers was 55% in 2014 and half of the newly reported drug abusers aged 21 and above had abused drugs for at least 7.2 years. This young adult group, however, was mostly outside the reach of the school network. In its effort to combat the hidden drug abuse problem, the ND needs to accord priority to young adult drug abusers.

5.3 As shown in Figure 1 in paragraph 1.9, the number of reported drug abusers has decreased since 2008, particularly in the youth group under the age of 21. In Audit's view, the ND needs to conduct a review of the contributing factors to the decrease (such as change of drug-taking pattern of abusers and launch of new measures such as the HSP(DT)) to shed light on the future direction of anti-drug work.

Increase in fund balance of the BDF

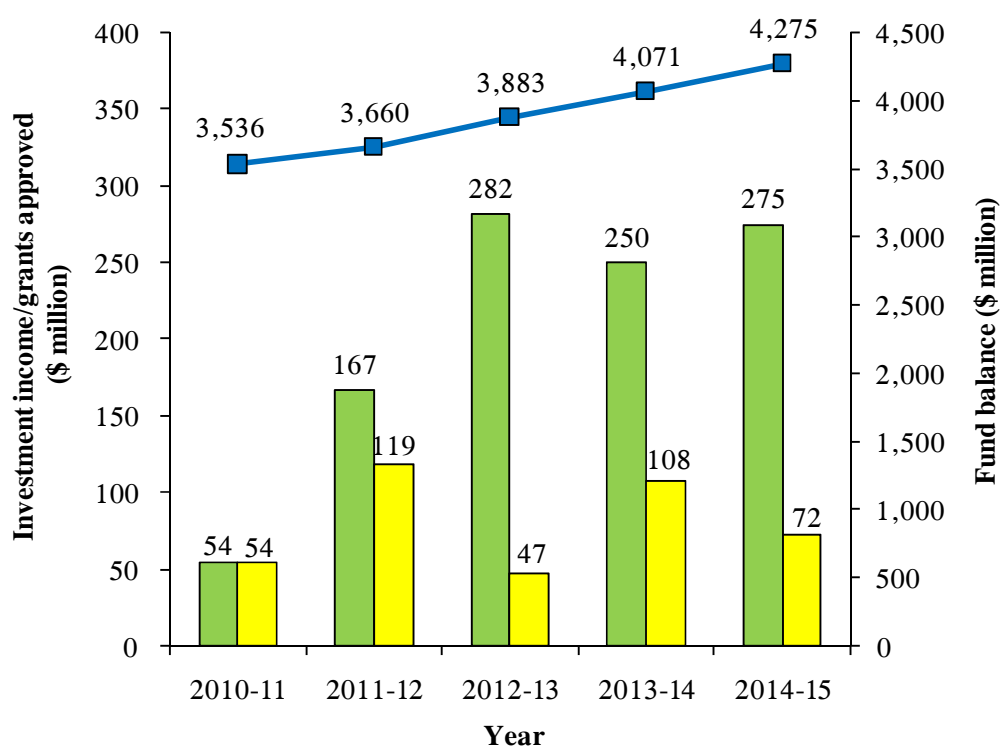
5.4 During the five-year period from 2010-11 to 2014-15 after the government injection of \$3 billion, the BDF generated total investment income of \$1,028 million (averaging \$205.6 million a year). As shown in paragraphs 3.12 and 3.16, the number of applications under the Regular Funding Scheme was generally declining and that under the Special Funding Scheme was also lower than expected. As a result, the total grant approved only amounted to \$400 million (averaging \$80 million a year). As at 31 March 2015, the fund balance of the BDF increased

Way forward

to \$4.3 billion (see Figure 6 — Note 45). As the BDF is a key vehicle for the Government to support anti-drug work initiated or undertaken by community partners, there is a need to appeal to their support in making better use of the BDF funding schemes in the anti-drug cause.

Figure 6

**Investment income, grants approved and fund balance of the BDF
(2010-11 to 2014-15)**



Legend: —■— Fund balance
 ■ Investment income (Note)
 ■ Grants approved

Source: ND records

Note: Injection of \$3 billion into the BDF was made in June 2010 (see para. 3.11).

Note 45: As at August 2015, the audited financial statements of the BDF for the year ended 31 March 2015 had not been issued. According to the ND, the investment income, grants approved and fund balance of the BDF for 2014-15 were \$275 million, \$72 million and \$4,275 million respectively.

5.5 *Need to conduct an overall review of the BDF.* According to the 2008 Task Force Report, it is important to assess the overall effectiveness of the BDF. The last review of the BDF was conducted in 1999. According to the ND, the matter had since been kept under regular monitoring through different channels. With a lapse of seven years after the issue of the 2008 Task Force Report, it is opportune for the ND to conduct an overall review of the BDF with a view to evaluating its effectiveness, reviewing the allocation of resources and formulating future strategies for the BDF, taking into account the findings in this Audit Report.

Audit recommendations

- 5.6 *Audit has recommended that the Commissioner for Narcotics should:*
- (a) **continue to closely monitor the drug situation taking into account the need to:**
 - (i) **accord priority to young adult drug abusers in combating the hidden drug abuse problem; and**
 - (ii) **conduct a review of the contributing factors to the decline in the number of drug abusers to shed light on the future direction of anti-drug work; and**
 - (b) **in consultation with the Governing Committee of the BDFCA, conduct an overall review of the BDF with a view to evaluating its effectiveness, reviewing the allocation of resources and formulating future strategies for the BDF.**

Response from the Government

5.7 The Commissioner for Narcotics agrees to continue to closely monitor the drug situation, in particular the hidden drug abuse problem, in consultation with the ACAN. She has said that:

Way forward

- (a) the ND will take into account the latest drug trend and changes in the number and characteristics of drug abusers. In light of the latest drug situation, special attention will be paid to the issues posed by the rising proportion of drug abusers in their young adulthood. The relevant strategies have been set out in the Seventh Three-year Plan and the preventive education and publicity strategic directions for 2016; and

- (b) the ND, in consultation with the ACAN and the Governing Committee of the BDF, monitors the operation of the BDF closely, including reviewing on a regular basis allocation of resources and effectiveness of projects funded. This provides an important basis for mapping out the strategies of the BDF and continuous self-improvement. Such efforts will continue and the ND will review the need and timing for conducting an overall review at an appropriate juncture.

**Analysis of student and parent participation in
the Healthy School Programme with a Drug Testing Component
(2011/12 to 2014/15)**

Item	2011/12	2012/13	2013/14	Between 2011/12 and 2013/14		2014/15
				Total	Percentage of increase/ (decrease)	
Number of schools participating in the HSP(DT) (a)	43 (Note 1)	53	63	159	47%	71
Number of students in the participating schools (b)	34,958	42,987	47,648	125,593	36%	50,938
Number of students joining the drug testing (c)	16,789	19,318	21,083	57,190	26%	21,975
Percentage of students joining the drug testing (d) = (c)/(b) × 100%	48%	45%	44%	N/A	N/A	43%
Number of anti-drug activities organised for students (e)	584	526	546 (Note 2)	1,656	(7%)	(Note 3)
Number of students participated in activities organised for them (f)	99,764	73,800	79,444	253,008	(20%)	
Number of anti-drug activities organised for/with participation of parents (g)	30	38	55	123	83%	
Number of participants in the activities organised for/with participation of parents (h)	795	1,327	4,296	6,418	440%	
Amount approved (\$ million) (i)	\$15.5	\$15.8	\$37.1 (Note 4)	\$68.4	139%	\$9.9 (Note 4)

Source: ND records

Note 1: In 2011/12, funding was approved for 45 schools to implement the HSP(DT). One school subsequently decided not to participate in the programme and another school closed down.

Note 2: According to the ND, in 2013/14, 54 of the 63 participating schools chose to run the programme for two consecutive school years from 2013/14 to 2014/15. For these schools with planning and organisation of the anti-drug activities straddling two school years, the figures for 2013/14 were provisional, i.e. covering only half of the project period. Final figures will be available at the end of 2015.

Note 3: Figures for 2014/15 are not yet available.

Note 4: Some of the approved funding in 2013/14 covered two-year programmes which would last up to 2014/15 (see Note 2).

**Public awareness of anti-drug messages on
 hotline service “186 186” and instant messaging service “98 186 186”
 (2013 and 2014)**

Anti-drug message		Publicity period	Overall awareness rate	
			2013	2014
Hotline service “186 186”				
1	Drug abusers can call “186 186” for help	Periodically since June 2012	49%	52%
2	Parents, families or the public can call “186 186” to help drug abusers seek treatment and rehabilitation	Periodically since July 2012	42%	43%
Instant messaging service “98 186 186”				
3	Drug abusers can make use of “98 186 186” anti-drug helpline to seek help	Periodically since June 2014	N/A	21%

Source: ND records

**Discrepancies in voluntary drug testing figures
(2011/12 to 2013/14)**

Voluntary drug testing	Figures provided to LegCo Members in the examination of Estimates 2015-16 in March 2015			Figures provided by the ND to Audit in June 2015			
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14 (Note 1)	Total
Number of participants (Note 2)	7,805	19,318	21,083	16,789	19,318	21,083	57,190
Number of persons who took the test	1,312	3,796	4,087	2,243	3,126	3,296	8,665 (Note 3)
Number of persons who were selected but did not complete the test	168	668	732	397	668	732	1,797 (Note 3)

Source: ND records

Note 1: The figures for 2013/14 were provisional only (see Note 2 to Appendix A).

Note 2: The participants had given consent to taking the voluntary drug testing.

Note 3: Between 2011/12 and 2013/14, a total of 10,485 students were selected for the drug testing, including 8,665 (82.6%) students who took the test, 1,797 (17.2%) students who did not complete the test for various reasons (e.g. unsuitable for the test and refusal to take the test) and 23 (0.2%) students who withdrew from the drug testing throughout the relevant school years. No positive case was found in all the tests.

Remarks: The figures in bold were different from those provided to Audit in June 2015. The ND explained that the figures for 2011/12 were first provided to LegCo in the examination of Estimates 2014-15 in March 2014 and covered participants in Tai Po district only.

**School participation in student surveys
(2008/09, 2011/12 and 2014/15)**

School year	Number of schools invited (a)	Number of schools participated in survey (b)	Participation rate (c) = (b)/(a) × 100%
Local primary school			
2008/09	128	89	70%
2011/12	174	98	56%
2014/15 (Note)	179	112	63%
International primary school			
2008/09	35	5	14%
2011/12	55	2	4%
2014/15 (Note)	58	5	9%
Local secondary school			
2008/09	146	99	68%
2011/12	168	94	56%
2014/15 (Note)	177	112	63%
International secondary school			
2008/09	21	11	52%
2011/12	28	12	43%
2014/15 (Note)	29	11	38%
Post-secondary institution			
2008/09	18	17	94%
2011/12	35	31	89%
2014/15 (Note)	42	34	81%

Source: Audit analysis of ND records

Note: Provisional figures as at September 2015.

Remarks: Students were invited to participate in the surveys, as follows: (a) for local primary and secondary schools, all students from schools randomly selected were invited to participate in the surveys; (b) all students from international primary and secondary schools were invited to participate in the surveys; and (c) all post-secondary students attending full-time post-secondary programmes offered by local institutions were invited to participate in the surveys.

**10 priority areas with no approved applications
(2010 to 2014)**

Item	Year	Area	Priority area
1	2010 (first round)	Preventive education and publicity	Projects to help curb the problems of cross-boundary drug abuse
2	2010 (first round)	Research	Study on supplementary drug monitoring system (qualitative mode)
3	2010 (second round)	Research	Study on supplementary drug monitoring system (qualitative mode)
4	2011	Research	Research projects on new and innovative treatment and rehabilitation services
5	2011	Research	Research and development of a supplementary drug monitoring system in a qualitative mode
6	2012	Research	Research on and development of a qualitative module of drug monitoring system
7	2013	Preventive education and publicity	Projects that seek to promote community acceptance of treatment and rehabilitation services and facilities
8	2013	Research	Research projects promoting the understanding of the harmful effects of and/or risk factors for psychotropic substance abusers and evidence-based understanding of different facets of anti-drug services and programmes or developing a qualitative module of drug monitoring system to facilitate the design of appropriate anti-drug strategies
9	2014	Preventive education and publicity	Projects that focus on early identification of parents with drug abuse history for rendering support and enhancing their skills to reduce the risk of drug abuse among their children
10	2014	Research	Projects that provide evidence-based understanding of different facets of anti-drug services and programmes, such as developing a qualitative module of drug monitoring system to facilitate the design of appropriate anti-drug strategies

Source: ND records

Remarks: Of the 10 priority areas, 7 were related to research on the development of a qualitative module of drug monitoring system.

Appendix F
(paras. 3.16 and
4.23 refer)

**Special Funding Scheme
(January 2010 to June 2015)**

Project	Works item	Date of application	Date of approval	Amount approved (\$ million)
1	Decoration and purchase of furniture and equipment for a DTRC	July 2011	February 2012	9.9
2	Redevelopment works for a DTRC (Note 1)	April 2011	February 2012	37.9
		July 2014	March 2015	12.7
	<i>Subtotal</i>			50.6 (Note 2)
3	Upgrading works for a DTRC (Note 1)	July 2012	May 2013	5.6
		November 2014	March 2015	0.4
	<i>Subtotal</i>			6.0
4	Enhancement of facilities for two DTRCs	May 2014	May 2015	47.1
5	Technical feasibility study of capital works for a DTRC	January 2014	July 2014	0.5
Total				114.1

Source: ND records

Note 1: Top-up grant was required after conducting the tender exercise.

Note 2: The amount included \$0.6 million for the technical feasibility study.

Remarks: As at August 2015, only Project 1 was completed.

Audit findings on six types of grant agreements used by the Beat Drugs Fund

1. List of six types of grant agreements

No.	Grant scheme
1	Regular Funding Scheme (\$500,000 or above)
2	Regular Funding Scheme (below \$500,000)
3	Healthy School Programme (Participating schools) (Note)
4	Healthy School Programme (Anti-drug activities) (Note)
5	Healthy School Programme (School drug testing) (Note)
6	Special Funding Scheme for DTRCs

2. Audit findings

Para.	Issue	Number of agreements (Agreements concerned)
4.5	Did not require auditors to audit grantees' compliance with key terms and conditions laid down in the grant agreements	3 (Nos. 4 to 6)
4.6	Did not specify the procedures for recruitment of project staff	5 (Nos. 1 to 5)
4.7	Did not specify unallowable costs and restrict administrative expenses	All 6
4.8	Did not specify requirements on avoiding and declaring conflicts of interest	2 (Nos. 1 and 2)
4.9	Only required grantees to keep records for three years	5 (Nos. 1 to 5)

Source: ND records

Note: For the HSP(DT), grants are provided for three different uses, each covered by a different type of agreement: (a) the first type is made with participating schools for providing logistic support for school drug testing and preparing appropriate anti-drug activities (such as supporting the staff costs for administrative and logistic work); (b) the second type is made with participating schools and NGOs for organising anti-drug and personal growth activities; and (c) the third type is made with NGOs for organising school drug testing.

Acronyms and abbreviations

ACABP	Anti-drug Community Awareness Building Programme
ACAN	Action Committee Against Narcotics
Audit	Audit Commission
BDF	Beat Drugs Fund
BDFEA	Beat Drugs Fund Association
B/Ds	Bureaux/departments
CRDA	Central Registry of Drug Abuse
DDO	Dangerous Drugs Ordinance
DTRCs	Drug Dependent Persons Treatment and Rehabilitation Centres
EDB	Education Bureau
FC	Finance Committee
FSTB	Financial Services and the Treasury Bureau
HKPF	Hong Kong Police Force
HSP(DT)	Healthy School Programme with a Drug Testing Component
ICAC	Independent Commission Against Corruption
LegCo	Legislative Council
ND	Narcotics Division
NGOs	Non-governmental organisations
RDT	RESCUE Drug Testing Scheme
SB	Security Bureau
SDAMS	Supplementary Drug Abuse Monitoring System
SWD	Social Welfare Department