

# **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).

### 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.