

# **CHAPTER 7**

## **Home Affairs Bureau**

**Home Affairs Bureau's funding schemes and  
programmes for youth exchange and internship**

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

Report No. 70 of the Director of Audit contains 8 Chapters which are available on our website at <http://www.aud.gov.hk>

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# HOME AFFAIRS BUREAU'S FUNDING SCHEMES AND PROGRAMMES FOR YOUTH EXCHANGE AND INTERNSHIP

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# **HOME AFFAIRS BUREAU'S FUNDING SCHEMES AND PROGRAMMES FOR YOUTH EXCHANGE AND INTERNSHIP**

## **Executive Summary**

1. The Home Affairs Bureau (HAB) provides exchange and internship activities outside Hong Kong to young people in the age range between 12 and 29 to expose them to diverse economic, social and cultural surroundings at the national as well as international level to broaden their perspectives, and to enhance their inclusiveness of other cultures. To provide the activities, the HAB runs four funding schemes for youth exchange and internship and three programmes of youth exchange: (a) Funding Scheme for Youth Exchange in the Mainland (YEFS); (b) Funding Scheme for Youth Internship in the Mainland (YIFS); (c) Funding Scheme for Exchange in Belt and Road Countries (BnRFS); (d) Funding Scheme for International Youth Exchange (IYEFS); (e) International Youth Exchange Programme (IYEP); (f) Summer Exchange Programme (SEP); and (g) Guangdong-Hongkong-Macao Youth Cultural Exchange Programme (CEP).

2. To implement the funding schemes for youth exchange and internship and the programmes of youth exchange, the HAB works closely with the Commission on Youth (CoY) and the Committee on the Promotion of Civic Education (CPCE), which are two non-statutory bodies established under the HAB's purview. Under the funding schemes for youth exchange and internship, exchange and internship opportunities are offered and provided to young people through different organisations (i.e. non-profit making organisations, statutory bodies and charitable organisations). Under the programmes of youth exchange, the HAB organises exchange projects on its own. In the five-year period 2012-13 to 2016-17, the number of projects, the number of participants, and the expenditure of exchange and internship activities had increased by 162% (from 137 in 2012-13 to 359 in 2016-17), 161% (from 8,774 in 2012-13 to 22,893 in 2016-17) and 384% (from \$26.4 million in 2012-13 to \$127.7 million in 2016-17) respectively. The Audit Commission (Audit) has recently conducted a review to examine the provision of youth exchange and internship activities by the HAB.

### Management of funding schemes for youth exchange and internship

3. ***Granting of sponsorship.*** The HAB has laid down guidelines on application for and use of sponsorship by organisations (collectively referred to as funding guidelines). The guidelines on application for sponsorship cover matters such as the maximum amount of sponsorship for a project and that for an organisation. The guidelines on the use of sponsorship cover matters such as the need for an organisation to submit an activity report (providing information on the conduct of the project) and a financial report (providing financial information on the project). To apply for sponsorship, organisations submit project proposals to the HAB for assessment (paras. 2.2 and 2.3). Audit found that:

- (a) ***Need to improve assessment of project proposals.*** Of the 60 projects (for the period April 2012 to December 2017) examined by Audit, assessment interviews had been conducted for all YIFS and BnRFS projects. However, for YEFS and IYEFS projects, no assessment interviews had been conducted. In one case in 2016-17, YEFS sponsorship was granted to an organisation (paras. 2.5 and 2.6):
  - (i) whose tours under the projects had many places not taken up in 2014-15 (i.e. 158 (35 %) of 450 places) and 2015-16 (i.e. 337 (75 %) of 450 places) (para. 2.6); and
  - (ii) which had non-compliance with funding guidelines. In 2015-16, there was delay of some 17 months in the submission of financial reports of the projects by the organisation. As at 31 December 2017, after more than 19 months, the organisation still had not submitted the activity reports of the projects (para. 2.6);
- (b) ***Need to ensure consistency in granting sponsorship.*** Sponsorship covers exchange or internship activities as well as complementary activities (i.e. activities taking place outside the destinations of exchange/internship such as pre-trip activities and publicity). Among the 60 projects examined, complementary activities varied widely, accounting for 0% to 61% of the total sponsorship for a project. The HAB had imposed a sponsorship limit on the overall complementary activities of YIFS projects. However, no limit had been set for YEFS, BnRFS and IYEFS projects. Furthermore, the funding guidelines did not specify the circumstances for granting



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half-day sponsorship, hence causing inconsistency in the application of the daily sponsorship rate in 2 of the 60 projects (paras. 1.7 and 2.10); and

- (c) ***Need to ensure that sponsorship is granted within the intended limit.*** In one YIFS project in 2015-16, the project was approved a sponsorship of \$1.4 million, which exceeded the sponsorship limit for a single project (i.e. \$700,000 in 2015-16) in accordance with the funding guidelines. The HAB did not document any justification for the departure (para. 2.14).

4. ***Monitoring of funding schemes.*** Audit's findings were as follows:

- (a) ***Need to set minimum number of participants.*** The funding guidelines had set a requirement on the minimum actual number of participants per YIFS project, BnRFS project and IYEFS project. However, no such requirement had been set for YEFS projects. While there were no projects which had fewer than 10 participants in 2016-17, Audit noted that in 2015-16, there was one extreme case (a YEFS project) where the project had only one participant. In March 2018, the HAB informed Audit that a requirement on the minimum number of participants (i.e. 10 participants) had been imposed for YEFS projects for funding exercises in 2018-19 and thereafter (paras. 2.19 and 2.20); and
- (b) ***Need to expedite finalisation of projects.*** The funding guidelines require that organisations should submit activity reports and financial reports to the HAB within three months after the completion of projects. Of the 60 projects examined (see para. 3(a)), 55 projects had been completed. In 22 (40%) of the 55 completed projects, submission of activity reports/financial reports had not been timely (delay ranged from 10 days to 36 months, averaging 8.9 months) (paras. 2.22 and 2.23).

5. ***Need to improve handling of cancelled projects.*** In 2014-15 to 2016-17, 88 projects had been cancelled by applicant organisations after the HAB had approved the projects. Audit examined 30 projects cancelled in 2012-13 to 2016-17 and found that: (a) the main reasons for project cancellation were “low enrolment rate” and “inability to organise the tour within the approved time frame”; and (b) in 12 (40%) of the 30 projects, the organisations only informed the HAB of the cancellation of projects after the scheduled tour departure dates (paras. 2.28, 2.30 and 2.31).

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### Provision of programmes of youth exchange

6. ***Provision of exchange places.*** The HAB invites different organisations (e.g. non-governmental organisations) and government bureau/departments to nominate suitable candidates for youth delegates (i.e. young people participating in IYEP projects, SEP projects or CEP projects) (paras. 3.3 and 3.4). Audit found that in 2012-13 to 2016-17:

- (a) ***Exchange places in demand but not fully utilised.*** The IYEP was 243% oversubscribed and the SEP was 124% oversubscribed. However, 7% (23 places) of the programme capacity of the IYEP and 12% (22 places) of that of the SEP had not been utilised (para. 3.5); and
- (b) ***Need to better promote CEP places.*** The number of nominations received and recruited for CEP projects had decreased by 43% from 42 in 2012-13 to 24 in 2016-17. In 2016-17, 42% of the budgeted number of the CEP places had not been utilised. The HAB needs to enhance the publicity for the CEP (paras. 3.9 and 3.10).

7. ***Delivery of exchange projects.*** In exchange tours, youth delegates are led by official delegates (i.e. HAB staff and/or members of a working group of the CoY) (para. 3.13). Audit found that:

- (a) ***Need to keep under review the adequacy of manpower support.*** For the 35 exchange projects organised under the programmes of youth exchange in 2012-13 to 2016-17, the ratio of official delegates to youth delegates ranged from 1:3 (i.e. 1 official delegate attending to 3 youth delegates) to 1:25 (i.e. 1 official delegate attending to 25 youth delegates). On the whole, in 9 (26%) of the 35 exchange projects, each official delegate needed to attend to more than 10 youth delegates. To ensure the adequacy of the support provided to participants, the HAB needs to keep under review the manpower support for programmes of youth exchange (paras. 3.14 and 3.16); and
- (b) ***Need to encourage participants to honour their post-trip service commitment.*** For IYEP projects, youth delegates were required to perform at least 50 hours of voluntary services (post-trip services) within one year upon returning from the overseas visit. Of the 308 youth delegates of IYEP projects conducted in 2012-13 to 2016-17, only 103 (33.4%) youth

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delegates reported that they had honoured their post-trip voluntary service commitment (paras. 3.17 and 3.18).

8. *Scope for improving response to outsourcing procurement.* The HAB conducted procurement exercises to outsource logistic services needed for implementing programmes of youth exchange. Audit noted that in 2012-13 to 2016-17, while many quotation invitations were sent out in the 29 procurement exercises, the response rate was only 9.4%. The response rate for the IYEP was particularly low (3.8%) (paras. 3.23, 3.25 and 3.26).

### Governance matters and way forward

9. *Need to better engage members' participation.* The CoY and the CPCE each have 30 non-official members. Members have been invited to join working groups/sub-committees to help administer individual funding schemes for youth exchange and internship as well as programmes of youth exchange. Audit reviewed the attendance rates of members of the CoY, the CPCE, and the responsible working groups/sub-committee in 2014-15 to 2016-17. Audit found that in each of the three years, there were members who did not attend any meetings, and the proportion of members who did not attend any meetings was as high as 17% for the CoY's Working Group on Youth Exchange and Internship in the Mainland in 2014-15 (paras. 4.2 and 4.4).

10. *Scope for improving management of conflicts of interest.* The CoY and the CPCE have adopted a two-tier system for their members to declare personal interests. Audit reviewed the first-tier declaration forms submitted by members of the CoY and the CPCE for the years 2014-15 to 2017-18, and found that two CPCE members had not submitted the 2017-18 declaration forms and one CoY member had submitted an incomplete declaration form. Audit further examined the second-tier declaration forms submitted by 20 members of the CoY/CPCE for the years 2014-15 to 2017-18. Audit found that: (a) in 21 cases (involving 3 members), despite that potential conflicts of interest had been declared in the second-tier declaration forms, duties of assessing project proposals were still assigned to the members. For each case, the decisions on declared interests had not been documented in the minutes of meetings; and (b) to identify CoY/CPCE members who had potential conflicts of interest in handling assessment of project proposals, HAB staff manually matched declarations in the second-tier declaration forms with those in the first-tier declaration

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forms. The HAB did not have a computerised database to maintain the information on interests declared by members to facilitate checking and following-up of any omissions or inconsistencies in declarations (paras. 4.7, 4.8 and 4.11).

11. **Way forward.** The HAB's provision of youth exchange and internship activities has been mainly focused on projects in the Mainland. In the four years between 2012-13 and 2015-16, of the 726 projects of youth exchange and internship conducted, only 24 (3.3%) projects were conducted in other countries to provide international exchange experience. In 2016-17, the BnRFS was launched, bringing about an increase in the proportion of projects which provided international experience. In 2016-17, of the 359 projects conducted, 33 (9.2%) projects were conducted in other countries. Audit, however, noted that all the international projects were related to exchange activities. In 2012-13 to 2016-17, there were no projects which provided international internship places. Audit also noted that during the period 2012-13 to 2016-17, the vast majority (97% by expenditure) of exchange and internship activities were delivered under the funding schemes. According to the HAB, in comparison with programmes of youth exchange organised by the HAB directly, funding schemes have been more efficient as well as effective in promoting youth exchange projects in the community (paras. 4.14, 4.16, and 4.17).

## Audit recommendations

12. **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 Secretary for Home Affairs should:**

### *Management of funding schemes for youth exchange and internship*

- (a) **keep under review the need for conducting assessment interviews for the different funding schemes for youth exchange and internship (para. 2.16(a));**
- (b) **regularly review the adequacy of practices on assessing project proposals, and take measures to enhance the assessment process where necessary (para. 2.16(b));**
- (c) **ensure that adequate funding guidelines are provided to HAB staff to facilitate the granting of sponsorship (para. 2.16(d));**

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- (d) **monitor the implementation of the new requirement on the minimum number of participants for YEFS projects, and keep in view the need for revising the minimum number having regard to the actual experience gained in implementation (para. 2.26(a));**
- (e) **closely monitor the submission of activity reports and financial reports, and take prompt action to follow up any late submission cases (para. 2.26(c));**
- (f) **strengthen liaison with organisations with a view to identifying any intended cancellation of projects and take necessary follow-up actions (para. 2.34(a));**

### ***Provision of programmes of youth exchange***

- (g) **explore ways to maximise the utilisation of the programme capacities of the IYEP and the SEP (para. 3.11(a));**
- (h) **enhance the publicity for the CEP (para. 3.11(b));**
- (i) **keep under review the manpower support for the programmes of youth exchange, with a view to ensuring the adequacy of support (para. 3.21(a));**
- (j) **in devising post-trip service requirements in future, be mindful of the need for securing delegates' compliance with the requirements (para. 3.21(b));**
- (k) **take measures to improve the response rate of service providers (para. 3.28(b));**

### ***Governance matters and way forward***

- (l) **take measures to improve members' attendance at meetings (para. 4.5);**
- (m) **take measures to prevent recurrence of late/incomplete submission of declarations of interests of CoY/CPCE members (para. 4.12(a));**

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- (n) **ensure that decisions on declared interests of CoY/CPCE members are documented in minutes of meetings (para. 4.12(b));**
- (o) **consider setting up a computerised database of interests declared by members (para. 4.12(c));**
- (p) **consider introducing internship projects that provide internship places in other countries (para. 4.20(a));**
- (q) **explore more countries for youth exchange activities so as to further broaden the youth's horizon (para. 4.20(b)); and**
- (r) **review the way forward of providing activities through the programmes of youth exchange (para. 4.20(d)).**

## **Response from the Government**

13. The Secretary for Home Affairs 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 The Home Affairs Bureau (HAB) is responsible for promoting youth development and civic education outside schools (Note 1). According to the HAB, the policy objectives on youth development and civic education outside schools are:

#### *Youth development*

- (a) fostering a culture of multi-faceted excellence and providing diversified learning, training and development opportunities to young people who have different aspirations;
- (b) encouraging them to develop an active approach to life and a positive sense of social awareness;
- (c) deepening their understanding in the developments of Hong Kong and the Mainland;
- (d) broadening their global perspectives;
- (e) allowing them to thoroughly understand their individual rights and be happy to take on social obligations;

#### *Civic education outside schools*

- (f) fostering good citizenship;

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**Note 1:** *The HAB's work in promoting youth development and civic education outside schools falls under its programme area of Youth Development, Social Harmony and Civic Education. The HAB's other programme areas include: District, Community and Public Relations; Recreation, Sport and Entertainment Licensing; and Culture.*

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- (g) promoting civic awareness and civic responsibilities;
- (h) promoting national education and enhancing the sense of belonging among the community;
- (i) promoting understanding of and respect for core civic values and the rule of law; and
- (j) promoting the Basic Law in the local community.

1.3 In pursuing the objectives on youth development and civic education outside schools, the HAB provides exchange and internship activities (Note 2) outside Hong Kong to young people in the age range between 12 and 29 to expose them to diverse economic, social and cultural surroundings at the national as well as international level to broaden their perspectives, and to enhance their inclusiveness of

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**Note 2:** *To promote youth development and civic education outside schools, in addition to providing exchange and internship activities, the HAB also has other initiatives including:*

- (a) **Uniformed groups.** *Subventions are provided to 11 uniformed groups (e.g. the Scout Association of Hong Kong, the Hong Kong Air Cadet Corps, and the Hong Kong Red Cross) for providing non-formal education and training programmes for young people;*
- (b) **Youth Development Fund.** *The Fund was set up in July 2016 to assist young people in starting their own business;*
- (c) **Youth Hostels.** *Six projects (the Po Leung Kuk's project and the Hong Kong Sheng Kung Hui Welfare Council Limited's project in Yuen Long, the Hong Kong Federation of Youth Groups' project in Tai Po, the Tung Wah Group of Hospitals' project in Sheung Wan, the Hong Kong Association of Youth Development's project in Mong Kok and the Hong Kong Girl Guides Association's project in Jordan) under the Youth Hostel Scheme are underway;*
- (d) **Youth Square.** *The Youth Square serves as a focal point for youth development activities by providing venues and facilities to young people and youth organisations at affordable prices; and*
- (e) **Youth Volunteerism.** *The United Nations Volunteers — Hong Kong Universities Volunteer Programme was launched in 2015 to provide opportunities for university students to participate in overseas voluntary work.*

*These other initiatives are not the subject of this audit review.*



other cultures. To provide the activities, the HAB runs four funding schemes for youth exchange and internship, and three programmes of youth exchange (Note 3):

- (a) Funding Scheme for Youth Exchange in the Mainland (YEFS);
- (b) Funding Scheme for Youth Internship in the Mainland (YIFS);
- (c) Funding Scheme for Exchange in Belt and Road Countries (BnRFS);
- (d) Funding Scheme for International Youth Exchange (IYEFS);
- (e) International Youth Exchange Programme (IYEP);
- (f) Summer Exchange Programme (SEP); and
- (g) Guangdong-Hongkong-Macao Youth Cultural Exchange Programme (CEP).

### ***Commission on Youth and Committee on the Promotion of Civic Education***

1.4 To implement the funding schemes for youth exchange and internship and the programmes of youth exchange, the HAB works closely with two non-statutory bodies established under its purview:

- (a) ***Commission on Youth (CoY)***. The CoY was set up in 1990 as an advisory body. Its vision is to foster a culture of multi-faceted excellence, and to

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**Note 3:** *Other government bureaux/departments and their subvented non-governmental organisations also run youth exchange/internship programmes. For example, the Education Bureau provides subsidies for students of primary and secondary schools as well as tertiary institutions to attend exchange tours for enrichment of students' learning experiences. The Hong Kong Arts Development Council provides scholarships to arts practitioners with leadership potential for a full-time programme in the United Kingdom. This audit review covers only the HAB's exchange and internship activities (see also para. 1.13), which focus on the youth's overall development and development of civic awareness. An audit review on the Youth Square (see Note 2(d) to para. 1.3) had been conducted in March 2012 (Chapter 8 of the Director of Audit's Report No. 58).*

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nurture young people as future masters of Hong Kong with vision, creativity, leadership and commitment (Note 4); and

- (b) ***Committee on the Promotion of Civic Education (CPCE)***. The CPCE was set up in 1986 as an advisory body to promote civic education outside schools and encourage all sectors of the community to actively promote civic awareness and assume civic responsibility.

In addition to advising matters relating to youth development and civic education outside schools, the CoY and the CPCE are also responsible for vetting and approving project proposals for the four funding schemes for youth exchange and internship (see Table 1 in para. 1.8). Furthermore, the CoY helps recruit young people for programmes of youth exchange and arranges for its members to attend such programmes (see paras. 3.2(a) and 3.4).

1.5 Members of the CoY and the CPCE are appointed by the Secretary for Home Affairs. The members comprise non-official members from different backgrounds (e.g. District Council members and academics) and ex-officio members who are representatives of government bureaux and departments (e.g. the HAB, the Education Bureau and the Social Welfare Department). The CoY has 30 non-official members (including a chairman) and 5 ex-officio members, while the CPCE has 30 non-official members (including a chairman) and 8 ex-officio members. Organisation charts of the CoY and the CPCE as at 31 December 2017 are shown at Appendices A and B respectively.

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**Note 4:** *In April 2018, the Government established the Youth Development Commission (YDC). The YDC is chaired by the Chief Secretary for Administration and consists of a vice-chairman, 34 non-official and eight ex-officio members. According to the Government, the CoY will be incorporated into the YDC. The establishment of the YDC is to enhance co-ordination of youth policy within the Government. This will enable holistic and more effective examination of, and discussion on, issues of concern to young people. The YDC will give specific attention to issues on youth education, career pursuit and home ownership as well as the participation of young people in politics and their engagement in public policy discussion and debate.*

1.6 To assist the CoY and the CPCE, working groups/sub-committees (Note 5) are formed under the CoY and the CPCE. Terms of reference for the CoY/CPCE and the working groups/sub-committee relevant to this audit review (i.e. funding schemes for youth exchange and internship, and programmes of youth exchange) are shown at Appendices C and D respectively. The HAB also provides secretariat services to the CoY and the CPCE (see para. 1.12).

### *Funding schemes for youth exchange and internship*

1.7 Under the HAB's funding schemes for youth exchange and internship, organisations (see Table 1 "Applicant for sponsorship" in para. 1.8 for more information) can apply for HAB sponsorship to organise projects of exchange and internship activities for young people. Activities comprise:

- (a) *Exchange and internship activities.* The HAB sponsors these activities according to a prescribed maximum grant for each participant. The amount of grant varies according to the tour destination (e.g. \$280 per day for each participant in an exchange tour to Guangdong Province in 2016-17); and
- (b) *Complementary activities.* These activities take place outside the destinations of exchange/internship and include those such as pre-trip team building and training activities, post-trip debriefing and learning reflection sessions, publicity, and the conduct of audit on the financial report of the project. Expenses for such activities are reimbursed on an actual basis, subject to sponsorship limits of individual expenditure items/activities.

Organisations are responsible for recruiting young people to participate in exchange and internship activities. They need to bear any activity expenses that exceed the amount of sponsorship or are not covered by the sponsorship, and may require participants to pay a fee which varies depending on the tour destination and duration, for example, \$580 in a YEFS project and \$8,960 in a BnRFS project in 2016-17 (Note 6).

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**Note 5:** *Members of working groups/sub-committees consist of members of the CoY/CPCE and co-opted members.*

**Note 6:** *The YEFS project and the BnRFS project are examples quoted from the projects examined by the Audit Commission (see Note 10 to para. 2.5).*

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1.8 Salient features of the four funding schemes for youth exchange and internship are summarised in Table 1.

**Table 1**  
**Four funding schemes for youth exchange and internship**  
**(December 2017)**

	<b>YEFS</b>	<b>YIFS</b>	<b>BnRFS</b>	<b>IYEFS</b> (Note 1)
Established in	November 2013 (Note 2)	September 2013 (Note 2)	April 2016	June 2017
Objective	<ul style="list-style-type: none"> <li>• Enhancing Hong Kong youth's awareness and understanding of the Mainland</li> <li>• Fostering exchange with the Mainland people</li> <li>• Strengthening the youth's sense of national identity</li> </ul>	<ul style="list-style-type: none"> <li>• Providing young people with more internship opportunities in the Mainland</li> <li>• Enabling young people to have personal experience of actual workplace environment in the Mainland and a deeper understanding of the employment market, work culture and development opportunities in the Mainland</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting in-depth exchange between young people participating in the exchange projects and people of the Belt and Road countries, so as to achieve the target of fostering "people-to-people bond"</li> </ul>	<ul style="list-style-type: none"> <li>• Providing more opportunities to join in-depth international exchange activities for young people</li> <li>• Encouraging young people to increase their global exposure</li> <li>• Broadening young people's international horizons</li> </ul>

Source: HAB records

*Note 1: Apart from the IYEFS, which has a financial commitment of \$100 million, there is no preset financial commitment for the other three funding schemes for youth exchange and internship. The three funding schemes (the YEFS, the YIFS and the BnRFS) are financed through the HAB's recurrent expenditure while the IYEFS is financed through the HAB's non-recurrent expenditure.*

*Note 2: In 1998-99, the HAB started a programme to sponsor both exchange and internship activities in the Mainland. In 2013, the programme was divided into two separate funding schemes, i.e. the YEFS for sponsoring youth exchange activities in the Mainland, and the YIFS for sponsoring youth internship activities in the Mainland.*

**Table 1**  
**(Cont'd)**

	<b>YEFS</b>	<b>YIFS</b>	<b>BnRFS</b>	<b>IYEFS</b>
Objective		<ul style="list-style-type: none"> <li>• Helping young people set the goal for their future careers, gain more working experience and establish business contacts, so as to enhance their personal competitiveness in employment</li> </ul>		
Project	Exchange tours to the Mainland	Internship tours to the Mainland	Exchange tours to Belt and Road countries (Note 3)	International exchange tours (Note 4)
Tour duration (Note 5)	3 to 12 days	18 to 34 days	4 to 11 days	9 to 19 days
Applicant for sponsorship	<ul style="list-style-type: none"> <li>• Non-profit-making organisations</li> <li>• Statutory bodies</li> <li>• Charitable organisations</li> </ul>			

Source: *HAB records*

Note 3: *According to the HAB, the BnRFS covers over 60 countries along the Belt and Road (e.g. Azerbaijan, Czech Republic, Indonesia, Israel, Kazakhstan, Malaysia, Nepal, Poland, and Sri Lanka).*

Note 4: *International exchange tours include tours to Argentina, Australia, Belgium, Brazil, Cambodia, Chile, Columbia, Czech Republic, France, Germany, Hungary, Japan, Laos, Luxembourg, Myanmar, Nepal, Netherlands, Peru, Poland, Romania, Sri Lanka, Switzerland, Thailand, the United Kingdom and the United States.*

Note 5: *The tour duration figures are quoted from projects examined by the Audit Commission (see Note 10 to para. 2.5).*

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**Table 1**  
**(Cont'd)**

	<b>YEFS</b>	<b>YIFS</b>	<b>BnRFS</b>	<b>IYEFS</b>
Project vetting	CoY's Working Group on Youth Exchange and Internship in the Mainland	CoY's Working Group on Youth Exchange and Internship in the Mainland	CPCE's Research, Development and Community Participation Sub-committee	Members from the CoY's Working Group on International Exchanges and Conferences, and the CPCE's Research, Development and Community Participation Sub-committee
Eligible participant	People aged between 12 and 29 who are holders of a valid Hong Kong Identity (HKID) card and have not participated in any projects of the YEFS in the current year and the one before	People aged between 18 and 29 who are holders of a valid HKID card and have not participated in any projects of the YIFS in the current year and the one before	People aged between 15 and 29 who are holders of a valid HKID card	

Source: HAB records

### *Programmes of youth exchange*

1.9 Unlike in the aforementioned funding schemes where exchange and internship opportunities are offered and provided to young people through sponsored organisations, the HAB organises exchange projects on its own under the programmes of youth exchange. To this end, the HAB calls for nomination of youth participants from local universities/educational institutes, uniformed groups, non-governmental organisations (NGOs) and/or relevant government bureau/departments as appropriate and commissions service providers to assist in tour arrangements for the exchange projects. Programme expenses such as air fares as well as board and lodging are provided by the HAB/overseas host parties as appropriate.

1.10 Salient features of the three programmes of youth exchange are summarised in Table 2.

**Table 2**

**Programmes of youth exchange  
(December 2017)**

	<b>IYEP</b>	<b>SEP</b>	<b>CEP</b>
Established in	1996 (Note 1)	May 2011	February 2009
Objective	<ul style="list-style-type: none"> <li>• Providing opportunities for youths to broaden their horizons and international perspectives</li> <li>• Exchanging ideas and experiences with youth's overseas counterparts</li> </ul>	<ul style="list-style-type: none"> <li>• Providing local young people with an opportunity to broaden their horizons</li> <li>• Enhancing young people's interpersonal skills</li> <li>• Cultivating young people's ability to think from multiple perspectives</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing Hong Kong young people's awareness and understanding of the home country</li> <li>• Fostering exchange with young people's counterparts in Guangdong</li> <li>• Strengthening young people's sense of national identity</li> </ul>

**Table 2**  
**(Cont'd)**

	<b>IYEP</b>	<b>SEP</b>	<b>CEP</b>
Project	The HAB liaises with governments/ their appointed organisations of overseas partner countries (e.g. Australia, Ireland, Japan and Singapore) to arrange youth exchange projects	The HAB arranges overseas thematic tours during summer holidays	The HAB collaborates with the Department of Culture of Guangdong Province and the Tertiary Education Services Office of the Macao Special Administrative Region Government to arrange youth exchange projects
Programme duration	7 to 11 days	6 days	About 10 days
Eligible participant	People aged between 18 and 24 who are holders of a valid HKID card and have not participated in the SEP or the previous IYEP	People aged between 15 and 24 who are holders of a valid HKID card and have not participated in the IYEP or the previous SEP (except for youth team leaders — Note 2)	People aged between 18 and 24 who are holders of a valid HKID card and students of post-secondary institutions (or equivalent)

*Source: HAB records*

*Note 1: The programme first started in 1979 under the name of “Commonwealth Exchange Programme” with exchanges of youth between Hong Kong and the United Kingdom. In 1996, the scope of the programme was extended to cover other countries and has since been renamed as the IYEP.*

*Note 2: To help conduct exchange projects, the HAB may recruit young people who have satisfactorily attended related activities (e.g. activities of IYEP projects) as team leaders of other youth participants.*

*Remarks: All three programmes are financed through the HAB’s recurrent expenditure.*



### *Projects and expenditure*

1.11 Table 3 shows data relating to projects of youth exchange and internship activities conducted in 2016-17. Tables 4 to 6 show similar data for the five-year period 2012-13 to 2016-17. Compared with 2012-13, the number of projects, the number of participants, and the expenditure of exchange and internship activities had increased by 162 %, 161 % and 384 % respectively in 2016-17.

**Table 3**

**Projects of youth exchange and internship activities  
(2016-17)**

<b>Funding scheme/ programme</b>	<b>No. of projects (a)</b>	<b>No. of participants (b)</b>	<b>Expenditure (c) (\$ million)</b>	<b>Expenditure per project (d) = (c) ÷ (a) (\$)</b>	<b>Expenditure per participant (e) = (c) ÷ (b) (\$)</b>
<b><i>Funding scheme for youth exchange and internship (Note 1)</i></b>					
YEFS	234	18,475	55.7	238,034	3,015
YIFS (Note 2)	91	3,637	64.5	708,791	17,734
BnRFS	27	648	5.2	192,593	8,025
IYEFS (Note 3)	N.A.	N.A.	N.A.	N.A.	N.A.
Overall	352	22,760	125.4	356,250	5,510
<b><i>Programme of youth exchange</i></b>					
IYEP (Note 4)	5	62	1.5	300,000	24,194
SEP	1	36	0.4	424,290	11,786
CEP	1	35	0.4 (Note 5)	375,426	10,726
Overall	7	133	2.3	328,571	17,293
Overall for funding schemes and programmes	359	22,893	127.7	355,710	5,578

*Source: HAB records*

*Note 1: The Table does not include projects for which sponsorship had been approved by the HAB but subsequently not taken forward.*

*Note 2: According to the HAB, comparing with other funding schemes, the higher expenditure per participant for the YIFS was due to the longer duration of the projects.*

*Note 3: The IYEFS was launched in June 2017 (i.e. 2017-18). As at 31 December 2017 (the time of audit), 33 IYEFS projects had been approved but not yet completed.*

*Note 4: According to the HAB, as the IYEP had a longer duration and usually involved visiting distant countries, the expenditure per participant was higher than that of the SEP and the CEP.*

*Note 5: The figure includes expenditure incurred for 35 Hong Kong participants as well as certain expenditure incurred for their counterparts (i.e. young people from Guangdong and Macao joining exchange activities held in Hong Kong). According to the HAB, the established arrangement was for the host cities (e.g. Hong Kong) to fully bear the expenditure for activities held in the city.*

Table 4

**Projects of youth exchange and internship activities  
(2012-13 to 2016-17)**

Funding scheme/ programme	No. of projects				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b><i>Funding scheme</i></b>					
YEFS	131	112	119	220	234
YIFS	(Note 1)	(Note 1)	37	79	91
BnRFS (Note 2)	N.A.	N.A.	N.A.	N.A.	27
IYEFS (Note 3)	N.A.	N.A.	N.A.	N.A.	N.A.
<b><i>Programme</i></b>					
IYEP	4	3	7	6	5
SEP	1	1	1	1	1
CEP	1	1	1	1	1
Total	137	117	165	307	359

Source: HAB records

Note 1: Prior to 2014-15, both youth exchange projects and youth internship projects were organised under the programme “Community Participation Scheme for Organising Study Tours to the Mainland” (see Note 2 to Table 1 in para. 1.8). Breakdown for the two types of projects is not available.

Note 2: The BnRFS was launched in April 2016 (i.e. 2016-17).

Note 3: The IYEFS was launched in June 2017 (i.e. 2017-18). As at 31 December 2017 (the time of audit), 33 IYEFS projects had been approved but not yet completed.

**Table 5**

**Participants in projects of youth exchange and internship activities  
(2012-13 to 2016-17)**

Funding scheme/ programme	No. of participants				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b><i>Funding scheme</i></b>					
YEFS	8,627	9,138	10,210	18,404	18,475
YIFS	(Note 1)	(Note 1)	1,604	3,373	3,637
BnRFS (Note 2)	N.A.	N.A.	N.A.	N.A.	648
IYEFS (Note 3)	N.A.	N.A.	N.A.	N.A.	N.A.
<b><i>Programme</i></b>					
IYEP	65	43	72	66	62
SEP	40	42	44	48	36
CEP	42	44	50	33	35
Total	8,774	9,267	11,980	21,924	22,893

*Source: HAB records*

*Note 1: Prior to 2014-15, both youth exchange projects and youth internship projects were organised under the programme “Community Participation Scheme for Organising Study Tours to the Mainland” (see Note 2 to Table 1 in para. 1.8). Breakdown for the two types of projects is not available.*

*Note 2: The BnRFS was launched in April 2016 (i.e. 2016-17).*

*Note 3: The IYEFS was launched in June 2017 (i.e. 2017-18). As at 31 December 2017 (the time of audit), 33 IYEFS projects had been approved but not yet completed.*

Table 6

**Expenditure on projects of youth exchange and internship activities  
(2012-13 to 2016-17)**

Funding scheme/ programme	Expenditure (\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b><i>Funding scheme</i></b>					
YEFS	23.8	23.8	24.0	48.8	55.7
YIFS	(Note 1)	(Note 1)	23.0	53.7	64.5
BnRFS (Note 2)	N.A.	N.A.	N.A.	N.A.	5.2
IYEFS (Note 3)	N.A.	N.A.	N.A.	N.A.	N.A.
<b><i>Programme</i></b>					
IYEP	1.6	0.8	1.6	1.3	1.5
SEP	0.5	0.3	0.5	0.5	0.4
CEP	0.5	0.5	0.5	0.4	0.4
Total	26.4	25.4	49.6	104.7	127.7

Source: HAB records

Note 1: Prior to 2014-15, both youth exchange projects and youth internship projects were organised under the programme “Community Participation Scheme for Organising Study Tours to the Mainland” (see Note 2 to Table 1 in para. 1.8). Breakdown for the two types of projects is not available.

Note 2: The BnRFS was launched in April 2016 (i.e. 2016-17).

Note 3: The IYEFS was launched in June 2017 (i.e. 2017-18). As at 31 December 2017 (the time of audit), 33 IYEFS projects had been approved but not yet completed.

## **Introduction**

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### ***HAB responsible staff***

1.12 An extract of the organisation chart of the HAB showing staff responsible for the provision of youth exchange and internship activities (including the provision of secretariat services to the CoY and the CPCE — see para. 1.6) is at Appendix E.

### **Audit review**

1.13 In November 2017, the Audit Commission (Audit) commenced a review to examine the provision of youth exchange and internship activities by the HAB. The review focused on the following areas:

- (a) management of funding schemes for youth exchange and internship (PART 2);
- (b) provision of programmes of youth exchange (PART 3); and
- (c) governance matters and way forward (PART 4).

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

### **General response from the Government**

1.14 The Secretary for Home Affairs agrees with the audit recommendations.

### **Acknowledgement**

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

## **PART 2: MANAGEMENT OF FUNDING SCHEMES FOR YOUTH EXCHANGE AND INTERNSHIP**

2.1 This PART examines the HAB's management of funding schemes for youth exchange and internship, focusing on the following areas:

- (a) granting of sponsorship (paras. 2.2 to 2.17);
- (b) monitoring of funding schemes (paras. 2.18 to 2.27); and
- (c) management of cancelled projects (paras. 2.28 to 2.35).

### **Granting of sponsorship**

2.2 Through its four funding schemes (i.e. YEFS, YIFS, BnRFS and IYEFS), the HAB grants sponsorship to organisations for conducting projects of youth exchange and internship (sample itineraries of exchange projects and internship projects are shown at Appendix F). The HAB has laid down guidelines on application for sponsorship and has issued guidelines on the use of sponsorship (hereinafter collectively referred to as funding guidelines — Note 7).

2.3 To apply for sponsorship, organisations submit project proposals to the HAB for assessment:

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**Note 7:** *Guidelines on application for sponsorship cover matters such as the maximum amount of sponsorship for a project and that for an organisation. Guidelines on the use of sponsorship cover matters such as the need for an organisation to submit an activity report (providing information on the conduct of the project) and a financial report (providing financial information on the project). Both the activity report and financial report should be submitted to the HAB within three months after the completion of the project.*

## Management of funding schemes for youth exchange and internship

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- (a) **Marking scheme.** On behalf of the HAB, relevant authorities (see “project vetting” of Table 1 in para. 1.8) assess project proposals according to a marking scheme. Marks are awarded to proposals for elements such as the content of the project, experience of the organisation, intended number of participants and cost-effectiveness of the project (Note 8);
- (b) **Merit-point and demerit-point system.** Marks awarded through the marking scheme (see (a) above) are further adjusted by a merit-point and demerit-point system to arrive at a final score. Under the system, the relevant authorities give additional marks for merits (e.g. arranging exchange activities in rest days) and deduct marks for demerits (e.g. organisation violating funding guidelines in the past); and
- (c) **Vetting of sponsorship.** For project proposals whose final score reaches/exceeds the passing mark, the HAB ranks the projects according to their scores. For each project, the HAB vets the intended number of participants and the proposed project expenditure, and calculates the amount of sponsorship. Subject to the availability of funding, the HAB sets aside funding for individual projects’ sponsorship in the order of their rankings.

Projects for which funding has been set aside are referred to as “approved” by the HAB. Funding for sponsorship is earmarked under the Estimates of the HAB (Note 9).

2.4 Table 7 shows, for 2012-13 to 2016-17, the number of project proposals received, approved and conducted.

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**Note 8:** *As an example, in 2016-17, the assessment criteria laid down in the marking scheme of the YEFS included content of exchange portion of the project proposal; pre-trip arrangement and promotion; post-trip evaluation and assessment; experience, background and track record of the organisation and itinerary arrangement; and target, number of participants and cost-effectiveness of the project. Different funding schemes have different elements.*

**Note 9:** *Funding for the YEFS, YIFS and BnRFS is provided under the item “964 Youth Development Activities”, while funding for the IYEFS is provided under the subhead “700 International Youth Exchange Programme”.*



## Management of funding schemes for youth exchange and internship

**Table 7**

### Projects under the funding schemes for youth exchange and internship (2012-13 to 2016-17)

	No. of projects					
	2012-13	2013-14	2014-15	2015-16	2016-17	All five years
<b><i>Project proposals received (a)</i></b>						
YEFS	295	292	227	343	311	1,729
YIFS	(Note 1)	(Note 1)	52	92	117	
BnRFS (Note 2)	N.A.	N.A.	N.A.	N.A.	103	103
IYEFS (Note 3)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	295	292	279	435	531	1,832
<b><i>Projects approved (b)</i></b>						
YEFS	142	123	135	253	265	1,131
YIFS			38	80	95	
BnRFS	N.A.	N.A.	N.A.	N.A.	29	29
IYEFS	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	142	123	173	333	389	1,160
<b><i>Projects cancelled (c) (Note 4)</i></b>						
YEFS	11	11	16	33	31	108
YIFS			1	1	4	
BnRFS	N.A.	N.A.	N.A.	N.A.	2	2
IYEFS	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	11	11	17	34	37	110
<b><i>Projects conducted (d) = (b) – (c)</i></b>						
YEFS	131	112	119	220	234	1,023
YIFS			37	79	91	
BnRFS	N.A.	N.A.	N.A.	N.A.	27	27
IYEFS	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	131	112	156	299	352	1,050

Source: HAB records

Note 1: Prior to 2014-15, both youth exchange projects and youth internship projects were organised under the programme “Community Participation Scheme for Organising Study Tours to the Mainland” (see Note 2 to Table 1 in para. 1.8).

Note 2: The BnRFS was launched in April 2016 (i.e. 2016-17).

Note 3: The IYEFS was launched in June 2017 (i.e. 2017-18). As at 31 December 2017 (the time of audit), 33 IYEFS projects had been approved but not yet completed.

Note 4: Organisations cancelled the proposed projects (see paras. 2.28 to 2.33).

## Management of funding schemes for youth exchange and internship

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2.5 Audit randomly selected 60 exchange/internship projects of the four funding schemes (i.e. YEFS, YIFS, BnRFS and the IYEFS) for examination, covering the period April 2012 to December 2017 (Note 10).

### *Need to improve assessment of project proposals*

2.6 Audit examination of the 60 projects indicated areas that warrant attention:

- (a) ***No assessment interviews for YEFS and IYEFS projects.*** In assessment interviews, representatives of applicant organisations were invited to present their project proposals and address the relevant authorities' (see "project vetting" of Table 1 in para. 1.8) enquiries. According to the HAB, assessment interviews were conducted on a need basis, having regard to the nature and individual circumstances of the funding schemes concerned, and whether the benefits of assessment interviews would outweigh the costs involved and the burden created upon interviewers who were non-official CoY/CPCE members. Audit noted that, of the 60 projects, assessment interviews had been conducted for all YIFS and BnRFS projects. However, for YEFS and IYEFS projects, no assessment interviews had been conducted; and
- (b) ***Granting sponsorship to an organisation with less than satisfactory track record.*** In one case, YEFS sponsorship was granted to an organisation whose track record was less than satisfactory (see Case 1).

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**Note 10:** *The 60 projects comprised:*

- (a) *55 projects (i.e. 30 YEFS projects, 20 YIFS projects, and 5 BnRFS projects) conducted in 2012-13 to 2016-17. Audit reviewed the assessment, delivery and monitoring of these projects. Projects for 2017-18 were still in progress at the time of audit and therefore not selected for review; and*
- (b) *5 IYEFS projects approved during June 2017 (date of launch of the IYEFS) to December 2017 (related records were the latest available at the time of audit). As the delivery and monitoring of these projects were still in progress at the time of audit, Audit only reviewed the assessment of these projects.*

Case 1

**Granting of YEFS sponsorship to an organisation  
with less than satisfactory track record  
(2016-17)**

1. Organisation A submitted a proposal for a YEFS project in 2016-17. An exchange tour was to be conducted.
2. Organisation A had previously conducted the same project (i.e. same tour with same destination, same duration, and same capacity of 150 places for young people). HAB records indicated that in 2014-15 and 2015-16:
  - (a) ***Many places not taken up in 2014-15 and 2015-16.*** Organisation A conducted the project three times each year in 2014-15 and 2015-16, targetting to recruit 150 participants in each of the projects. Of the 450 places provided each year (i.e. 150 participants per project  $\times$  3), 292 (65%) places and 113 (25%) places were taken up in 2014-15 and 2015-16 respectively, while 158 (35%) places and 337 (75%) places were not taken up; and
  - (b) ***Non-compliance with funding guidelines in 2015-16.*** According to the funding guidelines, within three months after the completion of each project, Organisation A should submit to the HAB an activity report providing information on the conduct of the project and a financial report providing financial information of the project. Audit, however, noted that for the three projects conducted in 2015-16:
    - (i) Organisation A only submitted the financial reports of the projects after October 2017, i.e. after some 17 months had elapsed since the final project was completed; and
    - (ii) as at 31 December 2017, i.e. after more than 19 months had elapsed since the final project was completed, Organisation A still had not submitted the activity reports of the projects.

(to be continued)

(Cont'd)

3. The relevant authorities assessed the 2016-17 project proposal and awarded a total score which was higher than the passing mark. The project was accordingly approved with a sponsorship of \$134,000. According to the HAB:

- (a) while the project did not receive a high sub-score in terms of track record, it obtained a better sub-score in some areas such as the intended number of participants; and
- (b) while the participation rate was not high (see para. 2(a) above), a respectable number of participants benefitted from the programme.

HAB records further indicated that due to Organisation A's delay in reporting information on the projects conducted in 2015-16 (see para. 2(b) above), the actual number of participants for 2015-16 was not available when the 2016-17 project proposal was assessed.

4. Organisation A conducted the 2016-17 project which, as in the past, was not well received. Vis-à-vis a capacity of 150 places, the project had only 25 participants.

### ***Audit comments***

5. The project proposal was approved despite Organisation A's less than satisfactory track record. The same project was conducted again in 2016-17.

*Source: Audit analysis of HAB records*

2.7 Upon enquiry, the HAB informed Audit in March 2018 that:

- (a) assessment interviews were conducted on a need basis (see para. 2.6(a)). With the experience accumulated over the years, panels conducting assessments would normally be able to make comprehensive assessments of the merits of applications for short-term exchange projects on the basis of written submissions, including the proposed itineraries and description of proposed activities, as well as track records:

## **Management of funding schemes for youth exchange and internship**

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- (i) as regards the BnRFS, since it was the first funding scheme targeting overseas destinations at the time it was introduced in April 2016, the assessment panel concerned did not have sufficient information and experience (e.g. in relation to the appropriateness of itinerary and track records) in assessing applications for exchange projects to overseas destinations. Accordingly, assessment interviews were conducted for the first two rounds of applications (i.e. initial stage of the funding scheme) to obtain a better understanding of the projects; and
  - (ii) for the IYEFS, though newly launched in June 2017, it was largely modelled on the BnRFS. With the experience gained from the two rounds of assessment conducted under the BnRFS, it was decided that no assessment interviews were required for the IYEFS; and
- (b) for granting sponsorship despite less than satisfactory track records:
  - (i) the decision on whether to grant sponsorship to a particular application was made by the relevant assessment panel having regard to a host of relevant factors. Apart from track records, the diversity of projects (including location, theme or nature) was also an important aspect to be considered;
  - (ii) it was considered that assessment panels should not only support popular projects that appeal to the general youth population, but should also try out different types of projects that could broaden the horizon of the young people despite their being less popular; and
  - (iii) while the actual participation might be lower than the target participation, participation depended on various factors, including those outside the organisation's control.

2.8 Audit notes the above explanations for the HAB's practices. However, it is also worth noting that:

- (a) the IYEFS was newly rolled out in June 2017. At the time of audit in December 2017, the delivery and monitoring of the first batch of IYEFS

## Management of funding schemes for youth exchange and internship

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projects were still in progress (see also Note 10(b) to para. 2.5). In Audit's view, before accumulating more experience in conducting IYEFS projects, it would be prudent for the HAB to consider conducting assessment interviews for the scheme; and

- (b) regarding the granting of sponsorship to Organisation A, HAB records indicated that apart from the project proposal mentioned in Case 1 (see para. 2.6(b)), Organisation A had also submitted two more project proposals for conducting the same tour under the YEFS in 2016-17 (each proposal was for conducting one tour) (Note 11). HAB records further indicated that while these two project proposals had been approved, one tour turned out to have 51 participants (out of a capacity of 150 places) and the other tour was subsequently cancelled by Organisation A due to low enrolment. This showed that Organisation A's project was not well received and might not be viable.

In this respect, Audit notes that the number of participants under the YEFS and the YIFS are key performance indicators in the Controlling Officer's Report of the HAB. HAB's assessment process should seek to identify projects which can benefit more young people.

2.9 Audit considers that the HAB needs to keep under review the need for conducting assessment interviews for the different funding schemes for youth exchange and internship, taking into account relevant factors such as sufficiency of experience in assessing project proposals based on information contained in paper submissions, and changes in the scope and extensiveness of exchange projects. Moreover, the HAB needs to regularly review the adequacy of practices on assessing project proposals (covering such elements as the marking scheme, merit-point and demerit-point system, and passing mark), and based on the review results, take measures to enhance the assessment process where necessary, with a view to better taking into account the past track records of applicant organisations (e.g. track records of late submission of activity reports).

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**Note 11:** *The two proposals were outside the 60 projects examined by Audit (see para. 2.5).*

***Need to ensure consistency in granting sponsorship***

2.10 In the 60 projects examined (see para. 2.5), Audit noted that there was room for better ensuring consistency in granting the amount of sponsorship:

- (a) ***Expenses on complementary activities varied widely.*** Audit noted that:
- (i) the funding guidelines stipulated the sponsorship limits of individual complementary activities (see para. 1.7(b)) (Note 12). Audit analysis of the 60 projects showed that the sponsorship for overall complementary activities varied widely, accounting for 0% to 61% of the total sponsorship for a project (see Table 8); and

**Table 8**

**Proportion of sponsorship for complementary activities in 60 projects  
(2012-13 to 2016-17)**

Funding scheme	Lowest proportion			Highest proportion		
	Sponsorship for complementary activities (\$)	Total sponsorship (\$)	Proportion	Sponsorship for complementary activities (\$)	Total sponsorship (\$)	Proportion
YEFS	6,500	409,700	2%	134,900	220,900	61%
YIFS	42,048	848,448	5%	130,219	380,923	34%
BnRFS	0	140,000	0%	56,069	117,269	48%
IYEFS	0	400,000	0%	41,785	226,748	18%

*Source: Audit analysis of HAB records*

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**Note 12:** *In 2016-17, the funding guidelines stipulated a total of 15 complementary activities which were subject to individual sponsorship limits. For example, the sponsorship for publicity, which was one of the complementary activities, was capped at 10% of the approved expenditure of the project.*

## **Management of funding schemes for youth exchange and internship**

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- (ii) in 2017-18, the HAB imposed a sponsorship limit on the overall complementary activities of YIFS projects (i.e. 25% of the total sponsorship for a project or \$200,000, whichever was lower). However, no limit had been set for the other three funding schemes which were related to exchange projects (i.e. YEFS, BnRFS and IYEFS); and
- (b) ***Sponsorship rate not applied in consistent manner.*** In two projects, the calculation of sponsorship was at variance with each other (see Case 2).



### Case 2

#### Daily sponsorship rate not consistently applied in two projects (2012-13 and 2015-16)

1. The HAB calculated the sponsorship for a YEFS project, which was a 7-day exchange tour for 16 youths to Sichuan Province in 2015-16. The HAB arrived at a sponsorship of \$53,760 for the project, as follows:

$$\text{Daily sponsorship rate} \times 7 \text{ days} \times 16 \text{ persons} = \$53,760$$

(\$480 per person)

2. There were no exchange activities in the morning session of the first day and in the last day, during which the delegation took transportation between Hong Kong and the Mainland. In the circumstances, a whole-day sponsorship was paid for both the first and the last day.

3. In another YEFS project which was a 7-day exchange tour for 30 youths to Xinjiang and Gansu Province in 2012-13, there were no exchange activities in both the morning session and the afternoon session of the last day, during which the delegation took transportation between Hong Kong and the Mainland. In contrast to the practice in paragraph 2 above, only half-day sponsorship was paid for the last day.

4. Upon enquiry, the HAB informed Audit in March 2018 that according to the HAB's practices, sponsorship also covers transportation.

#### *Audit comments*

5. The funding guidelines did not specify the circumstances for granting half-day sponsorship to cover transportation, hence causing inconsistency in the application of the daily sponsorship rate.

*Source: Audit analysis of HAB records*

## **Management of funding schemes for youth exchange and internship**

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2.11 In this connection, Audit noted that the scope and extensiveness of exchange projects could be subject to change. For example, under the 2017-18 Budget, the Financial Secretary announced an additional funding allocation of \$100 million for international youth exchange. Consequently, in June 2017, the HAB launched the IYEFS (see Table 1 in para. 1.8). This will likely impact the scale of complementary activities of exchange projects.

2.12 To ensure that sponsorship for complementary activities is granted with propriety and in view of possible future changes in the scope and extensiveness of exchange projects that might impact on the scale of complementary activities, Audit considers that the HAB needs to continuously monitor the proportion of approved expenditure on complementary activities and review the sponsorship limits on complementary activities for different funding schemes at regular intervals. The HAB also needs to ensure that adequate funding guidelines (i.e. on any revised sponsorship limits and on calculating the daily sponsorship rates) are provided to HAB staff to facilitate the granting of sponsorship.

### ***Need to ensure that sponsorship is granted within the intended limit***

2.13 The HAB has set in the funding guidelines two types of limits on sponsorship:

- (a) ***Project sponsorship limit.*** In 2016-17, the maximum amounts of sponsorship for each project under the YEFS, YIFS and BnRFS were \$660,000, \$880,000 and \$300,000 respectively; and
- (b) ***Organisation sponsorship limit.*** In 2016-17, the maximum amounts of sponsorship for each organisation under the YEFS, YIFS and BnRFS were \$1 million, \$2.45 million and \$300,000 respectively.

The limits have been revised from time to time.

## **Management of funding schemes for youth exchange and internship**

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2.14 Audit examined the sponsorship granted to 1,050 projects (see Table 7 in para. 2.4) in 2012-13 to 2016-17 (Note 13), and found that the requirement on sponsorship limits had generally been followed, except that in one case where the project sponsorship limit was exceeded:

- (a) in 2015-16, a sponsorship of \$1.4 million was approved for one YIFS project, which exceeded the sponsorship limit for a single project (i.e. \$700,000 in 2015-16); and
- (b) HAB records did not document any justification for the departure.

Upon enquiry, the HAB informed Audit in March 2018 that the project was co-organised by two organisations. The actual number of participants in the project was smaller than the approved number. Accordingly, the final amount of sponsorship received by the two organisations was \$679,300 in total (i.e. lower than the limit of \$700,000).

2.15 Audit considers that the HAB needs to look into the reasons for not complying with the project limit when approving sponsorship in the case noted by Audit, and take measures to prevent non-compliance with limits on sponsorship in future.

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**Note 13:** *According to the funding guidelines, full amount of sponsorship will be paid to the organisation upon completion of the project and submission of an activity report and a financial report. Of the 1,050 projects conducted in 2012-13 to 2016-17 under the funding schemes for youth exchange and internship, 773 projects had the reports submitted and the payments of sponsorship finalised.*

## **Audit recommendations**

- 2.16      **Audit has *recommended* that the Secretary for Home Affairs should:**
- (a)      **keep under review the need for conducting assessment interviews for the different funding schemes for youth exchange and internship;**
  - (b)      **regularly review the adequacy of practices on assessing project proposals, and based on the review results, take measures to enhance the assessment process where necessary;**
  - (c)      **continuously monitor the proportion of approved expenditure on complementary activities and review the sponsorship limits on complementary activities for different funding schemes at regular intervals;**
  - (d)      **ensure that adequate funding guidelines are provided to HAB staff to facilitate the granting of sponsorship; and**
  - (e)      **look into the reasons for not complying with the project limit on the grant of sponsorship in the case noted by Audit (see para. 2.14) and take measures to prevent non-compliance with limits on sponsorship in future.**

## **Response from the Government**

2.17      The Secretary for Home Affairs generally agrees with the audit recommendations. He has said that:

- (a)      assessment panels, which comprise non-official members, would decide on the need for conducting assessment interviews for youth exchange projects on a need basis having regard to the nature and circumstances of the individual funding schemes and the panels' experience in processing such applications;
- (b)      the HAB and the relevant advisory committees will continue to keep under review the adequacy of the assessment criteria and practices (including but

## **Management of funding schemes for youth exchange and internship**

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not limited to the need for assessment interviews), and assessment would continue to be conducted by assessment panels comprising non-official members;

- (c) complementary activities such as pre-trip team building and post-trip learning reflection are worthwhile and form a core part of an exchange/internship project. Given the varying nature, destinations and number of participants of the projects, the proportion of approved expenditure attributed to complementary activities would also vary accordingly. Besides, some organisations might choose to bear part of the costs of a project, and hence affecting the proportion of approved expenditure spent on different parts of a project; and
- (d) the HAB has already enhanced its internal funding guidelines by clearly setting out the methodology to be adopted in different circumstances to facilitate staff to calculate the amount of sponsorship so as to ensure consistency and prevent non-compliance with sponsorship limits in future. Besides, the HAB has enhanced its computer system which would automatically draw staff's attention if the amount of sponsorship entered into the system exceeds any of the applicable sponsorship limits.

## **Monitoring of funding schemes**

2.18 According to the funding guidelines, within three months after completion of projects, organisations are required to submit activity reports. The reports provide information on the conduct of projects and the number of participants in the projects. Table 9 shows, for projects completed in 2016-17, the distribution of participants among the 143 projects of which the activity reports had been submitted.

## **Management of funding schemes for youth exchange and internship**

**Table 9**

**Participants in projects under  
the funding schemes for youth exchange and internship  
(2016-17)**

<b>No. of participants</b>	<b>No. of projects</b>			<b>Total</b>
	<b>YEFS</b>	<b>YIFS</b>	<b>BnRFS</b>	
10 to <25 (Note 1)	5 (6.9%)	11 (22.4%)	12 (54.5%)	28 (19.6%)
25 to <50	29 (40.3%)	34 (69.4%)	10 (45.5%)	73 (51.0%)
50 to <100	24 (33.3%)	4 (8.2%)	0 (0.0%)	28 (19.6%)
100 to <300	13 (18.1%)	0 (0.0%)	0 (0.0%)	13 (9.1%)
300 or above	1 (1.4%) (Note 2)	0 (0.0%)	0 (0.0%)	1 (0.7%)
Total	72 (100.0%)	49 (100.0%)	22 (100.0%)	143 (100.0%)

*Source: HAB records*

*Note 1: For the funding schemes in 2016-17, there were no projects which had fewer than 10 participants.*

*Note 2: The number of participants was 486.*

### ***Need to set minimum number of participants for YEFS projects***

2.19 Audit noted that while the funding guidelines had set a requirement on the minimum actual number of participants per YIFS project (i.e. 12 participants), BnRFS project (i.e. 10 participants) and IYEFS project (i.e. 10 participants), no such requirement had been set for YEFS projects. While there were no projects which had fewer than 10 participants in 2016-17, Audit found that in 2015-16, there was one extreme case (a YEFS project) where the project had only one participant eligible for sponsorship (see Case 3).

### Case 3

#### A YEFS project with only one youth participant (2015-16)

1. In a YEFS project, a 3-day exchange tour to Hunan Province was to be held in 2015-16. The intended number of youth participants was 28. The HAB approved a sponsorship for exchange activities of \$40,320 (i.e. \$1,440 per head  $\times$  28 youths). The organisation that ran the project also needed to carry out complementary activities of \$11,245, comprising \$4,093 for conducting an audit for the project and \$7,152 for hiring a coach to carry participants (Note 1). The average cost per head was therefore \$1,842  $((\$40,320 + \$11,245) \div 28$  youth participants).

2. The tour was conducted and it turned out that there was only one youth participant. While the youth participant was joined by three representatives from the organisation, the youth participant was the only person eligible for sponsorship. Eventually, the coach was not hired. The HAB reduced the sponsorship accordingly. The final amount received by the organisation was \$5,533, comprising \$1,440 sponsorship per head for exchange activities, and \$4,093 for the audit fee (Note 2).

#### *Audit comments*

3. Given the reduced number of participants, the cost per head had increased by 200% from \$1,842 to \$5,533.

*Source: Audit analysis of HAB records*

*Note 1: Being complementary activities, the audit fee and coach hire were to be reimbursed on an actual basis. The \$4,093 and the \$7,152 were the estimated costs reported by the organisation.*

*Note 2: It was a usual practice that the HAB paid a portion of sponsorship in advance (usually up to 50% of the approved amount of sponsorship) to an organisation. Excess advance payment would be recovered from the organisation after receipt and review of the activity report and the financial report (see Note 7 to para. 2.2). In this case, the HAB had recovered the excess advance payment from the organisation that ran the YEFS project. No overpayment was involved.*

## **Management of funding schemes for youth exchange and internship**

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2.20 It was less than satisfactory that the HAB had not set a minimum number of participants for YEFS projects. In March 2018, the HAB informed Audit that:

- (a) as can be seen in Case 3, sponsorship for exchange activities in YEFS projects was calculated on a per head basis. Hence, organisations generally had no incentive to organise projects with a very small number of participants, bearing in mind the amount of sponsorship for exchange activities receivable would likely be much lower than the actual cost associated with these activities and the difference would have to be borne by the organisations themselves;
- (b) the exchange project in Case 3 was to visit under-privileged children studying in schools in remote rural areas in the Mainland. It was understood that the organisation concerned decided to proceed notwithstanding the low turnout rate, and arranged four people to embark on the project (i.e. one youth participant funded under the YEFS and three representatives from the organisation who were not funded under the YEFS) in order not to disappoint the schools and the children involved; and
- (c) nevertheless, in the light of the experience gained, the HAB had imposed a requirement on the minimum number of participants (i.e. 10 participants) for YEFS projects for funding exercises in 2018-19 and thereafter, thereby avoiding the recurrence of situations similar to Case 3.

2.21 Audit considers that the HAB needs to monitor the implementation of this new requirement on the minimum number of participants for YEFS projects, and revise the requirement based on actual experience.

### ***Need to expedite finalisation of projects***

2.22 Within three months after the completion of projects, organisations are required to submit activity reports and financial reports (see Note 7 to para. 2.2) to the HAB. Based on these reports, the HAB finalises the projects by making necessary adjustments to the amount of sponsorship (see Case 3 in para. 2.19 for an example).

2.23 Of the 60 projects examined by Audit (see para. 2.5), 55 projects had been completed. Audit noted that in 22 (40%) of the 55 completed projects, submission of



## Management of funding schemes for youth exchange and internship

the activity reports/financial reports had not been timely, contrary to the requirements of the funding guidelines. The extent of delay ranged from 10 days to 36 months (see Table 10), averaging 8.9 months.

**Table 10**

**Delay in submission of activity report/financial report in 55 projects  
(31 December 2017)**

Delay (months)	No. of projects			
	YEFS	YIFS	BnRFS	All three schemes
< 1	1 (Note 1)	0	0	1
1 to < 5	8	0	2	10
5 to < 10	0	2	1	3
10 to < 20	2	3	1	6
20 to < 30	1	0	0	1
30 to 36	1 (Note 2)	0	0	1
Project with delay	13 (43%)	5 (25%)	4 (80%)	22 (40%)
Project without delay	17 (57%)	15 (75%)	1 (20%)	33 (60%)
Total	30 (100%)	20 (100%)	5 (100%)	55 (100%)

*Source: Audit analysis of HAB records*

*Note 1: There was a delay of 10 days.*

*Note 2: There was a delay of 36 months.*

2.24 Late submission of activity reports and financial reports would hold up the finalisation of projects, and is not conducive to the timely recovery of any unused sponsorship. Audit further noted from the 60 projects examined that the HAB had

## **Management of funding schemes for youth exchange and internship**

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not always taken prompt action to follow up delay cases. In one extreme case, HAB records indicated that the HAB reminded an organisation to submit the activity and financial reports 23 months after the project had been completed.

2.25 Audit considers that the HAB needs to regularly remind organisations of the need to submit activity reports and financial reports in accordance with the funding guidelines. The HAB also needs to closely monitor the submission of such reports and take prompt action to follow up any late submission cases.

### **Audit recommendations**

2.26 Audit has *recommended* that the Secretary for Home Affairs should:

- (a) **monitor the implementation of the new requirement on the minimum number of participants for YEFS projects, and keep in view the need for revising the minimum number having regard to the actual experience gained in implementation;**
- (b) **regularly remind organisations of the need to submit activity reports and financial reports in accordance with the funding guidelines; and**
- (c) **closely monitor the submission of activity reports and financial reports, and take prompt action to follow up any late submission cases.**

### **Response from the Government**

2.27 The Secretary for Home Affairs agrees with the audit recommendations. He has said that:

- (a) with the introduction of the requirement on the minimum number of participants for YEFS projects, situations similar to Case 3 could be avoided. The HAB will keep in view the implementation of this requirement having regard to the actual experience gained; and
- (b) the HAB has stepped up efforts in ensuring timely submission of activity reports and financial reports by organisers by deploying more manpower

resources to monitor the implementation and follow-up work of the large number of YEFS projects. The relevant assessment criteria have also been revised such that late submission of report(s) by organisations in previous exercises would be taken into account in the demerit-point system for the YEFS and YIFS starting from the 2018-19 exercises, and for the BnRFS in its 2017-18 exercise.

### **Management of cancelled projects**

2.28 As shown in Table 7 in paragraph 2.4, in 2014-15 to 2016-17, 88 (17 + 34 + 37) projects had been cancelled. The majority (80 projects or 91%) of the cancelled projects were YEFS projects. In this period, the number of approved projects under the YEFS, YIFS and BnRFS were 653, 213 and 29 respectively. Vis-à-vis the number of cancelled projects (i.e. 80 YEFS projects, 6 YIFS projects and 2 BnRFS projects), the proportion of cancelled projects was 12% under the YEFS, 3% under the YIFS, and 7% under the BnRFS.

2.29 The objective of the HAB's funding schemes is to expose young people to the economic, social and cultural surroundings at both the national and international levels through exchange and internship activities (see para. 1.3). To meet the objective, there is a need to minimise the number of cancelled projects as far as possible.

### ***Need to improve handling of cancelled projects***

2.30 Audit examined 30 projects cancelled in 2012-13 to 2016-17 (i.e. 25 YEFS projects, 3 YIFS projects and 2 BnRFS projects). Audit found that, in the majority (64%) of projects, the main reasons for project cancellation were "low enrolment rate" and "inability to organise the tour within the approved time frame" (see Table 11).

**Table 11**

**Reasons for project cancellation in 30 projects  
(2012-13 to 2016-17)**

<b>Reason</b>	<b>No. of projects</b>	
Low enrolment rate	14 (47%)	} 19 (64%)
Inability to organise the tour within the approved time frame	5 (17%)	
Insufficient sponsorship	3 (10%)	
Safety issues of the destination	3 (10%)	
Restructuring of the organisation	1 (4%)	
Others	2 (6%)	
No reason was provided	2 (6%)	
<b>Total</b>	<b>30 (100%)</b>	

*Source: Audit analysis of HAB records*

2.31 Audit noted that, of the 30 cancelled projects, the organisations in 12 (40%) projects only informed the HAB of the cancellation of projects after the scheduled tour departure dates.

2.32 In Audit's view, without knowing the intended cancellation of projects, the HAB could not take timely action to help organisations address their difficulties. Should projects be cancelled, those already enrolled in the projects would be affected. Upon enquiry, the HAB informed Audit in March 2018 that:

- (a) organisations might have strived to recruit till it was close to the start date of the projects, and hence they might not be able to inform the HAB of the cancellation beforehand;
- (b) in fact, organisations were required under the funding guidelines to report on any change of their exchange/internship projects, including cancellation of projects. As a way of good monitoring and governance, such

requirement would be set out in the guidelines more explicitly for organisations to follow in funding exercises for 2018-19 and thereafter; and

- (c) since February 2018, the HAB had introduced a one-stop-information portal on the CoY website. The portal provided participants and the public with more information on exchange/internship projects funded by the HAB's funding schemes, and facilitated their choice/decision-making as and when needed.

2.33 While appreciating the HAB's initiatives (see para. 2.32(b) and (c)), Audit considers that the HAB needs to strengthen liaison with organisations with a view to identifying any intended cancellation of projects. Furthermore, the HAB needs to take into account the reasons for previous cancellation of projects (e.g. why organisations were unable to organise tours within the approved time frame) in the assessment of project proposals, with a view to selecting and funding more viable projects in future. Moreover, the HAB needs to closely monitor the operation of the newly launched one-stop-information portal so as to ensure that it is implemented as intended.

### Audit recommendations

2.34 **Audit has *recommended* that the Secretary for Home Affairs should:**

- (a) **strengthen liaison with organisations with a view to identifying any intended cancellation of projects and take necessary follow-up actions;**
- (b) **take into account the reasons for previous cancellation of projects in the assessment of project proposals in future; and**
- (c) **closely monitor the operation of the newly launched one-stop-information portal so as to ensure that it is implemented as intended.**

### **Response from the Government**

2.35 The Secretary for Home Affairs agrees with the audit recommendations. He has said that, during briefing sessions, the HAB has reminded organisations to inform the bureau as soon as possible once the decision to cancel a project is made, and to draw the attention of participants who have enrolled in the cancelled project, if any, to other comparable exchange opportunities with reference to the one-stop information portal. The HAB will take into account the reasons for previous cancellation of projects in the assessment of project proposals in future funding exercises.

## PART 3: PROVISION OF PROGRAMMES OF YOUTH EXCHANGE

3.1 This PART examines the provision of the HAB's programmes of youth exchange, focusing on the following issues:

- (a) provision of exchange places (paras. 3.2 to 3.12);
- (b) delivery of exchange projects (paras. 3.13 to 3.22); and
- (c) commissioning of contractor services (paras. 3.23 to 3.29).

### Provision of exchange places

3.2 Apart from organising exchange projects for young people through sponsored organisations (see PART 2), the HAB also organises exchange projects on its own through three programmes of youth exchange:

- (a) **IYEP and SEP.** The HAB puts forward project proposals to the CoY's Working Group on International Exchanges and Conferences (WGIEC), and seeks the WGIEC's endorsement of the proposals. To monitor the delivery of endorsed projects, the WGIEC arranges for its members to attend activities of each project (Note 14); and
- (b) **CEP.** In collaboration with the Department of Culture of Guangdong Province and with the Tertiary Education Services Office of the Macao Special Administrative Region Government, the HAB organises exchange projects in Guangdong and Macao respectively. The HAB liaises with the Guangdong and Macao authorities to make arrangements for the exchange

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**Note 14:** *According to the HAB, an exchange tour is normally attended by one member, while an activity (other than exchange tours) is normally attended by more than one member.*

## Provision of programmes of youth exchange

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projects. The delivery of projects is subject to the HAB's monitoring (Note 15).

Each year, the HAB prepares budgets for the projects to be held under the three programmes. Funding for the programmes are earmarked under the Estimates of the HAB (Note 16).

3.3 According to the HAB, young people participating in SEP or CEP projects are Hong Kong's youth delegates, while those participating in IYEP projects are Hong Kong's youth ambassadors (Note 17). These young people (hereinafter collectively referred to as youth delegates for simplicity) attend outbound exchange tours to other places. In 2012-13 to 2016-17, a total of 722 youth delegates went on exchange tours in 35 projects (see Table 12).

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**Note 15:** *Since no working group nor committee was involved in the CEP, an HAB officer is assigned to attend project activities with other youth participants.*

**Note 16:** *Funding for the IYEP is provided under the item "Other Charges — International Youth Exchange Programme". Funding for the SEP and the CEP is provided under the item "Other Charges — youth development activities".*

**Note 17:** *According to the HAB, youth ambassadors may serve as youth team leaders under the SEP and the CEP, who help lead, liaise and facilitate the activities in tours.*



## Provision of programmes of youth exchange

**Table 12**

**Youth delegates of  
programmes of youth exchange  
(2012-13 to 2016-17)**

Year	Programme							
	IYEP		SEP		CEP		All three programmes	
	No. of projects	No. of youth delegates	No. of projects	No. of youth delegates	No. of projects	No. of youth delegates	No. of projects	No. of youth delegates
2012-13	4	65	1	40	1	42	6	147
2013-14	3	43	1	42	1	44	5	129
2014-15	7	72	1	44	1	50	9	166
2015-16	6	66	1	48	1	33	8	147
2016-17	5	62	1	36	1	35	7	133
Total	25	308	5	210	5	204	35	722

Source: HAB records

### ***Exchange places in demand but not fully utilised***

3.4 The HAB invites different organisations and government bureau/departments to nominate suitable candidates for youth delegates (Note 18). The HAB/WGIEC may select youth delegates from these candidates. For the SEP and the CEP, apart from those nominated candidates, the HAB would directly recruit young people who have satisfactorily attended other activities (e.g. activities of IYEP projects) as team leaders of the youth delegates.

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**Note 18:** *The organisations being invited include local universities, post-secondary institutions, uniformed groups and NGOs. The government bureau/departments being invited include the Education Bureau, the Social Welfare Department and the Home Affairs Department.*

## **Provision of programmes of youth exchange**

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3.5 In 2012-13 to 2016-17, nominations from organisations and government bureau/departments far exceeded the programme capacity of the IYEP and the SEP. Table 13 shows that, during the period, the IYEP was 243% oversubscribed and the SEP was 124% oversubscribed. Audit, however, noted that the programme capacities of the IYEP and the SEP had not been fully utilised to provide exchange places for the candidates. As shown in Table 13, during the period, the unutilised capacity of the IYEP was 7% (23 places) of its overall capacity of 331 places, while that of the SEP was 12% (i.e. 22 places) of its overall capacity of 180 places.

## Provision of programmes of youth exchange

**Table 13**

### Nomination and selection of youth delegates for IYEP and SEP (2012-13 to 2016-17)

Year	Programme capacity (Note 1)	Candidates			Capacity over/(under) utilised	Over/(under) subscription  $(f) = \frac{(b) - (a)}{(a)} \times 100\%$  (Percentage)
		Nominated	Selected	Not selected		
	(a)	(b)	(c)	(d) = (b) – (c)	(e) = (c) – (a)	
	(No. of youths)	(No. of youths)	(No. of youths)	(No. of youths)	(No. of youths)	
<b>IYEP</b>						
2012-13	65	247	65	182	0	280%
2013-14	50	238	43	195	(7)	376%
2014-15	65	212	72 (Note 2)	140	7	226%
2015-16	81	238	66	172	(15)	194%
2016-17	70	199	62	137	(8)	184%
Overall	331	1,134	308	826	(23) or 7% of 331	243%
<b>SEP</b>						
2012-13	36	106	36	70	0	194%
2013-14	36	N.A. (Note 3)	22	N.A.	(14)	N.A.
2014-15	36	102	36	66	0	183%
2015-16	36	103	36	67	0	186%
2016-17	36	93	28	65	(8)	158%
Overall	180	404	158	268	(22) or 12% of 180	124%

Source: Audit analysis of HAB records

Note 1: Programme capacity refers to the number of youth delegates that was originally budgeted for.

Note 2: The HAB received further invitations from certain youth organisations in an overseas country. Two more exchange tours to the country were then organised and therefore the number of participants was larger than the planned programme capacity.

Note 3: According to the HAB, no nomination was required for the SEP in 2013-14. The youth delegates for the 2013-14 SEP comprised awardees of the HAB's other youth programmes and youth ambassadors.

## **Provision of programmes of youth exchange**

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3.6 Upon enquiry, the HAB informed Audit in March 2018 that selection of candidates for the IYEP and the SEP was based on individual merits and only those who had good performance at selection interviews were selected for the exchange tours. For these reasons, the numbers of candidates selected for the IYEP and the SEP might be lower than the intended programme capacities. This would ensure that the right and suitable candidates participated in the programmes as Hong Kong's youth ambassadors. Moreover, for the IYEP, the actual number of youth participants selected was subject to the hosting capacity of overseas partner countries/provinces/cities, which could only be ascertained at a later stage and might be different from the originally estimated programme capacity.

3.7 While noting the need for ensuring candidates' quality, Audit considers that it is not desirable for programmes to have unutilised capacity vis-à-vis the high demand for exchange places. The HAB needs to explore ways to maximise the utilisation of the programme capacities of the IYEP and the SEP, having regard to the need for providing more exchange places for young people as well as the need for ensuring the quality of programme participants.

### ***Need to better promote CEP places***

3.8 Local universities and post-secondary institutions nominate suitable candidates for CEP places. In addition, the HAB identifies young people who have satisfactorily attended other youth activities (e.g. IYEP activities) and recruits them directly as team leaders of youth delegates in CEP projects. According to the HAB, for CEP projects, as the target participants are students of post-secondary institutions or equivalent, the HAB had not invited other organisations and government bureau/departments to submit nominations.

3.9 In 2012-13 to 2016-17, the number of nominations received and recruited for CEP projects had decreased by 43% from 42 in 2012-13 to 24 in 2016-17. Meanwhile, to strengthen the tour management, the HAB had identified and recruited more young people as team leaders (the number of team leaders increased from nil in 2012-13 to 11 in 2016-17). However, the total number of youth delegates (i.e. those recruited through nominations and those recruited directly as team leaders) decreased by 17% from 42 in 2012-13 to 35 in 2016-17. In 2016-17, 42% of the budgeted number of the CEP places had not been utilised. Table 14 shows Audit's analysis.

**Table 14**

**Recruitment of youth delegates for the CEP  
(2012-13 to 2016-17)**

Year	Programme capacity (a) (No. of youths)	Youth delegate		Capacity utilised (d) = (b) + (c) (No. of youths)	Capacity not utilised (e) = (a) – (d) (No. of youths)
		Recruited through nominations (b) (No. of youths)	Recruited directly as team leaders (c) (No. of youths)		
2012-13	50	42	0	42 (84%)	8 (16%)
2013-14	50	42	2	44 (88%)	6 (12%)
2014-15	50	47	3	50 (100%)	0 (0%)
2015-16	60	26	7	33 (55%)	27 (45%)
2016-17	60	24	11	35 (58%)	25 (42%)
Overall	270	181	23	204 (76%)	66 (24%)

*Source: Audit analysis of HAB records*

3.10 Audit noted that, unlike the IYEP and the SEP where information about these two programmes could be found on the CoY website, there was no information on the Internet about the CEP. In spite of the decreased nominations and the CEP's unused capacity (see Table 14 above), the HAB had not stepped up the publicity of the CEP. Young people who were eligible for and interested in the CEP might therefore not be aware of the programme. In order to benefit more young people, Audit considers that the HAB needs to enhance the publicity for the CEP.

## **Audit recommendations**

3.11 **Audit has recommended that the Secretary for Home Affairs should:**

## **Provision of programmes of youth exchange**

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- (a) **explore ways to maximise the utilisation of the programme capacities of the IYEP and the SEP; and**
- (b) **enhance the publicity for the CEP.**

## **Response from the Government**

3.12 The Secretary for Home Affairs generally agrees with the audit recommendations. He has said that:

- (a) it is important to ensure that only suitable candidates are selected to participate in the IYEP and the SEP, so that they could benefit the most from these programmes and serve as Hong Kong's ambassadors to the partnering countries/provinces/cities. The HAB will continue to encourage nominating agencies to nominate suitable candidates for participation in these programmes; and
- (b) measures are being taken to enhance the publicity for the CEP starting from 2018, including expanding the list of tertiary institutions to be invited to nominate participants and featuring the CEP in the one-stop information portal (see para. 2.32(c)).

## **Delivery of exchange projects**

3.13 In projects organised under the programmes of youth exchange, youth delegates are led by HAB staff and/or WGIEC member(s) in exchange tours depending on the nature of the programmes and operational need (hereinafter, the HAB staff and the accompanying WGIEC members are referred to as official delegates). Service contractors of the HAB (see para. 3.23) also accompany the youth delegates as appropriate. According to the HAB, the official delegates and the accompanying service contractor need to ensure the safety of youth delegates and attend to their needs during exchange tours (Note 19).

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**Note 19:** *According to the HAB, throughout the exchange tour at the host country/province/city, providing local logistic support is the responsibility of the host or its contractor.*

***Need to keep under review the adequacy of manpower support***

3.14 Audit conducted an analysis of the ratios of official delegates to youth delegates for the 35 exchange projects organised under the programmes in 2012-13 to 2016-17. Audit found that the ratios ranged from 1:3 (i.e. 1 official delegate attending to 3 youth delegates) to 1:25 (i.e. 1 official delegate attending to 25 youth delegates), as follows:

- (a) ***IYEP projects.*** The ratios were between 1:3 to 1:10;
- (b) ***SEP projects.*** The ratios were between 1:7.2 to 1:16; and
- (c) ***CEP projects.*** The ratios were between 1:16.5 to 1:25.

On the whole, in 26% of the exchange projects, each official delegate needed to attend to more than 10 youth delegates (see Table 15).

**Table 15**

**Youth delegates attended to by one official delegate  
(2012-13 to 2016-17)**

No. of youth delegates attended to by 1 official delegate	No. of projects				
	IYEP	SEP	CEP	Overall	
21 to 25	0	0	3	3	} 9 (26%)
16 to 20	0	1	2	3	
11 to 15	0	3	0	3	
10 or below	25	1	0	26	} 26 (74%)
Total	25	5	5	35	

*Source: Audit analysis of HAB records*

## **Provision of programmes of youth exchange**

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3.15 On the issue of manpower support, in March 2018, the HAB informed Audit that:

- (a) at present, youth delegates joining exchange programmes organised by the HAB were led by HAB staff (1 staff member for each CEP project and 2 staff for each SEP project) and/or a WGIEC member (1 member for each IYEP project or SEP project) during the exchange;
- (b) for the IYEP and the SEP, having regard to genuine operational need (e.g. location and duration of exchange projects, and age of youth participants), working staff of the HAB's responsible service contractor also accompanied the youth delegates as appropriate. For the CEP and the SEP, experienced youth ambassadors were assigned as team leaders or helpers (see para. 3.4); and
- (c) the existing manpower arrangement was adequate as well as cost effective. For example:
  - (i) more manpower was deployed for the SEP in view of the younger age (minimum 15 years old) of participants and the farther destinations (overseas countries); and
  - (ii) participants in CEP projects were adults (aged 18 to 24) and destinations of those projects were much closer to Hong Kong (Macao and Guangdong). The current manpower ratio was therefore considered appropriate.

3.16 Audit notes the HAB's efforts in ensuring the adequacy of manpower support for its programmes of youth exchange. Nevertheless, Audit considers that there is a need for the HAB to keep under review the manpower support for programmes of youth exchange, with a view to ensuring the adequacy of the support. This is particularly necessary when visits to new or remote countries/cities are involved. Furthermore, the enhanced publicity for the CEP (see para. 3.11(b)) could help boost participation which might have an implication for stepping up manpower support.



***Need to encourage participants to honour their post-trip service commitment***

3.17 Before 2017-18, for IYEP projects, youth delegates were required to sign a letter of undertaking to perform at least 50 hours of voluntary services (post-trip services) within one year upon returning from the overseas visit. According to the HAB, this was intended to enhance the youth's participation and to contribute to the community with what they had learned during overseas visits.

3.18 ***Low compliance rate.*** Audit noted that, of the 308 youth delegates of IYEP projects conducted in 2012-13 to 2016-17, only 103 (33.4%) youth delegates reported that they had honoured their post-trip voluntary service commitment (see Table 16). HAB records did not indicate that actions had been taken to follow up the post-trip voluntary services provided by the remaining 205 (66.6%) youth delegates.

**Table 16**

**Post-trip voluntary service commitment  
honoured by 308 youth delegates  
(2012-13 to 2016-17)**

Post-trip service commitment	No. of youth delegates			
Honoured	103	} 205	(33.4%)	} (66.6%)
Not honoured	21		(6.8%)	
Youth delegates did not report whether or not they had honoured the commitment	184		(59.8%)	
Total	308		(100.0%)	

*Source: Audit analysis of HAB records*

3.19 ***New requirements for 2017-18.*** HAB records indicated that, in 2017-18, the letter of undertaking no longer required the youth delegates to perform the post-trip voluntary services. Upon enquiry, the HAB informed Audit in February 2018 that, to tie in with the celebration of the 20th Anniversary of the

## **Provision of programmes of youth exchange**

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establishment of the Hong Kong Special Administrative Region, the IYEP for 2017-18 was enhanced:

- (a) instead of providing 50 hours of post-trip voluntary services, youth delegates were required to represent Hong Kong as ambassadors/volunteers to assist in various 20th Anniversary international conferences, events and activities; to help receive overseas youths visiting Hong Kong as a 20th Anniversary initiative; and to organise and implement innovative and practicable programmes for the benefit of the community and in celebration of the 20th Anniversary; and
- (b) the WGIEC had endorsed the parameters of the 20th Anniversary programme at its meeting held in August 2016.

According to the HAB, the new requirements were well received by the youth delegates as the exposure gained and contributions made were more valuable.

3.20 In Audit's view, while serving as ambassadors/volunteers for the 20th Anniversary celebration was well-received, the HAB needs to devise a sustainable post-trip service requirement with a view to broadening the delegates' horizons and experience.

## **Audit recommendations**

3.21 **Audit has *recommended* that the Secretary for Home Affairs should:**

- (a) **keep under review the manpower support for the programmes of youth exchange, with a view to ensuring the adequacy of support; and**
- (b) **in devising post-trip service requirements in future, be mindful of the need for securing delegates' compliance with the requirements as well as the need for broadening delegates' horizons.**

## **Response from the Government**

3.22 The Secretary for Home Affairs agrees with the audit recommendations. He has said that:

- (a) the HAB has ensured and will continue to ensure that adequate manpower support is provided for the youth exchange programmes; and
- (b) given the success of the 20th Anniversary youth ambassador programme, the HAB has formulated the proposed programme details of the IYEP for use in future along this model, with a view to providing similar opportunities to the youth delegates to gain wider exposure and serve the community.

## **Commissioning of contractor services**

3.23 The HAB outsourced logistic services which were required for implementing programmes of youth exchange. Table 17 shows the services outsourced and the target providers of services.

## Provision of programmes of youth exchange

Table 17

### Services outsourced and target service providers

Programme	Service	Target service provider
IYEP	Logistic arrangements including arranging selection interviews of youth delegates, providing training to youth delegates, receiving and arranging itineraries for overseas delegates, and helping youth delegates to fulfil the requirement of 50 hours of post-trip services (up to 2016-17 — see para. 3.17).	Local uniformed groups and large NGOs
SEP	Logistic services for briefing sessions, training seminars, etc.	Professional event management firms
	Organising the overseas tour and providing administrative and logistic support during the tour.	Travel agencies
CEP	Organising and implementing programmes for receiving delegates (i.e. Guangdong, Macao and Hong Kong delegates) in Hong Kong, and making related logistic arrangements.	Companies specialised in programme/event organisation

Source: HAB records

3.24 In 2012-13 to 2016-17, the HAB conducted 29 procurement exercises for outsourcing the above services. The HAB invited quotations from service providers and awarded 29 service contracts to them (one contract for each procurement exercise).

### *Scope for improving response to outsourcing procurement*

3.25 Audit noted that in 2012-13 to 2016-17, while many invitations were sent out in the 29 procurement exercises, not many service providers responded (see Table 18).

**Table 18**

**Response to quotation invitations  
(2012-13 to 2016-17)**

	<b>IYEP</b>	<b>SEP</b>	<b>CEP</b>	<b>Overall</b>
No. of quotation invitations issued (a)	416	105	42	563
No. of quotations received (b)	16	25	12	53
Response rate (c) = (b)/(a) × 100%	3.8%	23.8%	28.6%	9.4%

*Source: Audit analysis of HAB records*

3.26 As can be seen from Table 18, the response rate in procurement exercises for the IYEP was particularly low (3.8%). Audit further noted that:

- (a) of the 16 quotations received for the IYEP over the five-year period, 14 (87.5%) were received from the same service provider (an NGO); and
- (b) in 2012-13 to 2016-17, the NGO was the sole contractor providing services for IYEP projects. The NGO charged a contractor fee for providing services. The contractor fee comprised a service charge which was a fixed price, and programme expenses for which the NGO was reimbursed on an actual basis. In 2012-13 to 2016-17, for IYEP projects, the proportion of service charges in contractor fees had increased from 24.7% in 2012-13 to 38.7% in 2016-17. On the whole, for IYEP projects, the service charges accounted for 32.6% of the contractor fees in the period (see Table 19).

## Provision of programmes of youth exchange

Table 19

### Contractor fees for IYEP (2012-13 to 2016-17)

Year	No. of service contracts	Contractor fees	
		Programme expenses (\$)	Service charge (\$)
2012-13	2	1,241,021 (75.3%)	407,700 (24.7%)
2013-14	3	584,977 (70.7%)	242,200 (29.3%)
2014-15	3	1,101,413 (68.6%)	504,270 (31.4%)
2015-16	3	802,216 (61.3%)	506,105 (38.7%)
2016-17	3	938,790 (61.3%)	593,560 (38.7%)
Overall	14	4,668,417 (67.4%)	<b>2,253,835 (32.6%)</b>

Source: Audit analysis of HAB records

3.27 Audit further noted that the HAB last reviewed its supplier list in September 2017 with a view to widening the pool of potential bidders for quotation exercises. However, HAB records did not indicate that the HAB had taken measures to ascertain the reasons for the low response rate in the past procurement exercises (e.g. contacting the service providers to enquire about their reasons for not responding).

## Audit recommendations

3.28 Audit has *recommended* that the Secretary for Home Affairs should:

- (a) ascertain the reasons for the lukewarm response of service providers in quotation invitations for programmes of youth exchange; and
- (b) having regard to the reasons ascertained, take measures to improve the response rate of service providers.

## **Response from the Government**

3.29 The Secretary for Home Affairs agrees with the audit recommendations. He has said that in future quotation exercises, the HAB will arrange briefing sessions for interested service providers, with a view to helping them understand better the terms and conditions of the quotation documents.

## **PART 4: GOVERNANCE MATTERS AND WAY FORWARD**

4.1 This PART examines matters relating to the governance of the CoY and the CPCE, and the HAB's way forward in the provision of youth exchange and internship activities, focusing on the following areas:

- (a) engaging of members (paras. 4.2 to 4.6);
- (b) management of conflicts of interest (paras. 4.7 to 4.13); and
- (c) way forward (paras. 4.14 to 4.21).

### **Engaging of members**

4.2 Currently, the CoY and the CPCE each have 30 non-official members (see para. 1.5). Members have been invited to join working groups/sub-committee to help administer individual funding schemes for youth exchange and internship as well as programmes of youth exchange. Table 20 shows the working groups/sub-committee.



Table 20

**Working groups/sub-committee  
for administering youth exchange/internship activities  
(December 2017)**

<b>Funding scheme/ programme</b>	<b>Responsible working group/sub-committee</b>
<b><i>Funding scheme for youth exchange and internship</i></b>	
YEFS	CoY's Working Group on Youth Exchange and Internship in the Mainland (Note 1)
YIFS	
BnRFS	CPCE's Research, Development and Community Participation Sub-committee (Note 2)
IYEFS	Members from the CoY and the CPCE (Note 3)
<b><i>Programme of youth exchange</i></b>	
IYEP	CoY's WGIEC (Note 4)
SEP	
CEP	N.A.

Source: HAB records

*Note 1: The working group comprised 23 non-official members of the CoY (including one member served as a convener) and 3 co-opted members in 2017-18. The working group held 5, 6, and 4 meetings in 2014-15, 2015-16 and 2016-17 respectively.*

*Note 2: The sub-committee comprised 16 non-official members of the CPCE (including one member served as a convener) and a government representative of the Social Welfare Department in 2017-18. The sub-committee held 3 meetings in each year during 2014-15 to 2016-17.*

*Note 3: No working group had been set up for the IYEFS. The HAB invited members from the CoY's WGIEC and the CPCE's Research, Development and Community Participation Sub-committee to help conduct assessments of project proposals. The assessments were conducted through circulation of papers. No meeting was convened.*

*Note 4: The working group comprised 18 non-official members of the CoY (including one member served as a convener) and 5 co-opted members in 2017-18. The working group held 4, 5, and 3 meetings in 2014-15, 2015-16 and 2016-17 respectively.*

## **Governance matters and way forward**

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4.3 In appointing members to the CoY and the CPCE, the Secretary for Home Affairs considered the merit of individuals concerned, taking into account their ability, expertise, experience, integrity and commitment to public service.

### ***Need to better engage members' participation***

4.4 Audit reviewed the attendance rates of members of the CoY, the CPCE, the two working groups and the sub-committee responsible for the various exchange or internship funding schemes/programmes in 2014-15 to 2016-17. Audit found that in each of the three years, there were members who did not attend any meetings, and the proportion of members who did not attend any meetings was as high as 17% for the CoY's Working Group on Youth Exchange and Internship in the Mainland in 2014-15 (see Table 21). In one extreme case, a member of the Working Group on Youth Exchange and Internship in the Mainland did not attend any meetings in the period.

Table 21

**CoY/CPCE/working group/sub-committee members  
who did not attend any meetings  
(2014-15 to 2016-17)**

CoY/CPCE/working group/ sub-committee	No. of members who did not attend any meetings (percentage of members in the CoY/CPCE/working group/ sub-committee)		
	2014-15	2015-16	2016-17
CoY (Note 1)	2 (6%)	0 (0%)	2 (6%)
CPCE (Note 2)	0 (0%)	1 (3%)	4 (13%)
CoY's Working Group on Youth Exchange and Internship in the Mainland	5 (17%)	2 (7%)	2 (7%)
CoY's WGIEC	3 (16%)	3 (12%)	3 (12%)
CPCE's Research, Development and Community Participation Sub-committee	1 (7%)	1 (7%)	2 (13%)

Source: Audit analysis of HAB records

Note 1: The CoY held 4 meetings each year during 2014-15 to 2016-17.

Note 2: The CPCE held 3 meetings each year during 2014-15 to 2016-17.

## Audit recommendation

4.5 Audit has *recommended* that the Secretary for Home Affairs should take measures to improve members' attendance at meetings.

## Response from the Government

4.6 The Secretary for Home Affairs agrees with the audit recommendation. He has said that the HAB has stepped up efforts in reminding members, especially those with low attendance rates, of the importance of attending meetings of the committees

and their working groups. The HAB will take into account member's attendance rates in future appointment exercises.

### Management of conflicts of interest

4.7 The CoY and the CPCE have adopted a two-tier system for their members to declare personal interests. According to HAB records:

- (a) ***First-tier declaration of interests.*** Each year, members are required to sign a standard declaration form and register with the HAB any personal interests that conflict, or may conflict with the business of the CoY/CPCE (Note 20). The HAB has informed members that it will keep a register of members' interests; and
- (b) ***Second-tier declaration of interests.*** If a member is aware of actual or potential conflict between his personal interests and any matters under consideration by the CoY/CPCE, he must disclose to the CoY/CPCE prior to the discussion of the matter (Note 21). Each case of declaration of interests will be recorded in a declaration form and in the minutes of the meeting.

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**Note 20:** *According to an HAB circular memorandum on declaration of interests, the types of interests required for registration shall include:*

- (a) *proprietorships, partnerships or directorships of companies;*
- (b) *remunerated employments, offices, trades, professions or vocations;*
- (c) *shareholdings in a publicly listed or private company (e.g. 1% or more of the company's issued share capital);*
- (d) *membership of boards, committees, companies, firms, clubs, associations, unions or other organisations which might be construed by members of the public as a declarable interest; and/or*
- (e) *other declarable interests, taking into consideration the nature of work of the respective CoY and CPCE.*

**Note 21:** *The Chairman of the CoY/CPCE, or the convener of the respective working group/sub-committee as appropriate, will decide whether the member disclosing an interest may speak or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting.*

### *Scope for improving first-tier declarations*

4.8 Audit reviewed the first-tier declaration forms submitted by members of the CoY and the CPCE for the years 2014-15 to 2017-18, and found that two CPCE members had not submitted the 2017-18 declaration forms and one CoY member had submitted an incomplete declaration form (with a missing page). In March 2018, Audit noted from the HAB records that the two CPCE members concerned had submitted the 2017-18 declaration forms in January 2018, and the CoY member concerned had subsequently provided the missing page.

4.9 Audit considers that the HAB needs to take measures to prevent recurrence of late/incomplete submission of declarations of interests of CoY/CPCE members.

### *Scope for improving management of second-tier declarations*

4.10 According to the HAB, its staff would examine members' declared interests in the second-tier declaration forms. The staff would also cross-check the declared interests with the interests declared in first-tier declarations before assigning duties to CoY/CPCE members. This was to ensure that CoY/CPCE members who conducted assessments of project proposals would not have conflicts of interest.

4.11 Audit examined the second-tier declaration forms submitted by 20 members of the CoY/CPCE for the years 2014-15 to 2017-18 and found that:

- (a) ***Decisions on declared interests not documented.*** In 21 cases (involving 3 members), despite that potential conflicts of interest had been declared in the second-tier declaration forms, duties of assessing applications were still assigned to the members. Upon enquiry, the HAB informed Audit in March 2018 that the concerned members had declared interests prior to application discussions and the conveners of the meetings (see notes to Table 20 in para. 4.2) decided that the members could remain at the application assessment interviews as observers, but they could not comment or give assessment on the applications. According to the HAB, while this was in line with the documented practice at the time, the decisions on each case had not been individually documented in the minutes of the meetings; and

- (b) ***Scope for facilitating identification of conflicts of interest.*** To identify CoY/CPCE members who had potential conflicts of interest in handling assessment of project proposals, HAB staff manually matched declarations in the second-tier declaration forms with those in the first-tier declaration forms. Members usually served the CoY/CPCE for a number of years and most of them served numerous other organisations (e.g. a member listed 46 organisations in his first-tier declaration form). The HAB, however, did not have a computerised database to maintain the information on interests declared by members. The establishment of such a database would facilitate checking and following-up of any omissions or inconsistencies in declarations, as well as help ensure that project proposals are assigned to members who are free of interests in applicant organisations.

Audit considers that the HAB needs to ensure that decisions on declared interests of CoY/CPCE members are documented in minutes of meetings. The HAB also needs to consider setting up a computerised database of interests declared by members.

## Audit recommendations

- 4.12      **Audit has *recommended* that the Secretary for Home Affairs should:**
- (a)      **take measures to prevent recurrence of late/incomplete submission of declarations of interests of CoY/CPCE members;**
  - (b)      **ensure that decisions on declared interests of CoY/CPCE members are documented in minutes of meetings; and**
  - (c)      **consider setting up a computerised database of interests declared by members to facilitate checking and following-up of any omissions or inconsistencies in declarations of interests.**

## Response from the Government

- 4.13      The Secretary for Home Affairs agrees with the audit recommendations. He has said that:

- (a) the HAB has stepped up efforts in reminding members to submit declarations of interests on time, and such submissions will be vigilantly vetted by staff to ensure completeness. The HAB will also make use of electronic means to manage the database of interests declared by members; and
- (b) all decisions on declared interests of members have been properly documented since the 2018-19 round of assessment.

## Way forward

### *Need to enhance overseas internship and exchange experience*

4.14 The HAB's provision of youth exchange and internship activities has been mainly focused on projects in the Mainland. As can be seen from Table 4 in paragraph 1.11:

- (a) in the four years between 2012-13 and 2015-16, of the 726 projects (i.e. 137, 117, 165 and 307 projects) of youth exchange and internship projects conducted, only 24 (3.3%) projects were conducted in other countries to provide international exchange experience. These 24 projects comprised 20 IYEP projects (i.e. 4, 3, 7 and 6 projects) and 4 SEP projects (i.e. 1 SEP project conducted in each of the four years); and
- (b) in 2016-17, the BnRFS was launched. Of the 359 youth exchange and internship projects conducted in the year, 33 (9.2%) projects were conducted in other countries. These 33 projects comprised 27 BnRFS projects, 5 IYEP projects and 1 SEP project.

The BnRFS had brought about an increase in the proportion of projects which provided international experience. Audit, however, noted that all the international projects (i.e. BnRFS projects, IYEP projects and SEP projects) were related to exchange activities. In 2012-13 to 2016-17, there were no projects which provided international internship places.

4.15 Audit considers that the HAB needs to consider introducing internship projects that provide internship places in other countries in addition to the Mainland

## Governance matters and way forward

through the YIFS. The HAB also needs to explore more countries for youth exchange activities so as to further broaden the youth's horizon.

### *Scope for rationalising operation*

4.16 Through its funding schemes for youth exchange and internship as well as its programmes of youth exchange, the HAB provides exchange and internship activities to young people. During the period 2012-13 to 2016-17, the vast majority of exchange and internship activities were delivered under the funding schemes. Table 22 shows that the funding schemes accounted for 97% of the number of projects conducted, 99% of the number of participants, and 97% of the project expenditure.

**Table 22**

**Exchange and internship activities  
provided under funding schemes and programmes of youth exchange  
(2012-13 to 2016-17)**

<b>Funding schemes/ programmes</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Overall</b>
<b><i>No. of projects</i></b>						
Funding schemes	131	112	156	299	352	<b>1,050 (97%)</b>
Programmes	6	5	9	8	7	35 (3%)
Total	137	117	165	307	359	1,085 (100%)
<b><i>No. of participants</i></b>						
Funding schemes	8,627	9,138	11,814	21,777	22,760	<b>74,116 (99%)</b>
Programmes	147	129	166	147	133	722 (1%)
Total	8,774	9,267	11,980	21,924	22,893	74,838 (100%)
<b><i>Expenditure (\$ million)</i></b>						
Funding schemes	23.8	23.8	47.0	102.5	125.4	<b>322.5 (97%)</b>
Programmes	2.6	1.6	2.6	2.2	2.3	11.3 (3%)
Total	26.4	25.4	49.6	104.7	127.7	333.8 (100%)

Source: Audit analysis of HAB records



4.17 Audit noted that under the 2017-18 Budget, the Financial Secretary had announced an additional funding allocation of \$100 million for international youth exchange. In June 2017, the HAB launched the IYEFS (see Table 1 in para. 1.8) under the funding schemes to utilise the additional allocation. According to the HAB, in comparison with programmes of youth exchange organised by the HAB directly, funding schemes have been more efficient as well as effective in promoting youth exchange projects in the community. The HAB intended to use the \$100 million over a number of years. The funding schemes would therefore continue to be dominant over the programmes of youth exchange.

4.18 In PART 2 of this audit review, room for improvement has been found in the funding schemes for youth exchange and internship. Furthermore, enhancement could be made to the monitoring of funding schemes. Audit considers that the HAB needs to take into account the results of this audit review in expanding youth exchange and internship activities through the funding schemes.

4.19 On the other hand, as can be seen from Table 22 in paragraph 4.16, only a very small proportion (3% by expenditure) of the exchange and internship activities in 2012-13 to 2016-17 had been conducted through the programmes of youth exchange. Audit considers that the HAB needs to review the way forward of providing activities through the programmes.

### Audit recommendations

4.20 **Audit has *recommended* that the Secretary for Home Affairs should:**

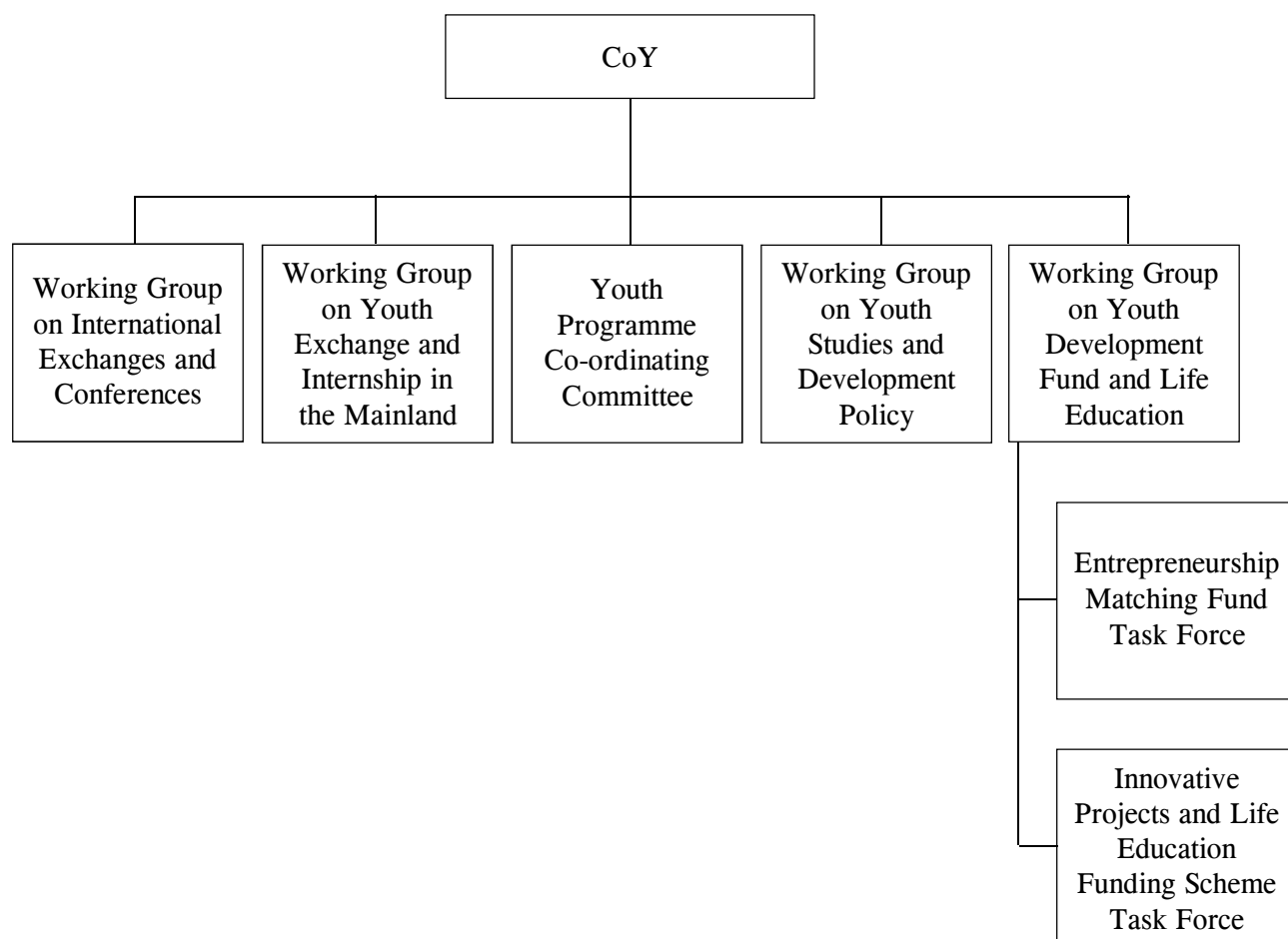
- (a) **consider introducing internship projects that provide internship places in other countries;**
- (b) **explore more countries for youth exchange activities so as to further broaden the youth's horizon;**
- (c) **take into account the results of this audit review in expanding youth exchange and internship activities through the funding schemes in future; and**

- (d) **review the way forward of providing activities through the programmes of youth exchange.**

### **Response from the Government**

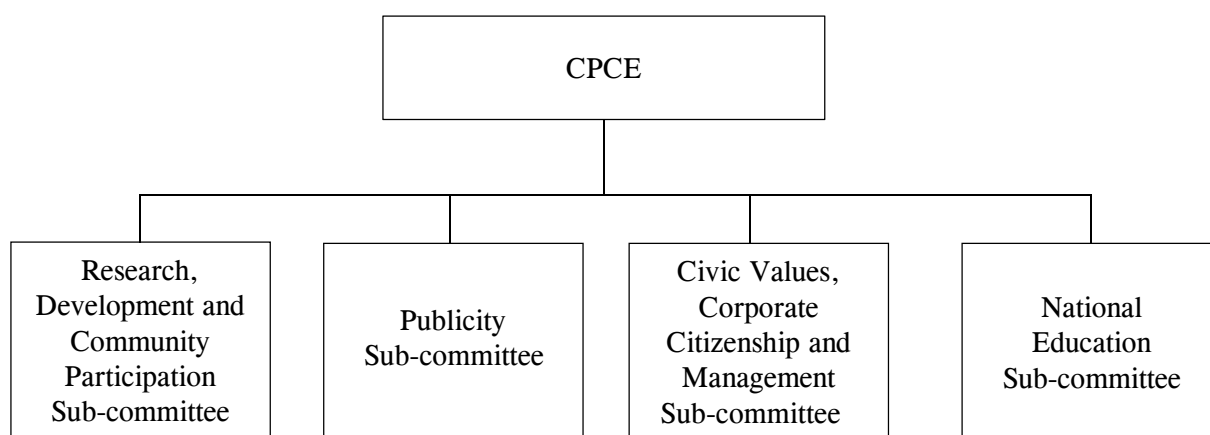
4.21 The Secretary for Home Affairs agrees with the audit recommendations. He has said that the Government is committed to expanding exchange and internship opportunities both on the Mainland and in overseas countries to enable young people to better understand the prevailing economic, social and cultural landscape at the national and international levels, as well as the work culture and career prospects in different places. With regard to overseas internships, the HAB has launched new programmes to increase internship opportunities in overseas countries recently, notably the United Nations Volunteers — Hong Kong Universities Volunteer Internship Programme and the Pilot Scheme on Corporate Summer Internship on the Mainland and Overseas launched in mid-March 2018. The HAB will continue to explore other possibilities of providing overseas internship opportunities.

**Commission on Youth  
Organisation chart  
(31 December 2017)**



*Source: CoY records*

**Committee on the Promotion of Civic Education  
Organisation chart  
(31 December 2017)**



*Source: CPCE records*

## **Commission on Youth and relevant working groups**

### **Terms of reference**

#### **Terms of reference of the CoY**

- (a) To advise the Chief Executive on matters pertaining to youth.
- (b) To exchange ideas and information with other Government advisory bodies on youth matters with a view to ensuring that interests of young people are taken into account in the design of relevant service programmes.
- (c) To encourage better cooperation between Government departments, voluntary agencies, district organisations and private organisations involved in youth service provision.
- (d) To gather information and initiate research on matters pertaining to youth.
- (e) To act as focal liaison point with other international youth organisations, and to promote opportunities for the young people of Hong Kong to acquire international experience and exposure.
- (f) To enhance the civic awareness of young people and their participation in community affairs.
- (g) To promote leadership training for young people.

#### **Terms of reference of the Working Group on International Exchanges and Conferences**

- (a) To assist in formulating the objectives and content of the International Youth Exchange Programme, including the selection of suitable delegates, assisting in the selection of suitable contractors, monitoring of the implementation of the programme and evaluating its effectiveness.
- (b) To assist in developing funding criteria, application procedures and publicity and promotion plans for the IYEFS, as well as to examine applications and to monitor and evaluate the effectiveness of the Scheme.
- (c) To organise the Youth Summit, including formulating its objectives, themes, format, etc.

**Terms of reference of the Working Group  
on Youth Exchange and Internship in the Mainland**

- (a) To assist in developing funding criteria, application procedures and publicity and promotion plans for the YEFS, as well as to examine applications and to monitor and evaluate the effectiveness of the Scheme.
- (b) To assist in developing funding criteria, application procedures and publicity and promotion plans for the YIFS, as well as to examine applications and to monitor and evaluate the effectiveness of the Scheme.

*Source: CoY records*

**Committee on the Promotion of Civic Education  
and relevant sub-committee  
Terms of reference**

**Terms of reference of the CPCE**

Having regard to the existing programmes and activities in promoting civic awareness and responsibility:

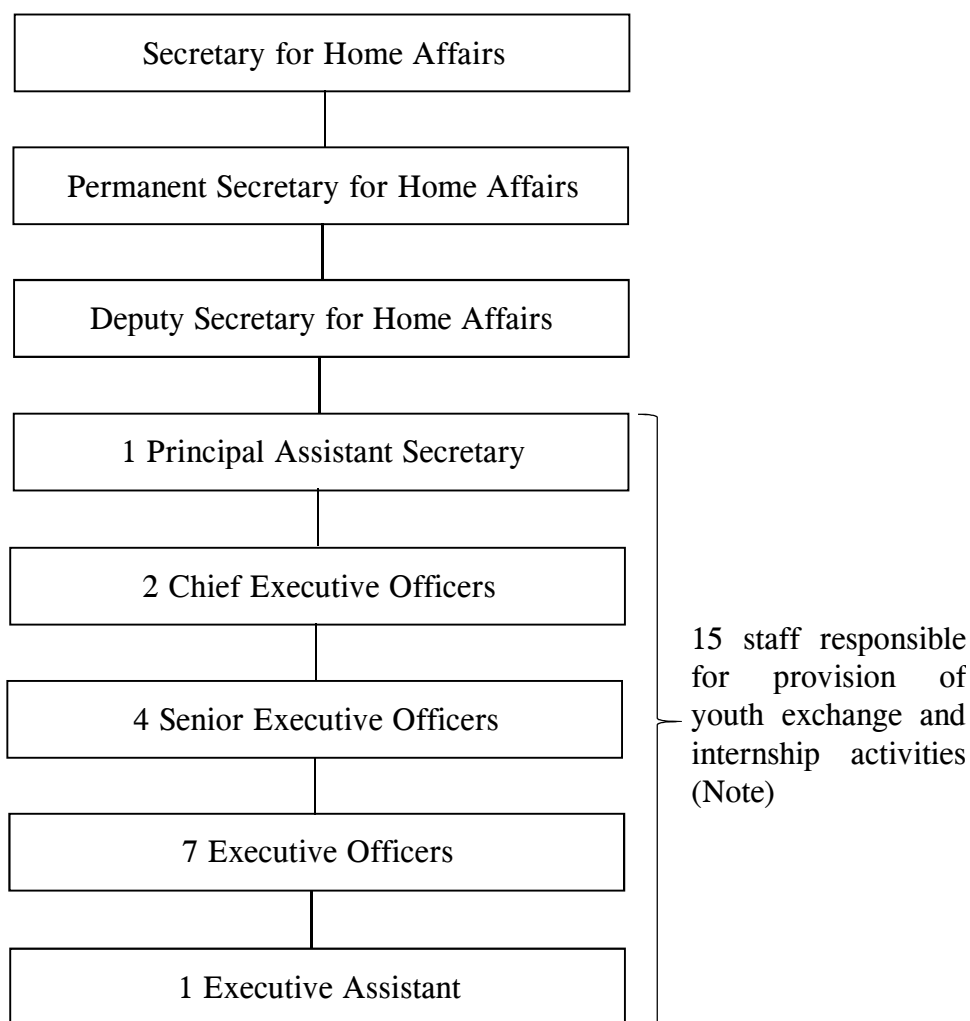
- (a) study, discuss and make proposals on the objectives and scope of civic education and its ways of implementation, including mapping out the strategy and plans on promotion of national education and encouraging cooperation amongst the Government, voluntary agencies, youth organisations, district and community organisations in promoting national education;
- (b) liaise with and assist in the efforts of various Government departments and community organisations in promoting civic education; and
- (c) encourage all sectors of the community to actively promote civic and national awareness, the respective responsibilities and to participate in associated activities, as well as to provide the necessary guidelines and support for this purpose.

**Terms of reference of the Research, Development and  
Community Participation Sub-committee**

- (a) To assist in the implementation of the Community Participation Scheme and the Co-operation Scheme with District Councils, vetting funding applications for individual civic education projects and evaluating the effectiveness of the schemes.
- (b) To assist in the implementation of the BnRFS, vetting funding applications and evaluating the effectiveness of the Funding Scheme.
- (c) To liaise with encourage community organisations to work in collaboration to promote civic education.
- (d) To advise on studies relating to civic education.

*Source: CPCE records*

**Home Affairs Bureau**  
**Organisation chart (extract)**  
**(31 December 2017)**



*Source:* HAB records

*Note:* In addition to the provision of youth exchange and internship activities, the 15 staff were also responsible for providing other services relating to the promotion of youth development and civic education outside schools (e.g. the operation of the Youth Development Fund — see Note 2(b) to para. 1.3).



## Sample itineraries of youth exchange and internship activities

### *Itinerary of a 28-day YIFS tour to Guangzhou, Guangdong Province*

Day	Day of week	Activities
1	Friday	<ul style="list-style-type: none"> <li>• Travelling from Hong Kong to Guangzhou</li> <li>• Welcoming ceremony</li> <li>• Visit to internship employers</li> </ul>
2 & 3	Saturday & Sunday	<ul style="list-style-type: none"> <li>• Tour visits at Heyuan City</li> </ul>
4 – 8	Monday to Friday	<ul style="list-style-type: none"> <li>• Internship placement</li> <li>• Sharing of participants (Friday night)</li> </ul>
9	Saturday	<ul style="list-style-type: none"> <li>• Tour visits</li> </ul>
10	Sunday	<ul style="list-style-type: none"> <li>• Free time</li> <li>• Submission of weekly report by participants</li> </ul>
11 – 15	Monday to Friday	<ul style="list-style-type: none"> <li>• Internship placement</li> <li>• Sharing of participants (Friday night)</li> </ul>
16	Saturday	<ul style="list-style-type: none"> <li>• Enterprise visits</li> </ul>
17	Sunday	<ul style="list-style-type: none"> <li>• Free time</li> <li>• Submission of weekly report by participants</li> </ul>
18 – 22	Monday to Friday	<ul style="list-style-type: none"> <li>• Internship placement</li> <li>• Sharing of participants (Friday night)</li> </ul>
23	Saturday	<ul style="list-style-type: none"> <li>• Engage in volunteer services</li> </ul>
24	Sunday	<ul style="list-style-type: none"> <li>• Free time</li> <li>• Submission of weekly report by participants</li> </ul>
25 – 27	Monday to Wednesday	<ul style="list-style-type: none"> <li>• Internship placement</li> <li>• Sharing of participants (Wednesday night)</li> </ul>
28	Thursday	<ul style="list-style-type: none"> <li>• Submission of final report by participants</li> <li>• Travelling from Guangzhou to Hong Kong</li> </ul>

*Source: Audit analysis of HAB records*

**Appendix F**  
(Cont'd)  
(para. 2.2 refers)

***Itinerary of a 8-day IYEP tour to Kagoshima, Japan***

<b>Day</b>	<b>Time of day</b>	<b>Activities</b>
1	AM and PM	Travelling from Hong Kong to Kagoshima
	Night	Welcoming dinner
2	AM	Courtesy visit to Kagoshima Prefectural Government Office
	PM	<ul style="list-style-type: none"> <li>Japanese culture experience (e.g. oshima tsumugi weaving)</li> <li>Visiting non-profit organisation “Food Bank Kagoshima”</li> </ul>
	Night	International exchange dinner
3	AM	Experiencing sand bath hot spring
	PM	<ul style="list-style-type: none"> <li>Visiting Chiran Peace Museum</li> <li>Visiting Chiran Samurai Residence</li> <li>Preparing dinner at Iwaya Park Campground</li> </ul>
4	AM	<ul style="list-style-type: none"> <li>Visiting non-profit organisation “Ei-Okosokai”</li> <li>Experiencing Kagoshima regional cuisine cooking</li> </ul>
	PM	<ul style="list-style-type: none"> <li>Visiting Senganen Garden</li> <li>Opinion exchange and homestay pairing session</li> </ul>
	Night	Homestay
5	Whole day	Homestay
6	AM and PM	Homestay
	Night	Dinner at Kagomma Furusato Yataimura (i.e. food stall village near Kagoshima Chuo Station)
7	AM and PM	Hong Kong-Kagoshima Youth Summit
	Night	Farewell party
8	AM	Visiting high school
	PM	Travelling from Kagoshima to Hong Kong

*Source: Audit analysis of HAB records*

### Acronyms and abbreviations

Audit	Audit Commission
BnRFS	Funding Scheme for Exchange in Belt and Road Countries
CEP	Guangdong-Hongkong-Macao Youth Cultural Exchange Programme
CoY	Commission on Youth
CPCE	Committee on the Promotion of Civic Education
HAB	Home Affairs Bureau
HKID	Hong Kong Identity
IYEFS	Funding Scheme for International Youth Exchange
IYEP	International Youth Exchange Programme
NGO	Non-governmental organisation
SEP	Summer Exchange Programme
WGIEC	Working Group on International Exchanges and Conferences
YDC	Youth Development Commission
YEFS	Funding Scheme for Youth Exchange in the Mainland
YIFS	Funding Scheme for Youth Internship in the Mainland