

CHAPTER 7

**Education Bureau
Vocational Training Council**

**Hospitality training provided by
the Hotel and Tourism Institute,
the Chinese Culinary Institute and
the International Culinary Institute**

**Audit Commission
Hong Kong
1 April 2019**

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. 72 of the Director of Audit contains 8 Chapters which are available on our website at <https://www.aud.gov.hk>

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HOSPITALITY TRAINING PROVIDED BY THE HOTEL AND TOURISM INSTITUTE, THE CHINESE CULINARY INSTITUTE AND THE INTERNATIONAL CULINARY INSTITUTE

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HOSPITALITY TRAINING PROVIDED BY THE HOTEL AND TOURISM INSTITUTE, THE CHINESE CULINARY INSTITUTE AND THE INTERNATIONAL CULINARY INSTITUTE

Executive Summary

1. The Vocational Training Council (VTC) provides vocational and professional education and training for students from post-Secondary 3 to post-Secondary 6 levels and also a diverse range of professional development programmes for people in employment. VTC provides vocational and professional education services mainly through its 13 member institutions. Three of them specialise in offering programmes on hospitality, namely: (a) the Hotel and Tourism Institute (HTI); (b) the Chinese Culinary Institute (CCI); and (c) the International Culinary Institute (ICI). HTI, CCI and ICI are managed by the same management team and VTC monitors their income and expenditure collectively as a single accounting unit (hereinafter, HTI, CCI and ICI are referred to collectively as the Institutes). The Institutes offer programmes at four campuses, which are located in the VTC Pokfulam Complex, the ICI Building (adjacent to the VTC Pokfulam Complex), the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building respectively. To provide integral vocational training beyond classroom, the Institutes have established a training hotel (The T Hotel), including The T Hotel Lounge, two Western training restaurants and a Chinese training restaurant. In academic year 2017/18 (unless stated otherwise, all years mentioned hereinafter refer to academic years), the Institutes offered 34 full-time programmes and 43 part-time programmes. The numbers of full-time students and part-time students enrolled were 3,000 and 4,416 respectively. The Audit Commission (Audit) has recently conducted a review of the hospitality training provided by the Institutes.

Management of programmes

2. *Need to enhance the development of new programmes.* In the period from 2017/18 to 2018/19, the Institutes planned to offer seven new full-time pre-employment programmes, comprising four Higher Diploma programmes, one Diploma programme and two Certificate programmes. Of the seven

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new programmes, the launch of three were postponed and one was cancelled (paras. 2.2 and 2.3).

3. *Need to step up efforts to enhance the performance of programmes.* According to the VTC Quality Assurance System, the Institutes are required to conduct annual analysis on the performance of programmes for the purpose of making continuous improvement. In 2016/17, the Institutes reviewed 22 full-time programmes and 6 part-time programmes. Audit found that: (a) the enrolment rates of some HTI and CCI programmes could not meet the target enrolment rate of 100%. The enrolment rates of 7 (32%) of the 22 full-time programmes were below 100%, ranging from 0% to 77%. The enrolment rate of one (17%) of the six part-time programmes was 44%; (b) some programmes offered by ICI were over-enrolled. The enrolment rates of 12 (55%) of the 22 full-time programmes were over 100%, ranging from 106% to 207%. The enrolment rates of three (50%) of the six part-time programmes were over 100%, ranging from 107% to 120%. Over-enrolment of students may adversely affect the teaching quality; (c) the retention rates of HTI's full-time Certificate programmes, CCI's full-time Certificate programmes and ICI's full-time Diploma programmes were 81%, 78% and 83% respectively and were below the target retention rate of 85%; and (d) no target pass rate was set for the Institutes' programmes. The pass rates of HTI's full-time Certificate programmes, CCI's full-time Certificate programmes and part-time Diploma programmes, and ICI's part-time Certificate programmes were below 80% (ranging from 72% to 77%) (paras. 2.9 and 2.11).

4. *Need to cover more graduates in the Survey of Employers' Views.* For graduates who fulfil the following criteria, their employers will be invited to participate in the Survey of Employers' Views: (a) graduates who engage in full-time employment terms relevant to their study; (b) graduates who are employed in the same company for at least three months prior to the survey period; and (c) graduates who give consent that their employers could be contacted for the Survey. For the Survey on students graduated in 2015/16, of the 323 graduates who fulfilled the first two criteria, only 138 (43%) gave consent that their employers could be contacted for the Survey. Questionnaires were sent to the employers of the 84 valid samples and 69 were returned from them. The 69 questionnaires returned from the employers represented only 15% of the 470 employed graduates of 2015/16 (paras. 2.13 and 2.15).

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5. ***Deviations from the General Academic Regulations need to be properly approved.*** According to the VTC's General Academic Regulations (GARs), industrial attachment is a mandatory part of the curriculum of the Higher Diploma programmes offered by VTC. All students are required to complete industrial attachment for graduation. Audit found that there was no industrial attachment module for one Higher Diploma programme offered in 2018/19 and another to be offered in 2019/20 by the Institutes. There was no documentary evidence showing the justifications and approval for the deviation from GARs (paras. 2.19 and 2.21 to 2.23).

Management of The T Hotel and training restaurants

6. ***Management of The T Hotel.*** The aim of The T Hotel is to enhance the training facilities for students by providing them with a real-life workplace environment (para. 3.2). Audit identified the following areas for improvement:

- (a) ***Need to improve hotel occupancy rate.*** The Institutes used the occupancy rate of 70% to estimate the room revenue of The T Hotel. At a meeting of the Yield Management Committee held in 2014, the Chairperson said that The T Hotel should maintain the optimal training activities at a level of 20 to 21 occupied rooms (i.e. an occupancy rate of 69% to 72%) daily. In the five-year period from financial year 2013-14 to 2017-18, the hotel monthly occupancy rates ranged from 28.3% to 81.5%, averaging 54.9%. The monthly occupancy rates in 53 (88%) of the 60 months were lower than 70% (paras. 3.4 to 3.6);
- (b) ***Need to better utilise the agency booking channel.*** Hotel guests can book rooms of The T Hotel either through online booking platforms provided by a travel agency (agency booking channel) or direct reservation by telephone or e-mail (direct booking channel). However, in the period from 2016 (May to December) to 2018: (i) the annual selling rates (i.e. the percentage of allocated room nights sold) of the agency booking channel (ranging from 96.9% to 99.7%) was significantly higher than the annual selling rates of the direct booking channel (ranging from 54.5% to 58.5%); and (ii) less than 20% of room nights were allocated to the agency booking channel (paras. 3.8 and 3.9);

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- (c) ***Need to improve the utilisation of training spa.*** The T Hotel has a training spa equipped with Jacuzzi, sauna, steam bath and treatment rooms. The utilisation of the training spa in the period from 2016 to 2018 was on the low side: (i) the number of guests using the training spa each year ranged from 356 to 565; and (ii) while there was improvement, the percentage of days in 2018 during which no guests used the training spa was still high (25%) (paras. 3.10 and 3.11);
- (d) ***Need to improve the response rate of guest satisfaction survey.*** The T Hotel collected feedback from guests through guest comment cards. In the period from financial year 2013-14 to 2017-18, the annual response rate of the guest satisfaction survey decreased from 21% in financial year 2013-14 to 13% in financial year 2017-18 (paras. 3.13 and 3.14); and
- (e) ***Need to ensure that recommendations made by the Internal Audit Unit are implemented in a timely manner.*** In December 2013, the Internal Audit Unit (IAU) of VTC completed an audit on the operation of The T Hotel and made 64 recommendations. In October 2015, actions to implement 38 (59%) of the 64 recommendations were not completed. As at 30 November 2018, of the 38 recommendations, two had not been followed through (paras. 3.16 and 3.17).
7. ***Management of training restaurants and hotel lounge.*** The Institutes operate three training restaurants and The T Hotel Lounge to provide an enhanced and enriching training environment to students (para. 3.20). Audit identified the following areas for improvement:
- (a) ***Need to consider extending the microbiological tests to cover the Western training restaurant at the VTC Kowloon Bay Complex.*** The Institutes conducted microbiological tests as one of the measures to ensure food safety. While microbiological tests were conducted at the Chinese training restaurant, the Western training restaurant and The T Hotel Lounge at the VTC Pokfulam Complex, it was not carried out at the Western training restaurant at the VTC Kowloon Bay Complex (paras. 3.22 and 3.23);

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- (b) *Need to collect customer feedback on trainees' Putonghua standard (in addition to English standard).* The Chinese training restaurant, the two Western training restaurants and The T Hotel Lounge were operated under The Dining Society (TDS). One of the objectives of TDS is to promote the use of English and Putonghua between members and students of the Institutes. Every table of customers of the training restaurants and The T Hotel Lounge is invited to complete a satisfaction survey questionnaire. However, the questionnaire only covered trainees' English standard but not the trainees' Putonghua standard (paras. 3.28, 3.29, 3.32 and 3.33);
- (c) *Need to explore other food waste treatment methods at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building.* One of VTC's environmental policies is to work towards the achievement of sustainable development. Audit noted that food waste at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building was not treated but disposed of as general waste due to absence of food waste decomposers (para. 3.30); and
- (d) *Need to put the surplus fund of TDS into gainful use.* In the five-year period from financial year 2013-14 to 2017-18, the amount of surplus fund of TDS increased by 60% from \$3.8 million to \$6.1 million, representing nine times of the operating expenses of TDS in financial year 2017-18 (\$671,742). As a considerable amount of surplus fund has been accumulated, there is a need to devise a plan to put the surplus fund into gainful use (paras. 3.34 and 3.35).

Administrative issues

8. *Need to improve campus environmental performance.* Campuses of member institutes are required to meet the environmental targets to reduce waste and consumption of resources. Audit found that: (a) for the VTC Pokfulam Complex, the reduction in electricity consumption in 2015/16 and 2017/18 and the percentage of recycled paper consumed in 2017/18 did not meet the targets; and (b) campus environmental targets were only set for alternate years. In the years when environmental targets were not set, students and staff might become less committed to reducing waste and consumption of resources (paras. 4.2, 4.6 and 4.8).

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9. ***Need to endeavour to improve campus safety.*** In the period from 2013/14 to 2017/18, 97 accidents occurred in the campuses of the Institutes. The number of accidents increased from 16 in 2013/14 to 29 in 2016/17 and 20 in 2017/18. Of the 97 accidents, 65 (67%) accidents involved cut or fall (para. 4.10).

10. ***Need to improve timeliness of accident handling.*** The objective of the accident investigation is to determine the causes of the accident and take corrective measures to prevent the recurrence of similar accidents. The VTC Safety Management Manual stipulates that the accident report for every accident should be completed and submitted to the Institute Secretariat within 48 hours after the accident. In 19 (95%) of the 20 accidents occurred in 2017/18, the accident reports were not submitted to the Institute Secretariat within 48 hours (paras. 4.13 and 4.14).

11. ***Need to take measures to reduce vacant posts and staff turnover.*** At the end of each academic year from 2015/16 to 2017/18, the number of vacant posts of the Institutes ranged from 39.5 to 46.5, representing 10.8% to 12.3% of the number of staff establishment. During the same period, the staff turnover rate increased by 3 percentage points from 14.2% in 2015/16 to 17.2% in 2017/18. Considerable number of vacant posts and significant level of staff turnover rate would increase the workloads of other staff and might adversely affect the teaching quality and the operations of the Institutes (paras. 4.20, 4.22 and 4.24).

12. ***Need to encourage staff to attain more Continuous Professional Development hours.*** The Continuous Professional Development (CPD) Scheme aims to encourage staff to upgrade and update their professional knowledge and skills through different forms of professional training and development activities. The Scheme operates on a non-mandatory basis and each of the staff covered by the Scheme is encouraged to attain not less than 40 CPD hours within a CPD cycle of two consecutive years. Audit found that: (a) for the first CPD cycle from 1 October 2013 to 30 September 2015, of the 154 staff covered by the Scheme, 91 (59%) did not attain 40 or more CPD hours; and (b) for the second CPD cycle from 1 October 2015 to 30 September 2017, of the 170 staff covered by the Scheme, 39 (23%) did not attain 40 or more CPD hours (paras. 4.25 and 4.26).

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13. *Missing inventory items.* According to the Stores Manual of VTC, the Head of the Institutes appoints officers to inspect and verify stocks at an interval of no less than once in every two years. Audit examined the stocktaking exercise results for financial year 2017-18 and noted that of the 618 items inspected, 96 (15.5%) were found missing (their original value amounted to \$236,288) (para. 4.30).

Audit recommendations

14. **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 Executive Director, VTC should:**

Management of programmes

- (a) **identify lessons to be learnt from the postponement/cancellation of planned programmes with a view to enhancing the programme development of the Institutes in future (para. 2.7);**
- (b) **step up efforts to enhance the performance of programmes offered by the Institutes, in particular, the enrolment rates, the retention rates and the pass rates (para. 2.17(a));**
- (c) **ensure as far as possible that the number of students enrolled should not exceed the plan by a significant margin and, in cases where over-enrolment cannot be avoided, take effective measures to mitigate the possible adverse impacts of over-enrolment on the programmes (para. 2.17(b));**
- (d) **take measures to encourage more graduates to give consent for VTC to contact their employers in the Survey of Employers' Views (para. 2.17(c));**
- (e) **review the criteria for covering employers in the Survey of Employers' Views so that more graduates' employers can be covered in the Survey (para. 2.17(d));**
- (f) **take measures to ensure that deviations from GARs are properly approved if considered justifiable (para. 2.25(b));**

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Management of The T Hotel and training restaurants

- (g) **take measures to improve the occupancy rate of The T Hotel to achieve the optimal occupancy rate (para. 3.18(a));**
- (h) **consider allocating more room nights of The T Hotel to the agency booking channel (para. 3.18(b));**
- (i) **take measures to improve the utilisation of the training spa in The T Hotel (para. 3.18(c));**
- (j) **take measures to improve the response rate of the guest satisfaction survey of The T Hotel (para. 3.18(d));**
- (k) **expedite the follow-up actions on the two outstanding recommendations made by IAU in 2013 on the operation of The T Hotel (para. 3.18(e));**
- (l) **consider extending the microbiological tests to cover the Western training restaurant at the VTC Kowloon Bay Complex (para. 3.36(a));**
- (m) **collect feedback from the customers of the training restaurants and The T Hotel Lounge on the trainees' Putonghua standard (in addition to English standard) (para. 3.36(c));**
- (n) **explore other food waste treatment methods at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building (para. 3.36(d));**
- (o) **in collaboration with TDS, devise a plan to put the surplus fund of TDS into gainful use (para. 3.36(e));**

Administrative issues

- (p) **endeavour to improve the environmental performance of the Institutes (para. 4.17(a));**

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- (q) **consider setting campus environmental targets for every year (instead of alternate years) or, alternatively, extending the environmental targets to cover two years (para. 4.17(b));**
- (r) **conduct an analysis of the accidents in past years and endeavour to take effective measures with a view to reducing the occurrence of accidents (para. 4.17(c));**
- (s) **take measures to ensure that accidents are handled in a timely manner according to the procedures stipulated in the VTC Safety Management Manual (para. 4.17(d));**
- (t) **take remedial measures to reduce the number of vacant posts and staff turnover and monitor the effectiveness of the measures (para. 4.28(a));**
- (u) **step up efforts in encouraging staff who did not attain 40 or more CPD hours within two consecutive years to actively participate in CPD activities (para. 4.28(b));**
- (v) **in view of the fact that 15.5% of items selected for inspection were found missing in the stocktaking exercise for financial year 2017-18, increase the sample size in the next stocktaking exercise (para. 4.35(b)); and**
- (w) **complete the review of the inventory control system as soon as possible and, in light of the results of the review, implement measures to address the issues identified in the review in a timely manner (para. 4.35(c) and (d)).**

Response from VTC

15. The Executive Director, VTC 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 Vocational Training Council (VTC) was established in 1982 under the VTC Ordinance (Cap. 1130). It provides vocational and professional education and training at degree, higher diploma, diploma and certificate levels for students from post-Secondary 3 to post-Secondary 6 levels. It also provides a diverse range of professional development programmes for people in employment.

1.3 VTC provides vocational and professional education services mainly through its 13 member institutions. Three of them specialise in offering programmes on hospitality, as follows:

- (a) ***Hotel and Tourism Institute.*** The Hotel and Tourism Institute (HTI), formerly known as the Hospitality Industry Training and Development Centre, was established in 1985. HTI offers full-time and part-time diploma and certificate programmes targeting young people at Secondary 3 level or above as well as in-service personnel. HTI students receive practical training including hotel operations, food and beverage service, catering and event management, tour service, travel agency operations and body/beauty therapies;
- (b) ***Chinese Culinary Institute.*** The Chinese Culinary Institute (CCI), formerly known as the Chinese Cuisine Training Institute, was established in 2000. CCI offers full-time and part-time higher diploma, diploma and certificate programmes in Chinese culinary arts. CCI aims to provide systematic training in Chinese cuisine from elementary to master chef levels, and to provide training in the area of catering management; and

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- (c) *International Culinary Institute*. Established in 2014, the International Culinary Institute (ICI) aims to develop quality manpower in culinary arts, wine and event management. Training programmes from ICI lead to qualification awards at higher diploma, diploma and certificate levels. The programmes focus on international cuisines, covering European, Mediterranean, American, Middle Eastern and Asian cuisines.

1.4 To enhance students' employability and international exposure, HTI, CCI and ICI have partnered with many local and international training and culinary organisations for student and staff exchanges as well as programme articulation. The partnership network covers 18 countries and regions. Moreover, students of ICI and CCI participate in various international competitions for knowledge exchange and networking. Since 2014, students of CCI and ICI have won over 80 awards in international competitions.

1.5 HTI, CCI and ICI are managed by the same management team (see para. 1.12). VTC also monitors their income and expenditure collectively as a single accounting unit (hereinafter, HTI, CCI and ICI are referred to collectively as the Institutes). For the financial year 2017-18, the Institutes received income of \$47 million from various sources such as programme fees and hire of accommodation. The expenditure incurred was \$198 million, comprising staff expenditure of \$142 million and operating expenditure of \$56 million.

Training facilities

1.6 The Institutes offer programmes at four campuses, which are located in the VTC Pokfulam Complex, the ICI Building (see para. 1.7), the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building (see Photographs 1 to 4).

Photograph 1

VTC Pokfulam Complex



Source: The Institutes' records

Photograph 2

ICI Building adjacent to the VTC Pokfulam Complex



Source: The Institutes' records

Photograph 3

VTC Kowloon Bay Complex



Source: The Institutes' records

Photograph 4

VTC Tin Shui Wai Building



Source: The Institutes' records

Introduction

1.7 In July 2013, the Finance Committee of the Legislative Council approved the construction of a new ICI building located adjacent to the VTC Pokfulam Complex (see Photograph 2). The estimated project cost of the building was \$657.5 million, comprising the following two main construction works:

- (a) the construction of a new ICI Building; and
- (b) the construction of an underground tunnel linking the existing VTC Pokfulam Complex to the new ICI Building.

In February 2018, the Occupation Permit of the new ICI Building was obtained by VTC. The new ICI Building was put into use in September 2018. As at February 2019, the construction of the underground tunnel was still in progress. The latest cost estimate for the completion of the project was \$808.3 million (Note 1).

1.8 Apart from classrooms, the Institutes feature a number of purpose-built facilities, such as training kitchens, a food science laboratory, housekeeping laundry workshops and a housekeeping cleaning studies room. To provide integral vocational training beyond classroom, the Institutes have established a training hotel (The T Hotel), including The T Hotel Lounge, at the VTC Pokfulam Complex, two Western training restaurants (one at the VTC Pokfulam Complex and one at the VTC Kowloon Bay Complex) and a Chinese training restaurant at the VTC Pokfulam Complex (see Table 1).

Note 1: *The estimated additional project cost of \$150.8 million (i.e. \$808.3 million – \$657.5 million) is funded by VTC.*

Table 1
Training hotel and training restaurants at the Institutes
(2017/18)

	VTC Pokfulam Complex	VTC Kowloon Bay Complex
Training hotel (including hotel lounge)	1 (The T Hotel and The T Hotel Lounge)	—
Chinese training restaurant	1	—
Western training restaurant	1	1

Source: Audit analysis of the Institutes' records

Remarks: The VTC Tin Shui Wai Building did not have training hotel or training restaurant.

Training programmes

1.9 The Institutes provide two types of programmes:

- (a) ***Pre-employment programmes.*** Pre-employment programmes are designed to equip the students with the necessary skills and knowledge to secure a gainful employment; and
- (b) ***Upgrading programmes.*** Upgrading programmes are designed to upgrade the skills of in-service personnel.

All programmes offered by the Institutes were subvented. Most of the resources of the Institutes were deployed for the provision of the full-time pre-employment programmes. In academic year 2017/18 (Note 2), full-time pre-employment programmes accounted for 1.78 million (97%) of the 1.84 million training hours whereas upgrading programmes accounted for the remaining 60,000 (3%) training hours. Table 2 shows the number of programmes and students enrolled in 2017/18.

Note 2: *Unless otherwise stated, all years mentioned hereinafter refer to academic years, which start on 1 September of a year and end on 31 August of the following year.*

Table 2
Number of programmes and students enrolled
(2017/18)

	Institute			Total
	HTI	CCI	ICI	
Full-time pre-employment programmes				
No. of programmes	12	5.5 (Note)	10.5 (Note)	28
No. of students enrolled	779	324	835	1,938
Full-time upgrading programmes				
No. of programmes	1	5	0	6
No. of students enrolled	991	71	0	1,062
Part-time upgrading programmes				
No. of programmes	16	16	11	43
No. of students enrolled	2,430	927	1,059	4,416

Source: Audit analysis of the Institutes' records

Note: One of the full-time pre-employment programmes, entitled "Higher Diploma of Culinary Arts", was jointly provided by CCI and ICI. Therefore, 0.5 was added to the number of programmes of CCI and ICI respectively.

Governance and management

1.10 The Institutes are under the supervision of a Deputy Executive Director. The Deputy Executive Director is supported by the HTI/CCI/ICI Management Committee. The terms of reference of the Management Committee are as follows:

- (a) to report to the Vocational Education and Training Management Committee (VETMC) (Note 3) on matters related to the development and operations of the Institutes;
- (b) to formulate strategies, policies and plans pertaining to the operations and development of the Institutes;
- (c) to monitor and review all matters pertaining to operations, policies and procedures, quality assurance issues, resources and facilities, training and trainee issues including recruitment and placement, performance indicators, finance and action plan of the Institutes;
- (d) to determine the allocation of resources in the Institutes and monitor their utilisation;
- (e) to submit progress reports and strategic development plan to VETMC; and
- (f) to undertake any tasks referred to it by VETMC.

1.11 The following boards and committees are established to steer, support and monitor the delivery of vocational and professional education and training of the Institutes (see Appendix A):

- (a) ***Vocational Education and Training Academic Board.*** The Vocational Education and Training Academic Board (VETAB) is the highest academic body of VTC. It is responsible for setting standards, and approving and overseeing all aspects of academic activities within VTC;

Note 3: *VETMC is responsible for matters for the effective operation of programmes at sub-degree or equivalent levels, including the strategic development, allocation of resources, and formulation of administrative policies and guidelines.*

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- (b) ***Hotel, Catering and Tourism Training Board and Chinese Culinary Institute Training Board.*** The Hotel, Catering and Tourism Training Board and the Chinese Culinary Institute Training Board are established to advise VTC on the manpower demand and training needs of the industries. They are advisory boards comprising representatives from the industrial and commercial sectors which give discipline-specific advice on the overall direction of manpower development training and the strategy for the provision of vocational education and training to meet the projected demand of the industries;
- (c) ***HTI/CCI/ICI Academic Committee.*** The HTI/CCI/ICI Academic Committee reports to VETAB. It is responsible for looking after the academic management and quality assurance of programmes offered by the Institutes;
- (d) ***HTI/CCI/ICI Quality Assurance Committee.*** The duties of the HTI/CCI/ICI Quality Assurance Committee include overseeing the implementation of the Quality Assurance System and ensuring that the programmes fulfil the requirements of accreditation authorities (such as the Hong Kong Council for Accreditation of Academic and Vocational Qualifications) and align with the standards of the Qualifications Framework; and
- (e) ***Programme Boards and Module Board.*** Under the HTI/CCI/ICI Academic Committee, there are three Programme Boards and one Module Board. The Programme Boards and Module Board are responsible for setting academic standards and maintaining the academic quality of the programmes and modules, and maintaining regular review and evaluation of programmes and modules. The three Programme Boards are the Hotel and Tourism Programme Board, the Food and Beverage and Event Programme Board, and the Culinary Arts Programme Board. The Module Board is the Generic Skills Module Board.

1.12 The day-to-day operations of the Institutes are managed by the HTI/CCI/ICI management team. For 2018, the Institutes had an establishment of 380.5 staff, comprising 1 Principal, 1 Vice Principal, 170.5 teaching staff (Note 4), 86 academic support staff and 122 administrative staff. An extract of organisation chart of the Institutes as at 31 December 2018 is shown at Appendix B.

Audit review

1.13 In October 2018, the Audit Commission (Audit) commenced a review of the hospitality training provided by the Institutes. The audit has focused on the following areas:

- (a) management of programmes (PART 2);
- (b) management of The T Hotel and training restaurants (PART 3); and
- (c) administrative issues (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 VTC

1.14 The Executive Director, VTC agrees with all the audit recommendations. She has said that VTC greatly appreciates the strenuous efforts of the audit team in investigating, identifying and suggesting areas of improvement in management of programmes, management of The T Hotel and training restaurants as well as administration of the Institutes.

Acknowledgement

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

Note 4: *The Institutes' staff establishment is on full-year basis. The establishment of 170.5 teaching staff included one staff on a six-month contract (i.e. 0.5 staff).*

PART 2: MANAGEMENT OF PROGRAMMES

2.1 This PART examines the Institutes' management of programmes, focusing on the following areas:

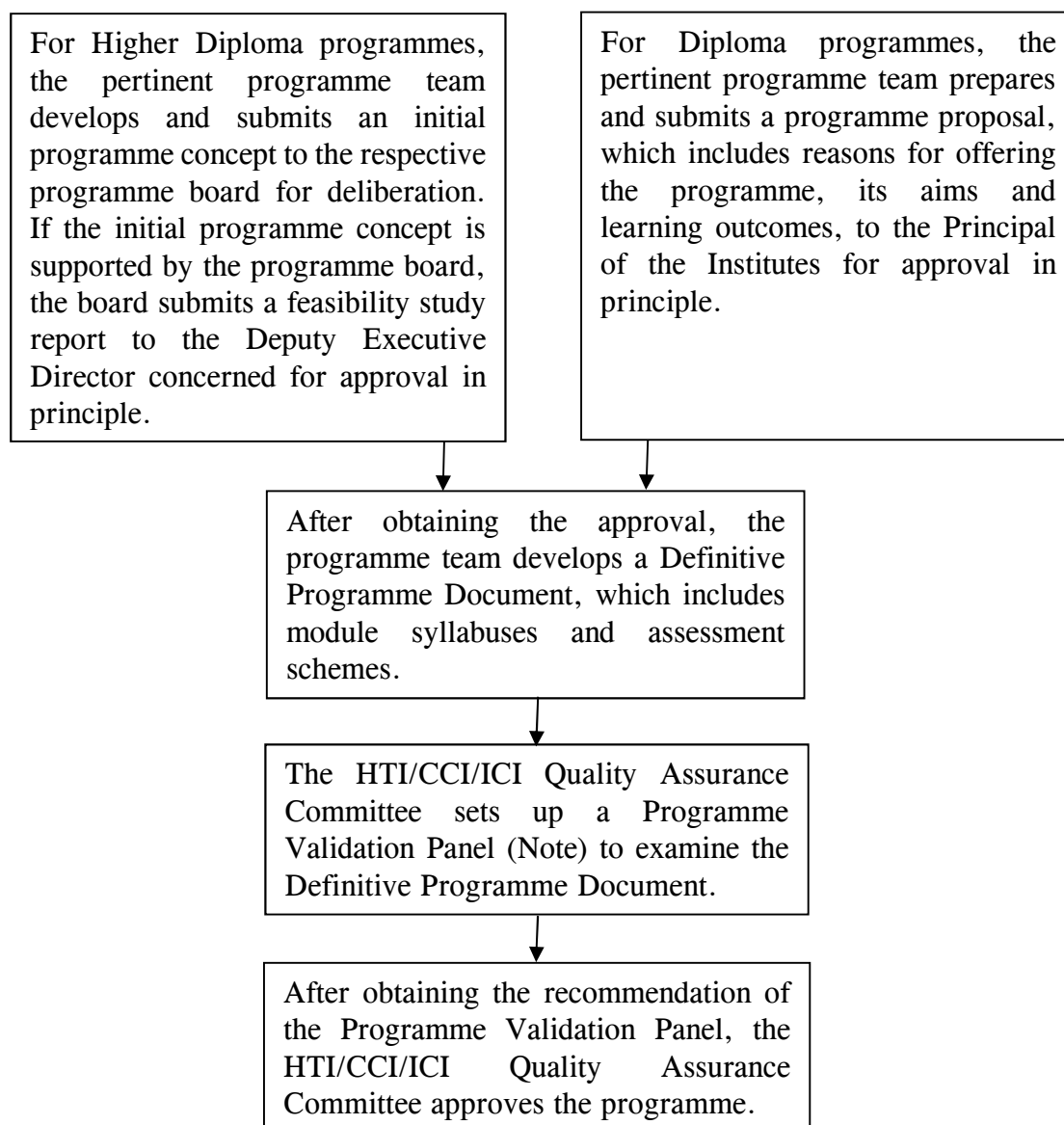
- (a) programme planning (paras. 2.2 to 2.8);
- (b) evaluation of programme performance (paras. 2.9 to 2.18); and
- (c) industrial attachment (paras. 2.19 to 2.26).

Programme planning

2.2 Audit reviewed the Institutes' planning process of programmes in the period from 2017/18 to 2018/19. In the period, the Institutes planned to offer seven new full-time pre-employment programmes, comprising four Higher Diploma programmes, one Diploma programme and two Certificate programmes with fewer than 36 credits. Figures 1 and 2 show respectively the programme development procedures of Higher Diploma programmes and Diploma programmes, and Certificate programmes with fewer than 36 credits.

Figure 1

**Programme development procedures of
Higher Diploma programmes and Diploma programmes**

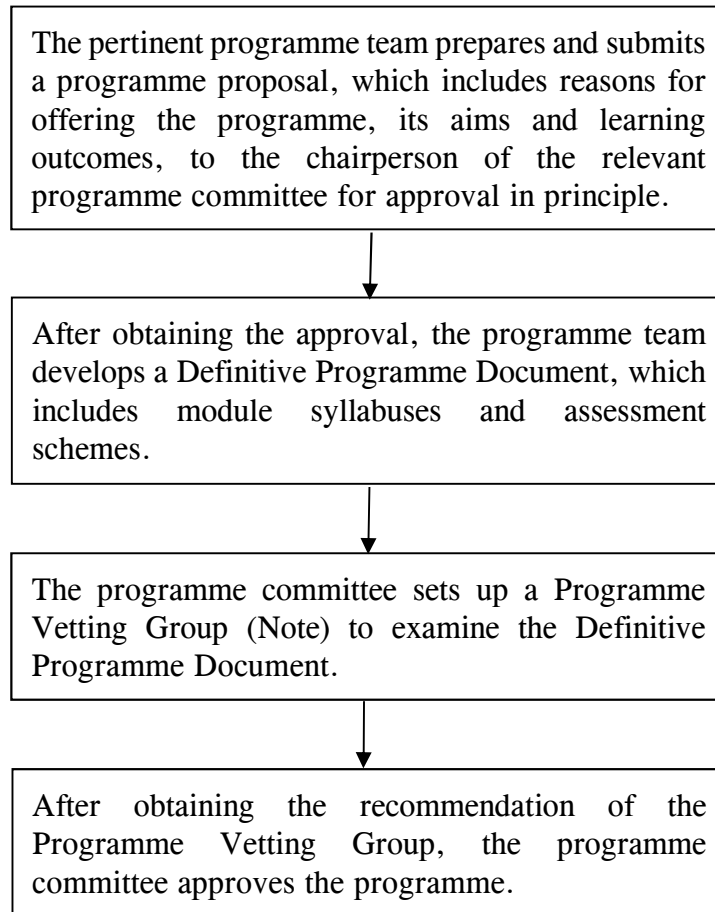


Source: *Audit analysis of the Institutes' records*

Note: *The Programme Validation Panel for Higher Diploma programmes comprises at least five members including at least two external members. The Panel for Diploma programmes comprises at least four members including at least one external member.*

Figure 2

Programme development procedures of Certificate programmes with fewer than 36 credits



Source: Audit analysis of the Institutes' records

Note: The Programme Vetting Group comprises at least two members including staff from another programme committee.

Need to enhance the development of new programmes

2.3 Of the seven new full-time pre-employment programmes planned to be launched in the period from 2017/18 to 2018/19, three were postponed and one was cancelled (see Table 3).

Table 3
Planned new full-time pre-employment programmes
(2017/18 to 2018/19)

Programme	Planned year to launch the programme	Remarks
Higher Diploma in International Theme Park and Event Management	2017/18	Launched as planned
Certificate in Hong Kong Local Chinese Desserts	2017/18	Launched as planned
Certificate in Hong Kong Local Specialty Savoury Snacks	2017/18	Postponed: launched in 2018/19
Higher Diploma in Baking and Pastry Arts	2018/19	Launched as planned
Higher Diploma in Wine and Beverage Business Management	2018/19	Postponed: to be launched in 2019/20
Diploma in International Culinary Arts	2018/19	Postponed: to be launched in 2019/20
Higher Diploma in Culinary Science	2018/19	Cancelled

Source: Audit analysis of the Institutes' records

Management of programmes

2.4 In February 2019, in response to Audit's enquiry about the reasons for postponement or cancellation of the launch of the programmes, the Institutes informed Audit that:

- (a) ***Certificate in Hong Kong Local Specialty Savoury Snacks.*** There was a lot of discussion on the programme design. The whole programme development process was therefore longer than expected. After programme approval, there was limited time for promoting and marketing the programme and as a result, in 2017/18, there were only 4 applications against the planned intake of 15 places. It was decided to launch the programme in 2018/19;
- (b) ***Higher Diploma in Wine and Beverage Business Management.*** For 2018/19, the number of applicants who had chosen this programme as their first choice was 34 against the planned intake of 30 places, yet only 9 of these applicants accepted the conditional offers. As the Institutes considered that there might be more applicants if there were stronger marketing and promotion efforts, it was decided that the programme would be launched in 2019/20;
- (c) ***Diploma in International Culinary Arts.*** The programme was developed to replace two existing culinary related diploma programmes. There was a lot of discussion on the programme structure during the programme development stage which delayed its launch from 2018/19 to 2019/20; and
- (d) ***Higher Diploma in Culinary Science.*** For 2018/19, the number of applicants who had chosen this programme as their first choice was only 13 against the planned intake of 60 places. Therefore, it was decided by the Principal and the Academic Director of the Institutes that the programme would not be launched.

2.5 According to the Institutes' programme development procedures, before a programme is launched:

- (a) various levels of approvals were required. For example, for Higher Diploma programmes and Diploma programmes, the approval from the HTI/CCI/ICI Quality Assurance Committee and senior officials of VTC (e.g. the Deputy Executive Director and the Principal of the Institutes) were required; and

- (b) for Higher Diploma programmes, feasibility studies were required to be carried out to assess the popularity of the planned programme. For example, a survey covering 150 secondary schools was conducted to ascertain the student demand of the Higher Diploma in Culinary Science (see Case 1).

Case 1

The cancellation of the Higher Diploma in Culinary Science programme

1. Audit reviewed the programme planning documents of the Higher Diploma in Culinary Science programme. According to the feasibility study report, a survey was conducted in January 2017 to ascertain the student demand for the programme. Questionnaires were sent to the principals and career masters of 150 secondary schools in Hong Kong. Findings of the survey were as follows:

- (a) all respondents reported that attaining knowledge from such Higher Diploma programme would provide students with an advantage for the employability in food industry;
- (b) over 95% of the respondents considered culinary science as one of the preferable careers in the near future;
- (c) more than 50% of the respondents agreed or strongly agreed that culinary science would be one of the fast expanding sectors in Hong Kong in the coming decade;
- (d) 75% of the respondents believed that there would be a high demand for pre-employment training programme in culinary science or related profession; and
- (e) more than 80% of the respondents would recommend the culinary science training programme to their students.

Case 1 (Cont'd)

2. Based on the responses collected in the survey, the Institutes considered that it was likely that such programme would be able to achieve its planned intakes.

3. Though the survey showed that the demand for the programme should be good, only 13 applicants had chosen the programme as their first choice.

Audit comments

4. The Institutes need to revisit the planning process of the programme with a view to identifying lessons to be learnt.

Source: Audit analysis of the Institutes' records

2.6 In view of VTC's mission to provide valued supports to industries for their manpower development, Audit considers that the Institutes need to identify lessons to be learnt from the postponement/cancellation of the four planned programmes with a view to enhancing the programme development of the Institutes in future.

Audit recommendation

2.7 **Audit has recommended that the Executive Director, VTC should identify lessons to be learnt from the postponement/cancellation of planned programmes with a view to enhancing the programme development of the Institutes in future.**

Response from VTC

2.8 The Executive Director, VTC agrees with the audit recommendation. She has said that the Institutes will identify lessons learnt as recommended and enhance the programme development process as appropriate.

Evaluation of programme performance

2.9 According to the VTC Quality Assurance System, the Institutes are required to conduct annual analysis on the performance of programmes for the purpose of making continuous improvement. Under the System, the Institutes review the Higher Diploma programmes, the Diploma programmes and the Certificate programmes under the Qualifications Framework and submit the Consolidated Programme Quality Analysis Report to the VTC Headquarters.

2.10 The Institutes measure the performance of the programmes using the following seven indicators:

- (a) **Enrolment rate.** The enrolment rate is the number of students enrolled as at the end of admission period as a percentage of the number of planned places;
- (b) **Retention rate.** For Higher Diploma programmes, the retention rate is the weighted average of the retention rates of the individual modules of the programmes. The retention rate of a module is the number of students assessed as a percentage of the number of students enrolled. For Diploma and Certificate programmes, the retention rate is the number of students enrolled at the end of academic year as a percentage of the number of students enrolled as at the end of admission period;
- (c) **Pass rate.** For Higher Diploma programmes, the pass rate is the weighted average of the pass rates of the individual modules of the programmes. The pass rate of a module is the number of students passed as a percentage of the number of students assessed. For Diploma and Certificate programmes, the pass rate is the number of students fulfilling assessment as a percentage of the number of students enrolled as at the end of academic year;
- (d) **Employment rate.** The employment rate is the number of graduates in employment as a percentage of the number of employed graduates and graduates seeking employment;

Management of programmes

- (e) ***Further study rate.*** The further study rate is the number of graduates pursuing full-time study as a percentage of the number of graduates;
- (f) ***Student satisfaction.*** The student satisfaction of a programme is expressed as a score obtained from analysing the results of the student feedback questionnaires; and
- (g) ***Employer satisfaction.*** The employer satisfaction is expressed as a score obtained from analysing the results of the Survey of Employers' Views.

Need to step up efforts to enhance the performance of programmes

2.11 In the 2016/17 Consolidated Programme Quality Analysis Report, the Institutes reviewed 22 full-time programmes (comprising 1 Higher Diploma programme, 9 Diploma programmes and 12 Certificate programmes) and 6 part-time programmes (comprising 2 Diploma programmes and 4 Certificate programmes), and reported the overall performance of the programmes by mode and by level (e.g. full-time Diploma programmes, part-time Certificate programmes, etc.). According to the Report, Audit noted the following:

- (a) ***Target enrolment rates of some programmes of HTI and CCI not met.*** The Institutes set a target enrolment rate of 100% for their programmes. Audit noted that in 2016/17, some enrolment rates of HTI and CCI programmes could not meet the target (see Table 4). The enrolment rates of 7 (32%) of the 22 full-time programmes were below 100%, ranging from 0% to 77%. The enrolment rate of one (17%) of the six part-time programmes was below 100% (i.e. 44%);

Table 4

**Enrolment rates of HTI and CCI
(2014/15 to 2016/17)**

Mode and level	Enrolment rate		
	2014/15	2015/16	2016/17
HTI			
Full-time Diploma programmes	121%	70%	91%
Full-time Certificate programmes	158%	69%	60%
CCI			
Full-time Diploma programmes	145%	108%	94%
Full-time Certificate programmes	23% (Note 1)	62%	79%
Part-time Diploma programmes	Not applicable (Note 2)	93%	44%

Source: *Audit analysis of the Institutes' records*

Note 1: *The enrolment rates of full-time Certificate programmes of CCI were below target in 2014/15. Resources originally planned for these programmes were directed to offer additional places for full-time Diploma programmes.*

Note 2: *Before 2015/16, part-time programmes were not included in the annual analysis on the performance of programmes.*

Management of programmes

- (b) **Over-enrolment of the programmes offered by ICI.** Over-enrolment of students may adversely affect the teaching quality. Audit noted that in 2016/17, the enrolment rates of the full-time Higher Diploma programmes, full-time Diploma programmes, full-time Certificate programmes and part-time Certificate programmes offered by ICI were 143%, 107%, 164% and 111% respectively (see Table 5). The enrolment rates of 12 (55%) of the 22 full-time programmes were over 100%, ranging from 106% to 207%. The enrolment rates of three (50%) of the six part-time programmes were over 100%, ranging from 107% to 120%;

Table 5

**Enrolment rate of ICI
(2014/15 to 2016/17)**

Mode and level	Enrolment rate		
	2014/15	2015/16	2016/17
Full-time Higher Diploma programmes	147%	93%	143%
Full-time Diploma programmes	99%	124%	107%
Full-time Certificate programmes	91%	154%	164%
Part-time Certificate programmes	Not applicable (Note)	103%	111%

Source: Audit analysis of the Institutes' records

Note: Before 2015/16, part-time programmes were not included in the annual analysis on the performance of programmes.

- (c) ***Some programmes not meeting target retention rates.*** The Institutes set a target retention rate of 95% for the full-time Higher Diploma programmes, and 85% for the full-time Diploma and Certificate programmes. Audit noted that in 2016/17, the following full-time Diploma and Certificate programmes could not meet the target:
- (i) ***HTI.*** The retention rate of the full-time Certificate programmes was 81%;
 - (ii) ***CCI.*** The retention rate of the full-time Certificate programmes was 78%; and
 - (iii) ***ICI.*** The retention rate of the full-time Diploma programmes was 83%.

In particular, the retention rates of 6 (29%) of the 21 full-time Diploma programmes and Certificate programmes were below the target of 85%, ranging from 76% to 81%; and

- (d) ***Decreasing pass rates.*** No target pass rate was set for the Institutes' programmes. Audit noted that some of their pass rates were below 80% in 2016/17 and were on a decreasing trend (see Table 6).

Management of programmes

Table 6

**Pass rates of programmes
(2014/15 to 2016/17)**

Mode and level	Pass rate		
	2014/15	2015/16	2016/17
<i>HTI</i>			
Full-time Diploma programmes	92%	96%	94%
Full-time Certificate programmes	93%	86%	77%
Part-time Diploma programmes	Not applicable (Note)	94%	97%
<i>CCI</i>			
Full-time Diploma programmes	86%	91%	88%
Full-time Certificate programmes	98%	83%	72%
Part-time Diploma programmes	Not applicable (Note)	100%	75%
<i>ICI</i>			
Full-time Higher Diploma programmes	80%	93%	92%
Full-time Diploma programmes	89%	93%	89%
Full-time Certificate programmes	98%	96%	95%
Part-time Certificate programmes	Not applicable (Note)	100%	73%

Source: Audit analysis of the Institutes' records

Note: Before 2015/16, part-time programmes were not included in the annual analysis on the performance of programmes.

Need to cover more graduates in the Survey of Employers' Views

2.12 To evaluate and monitor the quality of the full-time pre-employment programmes of the Institutes, a Survey of Employers' Views has been commissioned by VTC on an annual basis.

2.13 Under the Survey of Employers' Views, for those graduates who fulfil the following criteria, their employers will be invited to participate in the Survey:

- (a) graduates who engage in full-time employment terms relevant to their studies;
- (b) graduates who are employed in the same company for at least three months prior to the survey period; and
- (c) graduates who give consent that their employers could be contacted for the Survey.

2.14 The Survey of Employers' Views measures the employers' satisfaction of the performance of the graduates of the pre-employment programmes. The employers' satisfaction is rated on a scale of 1 (very poor) to 10 (excellent). According to the results of the Survey on students graduated in 2015/16 submitted by the consultant in October 2018, the overall employers' satisfaction was 7.3.

2.15 For the Survey on students graduated in 2015/16, Audit noted that:

- (a) ***Less than half of the graduates gave consent for the Survey.*** Of the 323 graduates who fulfilled the first two criteria mentioned in paragraph 2.13, only 138 (43%) gave consent that their employers could be contacted for the Survey; and
- (b) ***Employers of only 15% of the Institutes' employed graduates were covered in the Survey.*** Questionnaires were sent to the employers of the 84 valid

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samples (Note 5) and 69 were returned from them. The 69 questionnaires returned from the employers represented only 15% of the 470 employed graduates of 2015/16 (Note 6).

2.16 As employer satisfaction is one of the performance indicators (see para. 2.10(g)) in the Quality Assurance System, the representativeness of the data collected from the Survey is important. Audit considers that the Institutes need to take measures to encourage more graduates to give consent for VTC to contact their employers, and review the criteria for covering employers in the Survey of Employers' Views so that more graduates' employers can be covered in the Survey.

Audit recommendations

2.17 **Audit has *recommended* that the Executive Director, VTC should:**

- (a) **step up efforts to enhance the performance of programmes offered by the Institutes, in particular, the enrolment rates, the retention rates and the pass rates;**
- (b) **ensure as far as possible that the number of students enrolled should not exceed the plan by a significant margin and, in cases where over-enrolment cannot be avoided, take effective measures to mitigate the possible adverse impacts of over-enrolment on the programmes;**
- (c) **take measures to encourage more graduates to give consent for VTC to contact their employers in the Survey of Employers' Views; and**
- (d) **review the criteria for covering employers in the Survey of Employers' Views so that more graduates' employers can be covered in the Survey.**

Note 5: *Examples of invalid samples include graduates who had left the employers' companies or graduates who were part-time staff.*

Note 6: *The number of employed graduates refers to those who replied that they had a job and had been working for a pay or profit in the 2015/16 Employment Survey of Graduates.*

Response from VTC

2.18 The Executive Director, VTC agrees with the audit recommendations. She has said that:

- (a) the Institutes will continue to make efforts to enhance the performance of programmes which is affected by a number of factors such as demographic changes and employment opportunities;
- (b) measures have been and will continually be taken to ensure more effective deployment of existing and additional resources where necessary to maintain the standard of teaching and learning; and
- (c) the Institutes will continue to explore approaches to encourage graduates to give their consent to contact their employers, and will regularly review the selecting criteria of employers when conducting the Survey of Employers' Views.

Industrial attachment

2.19 According to the VTC's General Academic Regulations (GARs), industrial attachment is a mandatory part of the curriculum of the Higher Diploma programmes offered by VTC. All students are required to complete industrial attachment for graduation.

2.20 Industrial attachment module aims to provide students with an opportunity to relate student's learnt subject knowledge and skills in an authentic workplace so that students can familiarise themselves with the working environment and the norms and practices of the industry concerned. It helps students develop their career readiness and explore their career interests/future career path in the industry.

2.21 In 2018/19, CCI and ICI have offered three Higher Diploma programmes, namely the Higher Diploma in Culinary Arts, the Higher Diploma in International Theme Park and Event Management and the Higher Diploma in Baking and Pastry Arts. ICI will offer a new Higher Diploma programme in 2019/20, namely the Higher Diploma in Wine and Beverage Business Management.

Deviations from GARs need to be properly approved

2.22 Audit noted that for the four Higher Diploma programmes offered or to be offered by CCI and ICI, there was no industrial attachment module for two programmes, namely the Higher Diploma in Baking and Pastry Arts and the Higher Diploma in Culinary Arts. Instead, work-integrated learning module was included in these two programmes.

2.23 According to GARs, in order to meet the registration, licensing or other requirements of specific trades, industrial attachment may be replaced by field work, practicum or work-integrated learning, etc. subject to the approval of the relevant Academic Committee of the programme concerned. Audit examination of the records pertinent to the programme development and approval process of the two Higher Diploma programmes revealed that there was no documentary evidence showing:

- (a) discussions on the requirement under GARs to include industrial attachment in the two Higher Diploma programmes and the justifications for deviating from GARs; and
- (b) the approval for the deviation from GARs.

2.24 In response to Audit's enquiry, VTC informed Audit in February 2019 that VTC was considering the need to review GARs with a view to allowing more flexibility on the adoption of industrial attachment module.

Audit recommendations

2.25 **Audit has recommended that the Executive Director, VTC should:**

- (a) **where necessary, review GARs and make timely revisions with a view to facilitating programme development; and**
- (b) **take measures to ensure that deviations from GARs are properly approved if considered justifiable.**

Response from VTC

2.26 The Executive Director, VTC agrees with the audit recommendations.

PART 3: MANAGEMENT OF THE T HOTEL AND TRAINING RESTAURANTS

3.1 This PART examines the management of The T Hotel and the training restaurants. Audit found room for improvement in the following areas:

- (a) management of The T Hotel (paras. 3.2 to 3.19); and
- (b) management of training restaurants and hotel lounge (paras. 3.20 to 3.37).

Management of The T Hotel

3.2 In June 2006, the VTC Council approved setting up The T Hotel on the sixth floor of the VTC Pokfulam Complex. The aim of The T Hotel is to enhance the training facilities for students by providing them with a real-life workplace environment. Within an authentic workplace setting, students can engage in interaction with genuine hotel guests to sharpen their customer-servicing, communication and problem-solving skills. The construction cost of The T Hotel was \$54 million.

3.3 In March 2011, The T Hotel commenced operation. The T Hotel has 30 guest rooms (including 3 suites) (see Photograph 5). It is operated by trainees under the supervision and guidance of a team of hospitality trainers. In financial year 2017-18, The T Hotel received income of \$7.9 million and incurred expenditure of \$4.2 million (excluding staff cost).

Photograph 5

A suite at The T Hotel



Source: The Institutes' records

Need to improve hotel occupancy rate

3.4 Audit noted that the Institutes used the occupancy rate of 70% to estimate the room revenue. On several occasions the occupancy rate of The T Hotel was discussed between the Institutes and VTC:

- (a) in 2006, the Institutes informed the VTC Council that the estimated room revenue in the first year of operation of The T Hotel was based on an assumption of a projected occupancy rate of 70% (Note 7); and
- (b) in January 2013, the Institutes informed VTC's Finance Committee that the financial model of calculating room revenue was based on an assumption of an overall occupancy rate of 70%.

Note 7: *According to the results of the Hong Kong Tourism Board Monthly Hotel Room Occupancy Survey, the average occupancy rate of all hotels in Hong Kong in 2006 was 87%.*

Management of The T Hotel and training restaurants

3.5 In July 2014, at a meeting of the Yield Management Committee (Note 8), the Chairperson said that The T Hotel should maintain the optimal training activities at a level of 20 to 21 occupied rooms daily (Note 9). In response to Audit's enquiry, the Institutes informed Audit in February 2019 that instead of maximising occupancy, optimising the occupancy is the goal of The T Hotel. In addition to market factors, the management of the hotel occupancy is also driven by factors such as students' capability, training needs and capacity, student intake, and duration of the integrated learning experience (Note 10) in different programmes.

3.6 Audit analysed the occupancy rate of The T Hotel in the five-year period from financial year 2013-14 to 2017-18. Audit noted that the monthly occupancy rates ranged from 28.3% in July 2015 to 81.5% in December 2016, averaging 54.9% (see Figure 3). The monthly occupancy rates in 53 (88%) of the 60 months were lower than 70%.

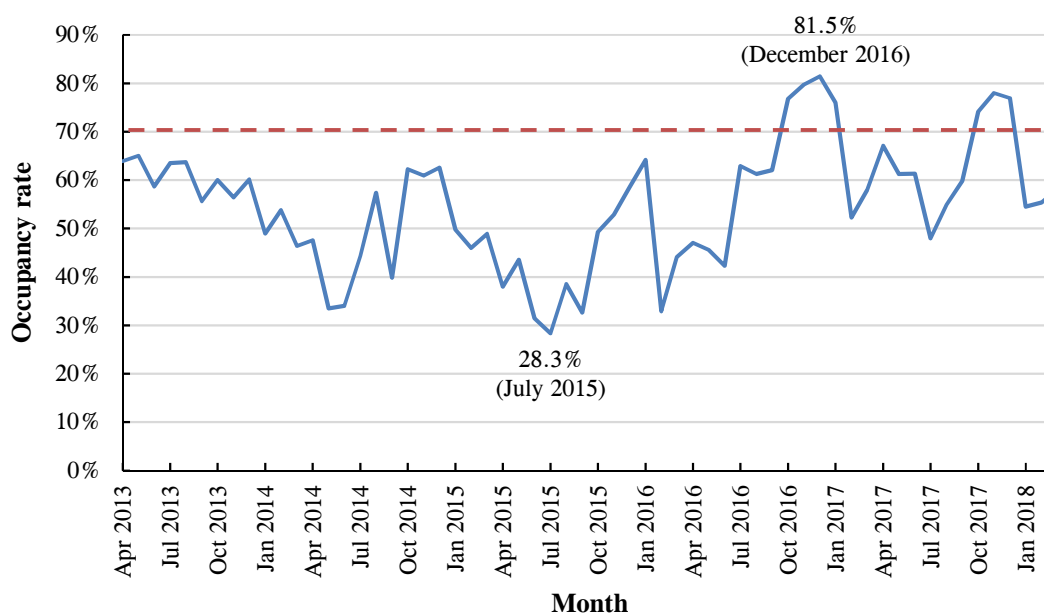
Note 8: *The Yield Management Committee was established by the Institutes. The terms of reference of the Committee are: (a) to follow the industry practice to determine, review and adjust the room rates of The T Hotel in response to market demands, seasonal fluctuation, industrial trends, etc. in order to maximise both occupancy and room rate and achieve the revenue target; and (b) to determine, review and adjust the fees and charges of the miscellaneous services offered by The T Hotel and training spa in consideration of the needs for provision of quality service and cost recovery etc. in line with the pertaining VTC policies and industry practices.*

Note 9: *Among the 30 guest rooms, one suite was reserved for mock-up training purpose, such as conducting food and beverage training and housekeeping training. A level of 20 to 21 occupied rooms was equivalent to an occupancy rate of about 70% ($20 \div 29 = 69\%$, $21 \div 29 = 72\%$).*

Note 10: *To allow students to integrate theoretical knowledge and practical skills in an authentic work environment and reflect on their learning through practising, the Institutes have included an integrated learning experience module in most of the full-time training programmes. Students are usually assigned to attend the integrated learning experience module on a shift basis for a number of consecutive days in order to prepare them for the norms and disciplines of the industry.*

Figure 3

**Monthly occupancy rate of The T Hotel
(financial year 2013-14 to 2017-18)**



Source: *Audit analysis of the Institutes' records*

3.7 Audit considers that the Institutes need to take measures to improve the occupancy rate with a view to achieving the aim of The T Hotel of enhancing the training facilities for students by providing them with a real-life workplace environment.

Need to better utilise the agency booking channel

3.8 Hotel guests can book rooms of The T Hotel via two channels:

- (a) online booking platforms provided by a travel agency (agency booking channel – Note 11); or
- (b) direct reservation by telephone or e-mail (direct booking channel).

Note 11: *Since May 2016, the Institutes have entered into a contract with a travel agency which enabled travellers to book the standard rooms of The T Hotel through the online booking platforms owned by the travel agency.*

Management of The T Hotel and training restaurants

3.9 Audit examined the effectiveness of the two booking channels by analysing the number of room nights allocated to and sold through the agency booking channel and the direct booking channel in the period from 2016 (May to December) to 2018 (see Table 7). Audit noted that:

- (a) the annual selling rates (i.e. the percentage of allocated room nights sold) of the agency booking channel (ranging from 96.9% to 99.7%) were significantly higher than the annual selling rates of the direct booking channel (ranging from 54.5% to 58.5%);
- (b) less than 20% of room nights were allocated to the agency booking channel; and
- (c) documentary evidence was not available showing the factors taken into account by the Institutes in determining the allocation of room nights between the agency booking channel and the direct booking channel.

Management of The T Hotel and training restaurants

Table 7

**Analysis of room nights allocated and sold through
the agency booking channel and the direct booking channel
(2016 (May to December) to 2018)**

	May to December 2016 (Note 1)	2017	2018
Agency booking channel			
No. of room nights allocated (a)	1,053 (15.3%)	2,011 (19.3%)	1,659 (19.5%)
No. of room nights sold (b)	1,020	2,005	1,647
Selling rate (c) = (b) ÷ (a) × 100%	96.9%	99.7%	99.3%
Direct booking channel			
No. of room nights allocated (d)	5,826 (84.7%)	8,413 (80.7%)	6,844 (80.5%)
No. of room nights sold (e)	3,410	4,675	3,730
Selling rate (f) = (e) ÷ (d) × 100%	58.5%	55.6%	54.5%
Overall			
No. of room nights allocated (g) = (a) + (d)	6,879 (100%)	10,424 (100%) (Note 2)	8,503 (100%) (Note 2)
No. of room nights sold (h) = (b) + (e)	4,430	6,680	5,377
Selling rate (i) = (h) ÷ (g) × 100%	64.4%	64.1%	63.2%

Source: Audit analysis of the Institutes' records

Note 1: The T Hotel's contract with the travel agency commenced in May 2016.

Note 2: The number of room nights available for sale decreased from 10,424 in 2017 to 8,503 in 2018 because The T Hotel was under a major renovation and closed for 58 days in 2018.

Remarks: The percentage in bracket represents the percentage of room nights allocated to the booking channel.

Management of The T Hotel and training restaurants

Audit considers that the Institutes need to consider allocating more room nights to the agency booking channel with a view to improving the overall occupancy rate of The T Hotel.

Need to improve the utilisation of training spa

3.10 The T Hotel has a 6,000 square-foot training spa equipped with Jacuzzi, sauna, steam bath and treatment rooms (see Photograph 6). Hotel guests can use the Jacuzzi, sauna and steam bath facilities for free. Hotel guests and members of The Dining Society (TDS – see para. 3.32) can also receive massage treatments offered in the treatment rooms at a charge.

Photograph 6

A treatment room in the training spa



Source: Photograph taken by Audit on 10 January 2019

3.11 Audit examined the utilisation of the training spa in the period from 2016 to 2018 and noted that the utilisation of the training spa was on the low side:

- (a) the number of guests using the training spa each year ranged from 356 to 565; and

Management of The T Hotel and training restaurants

- (b) while there was improvement, the percentage of days in 2018 during which no guests used the training spa was still high (25%) (see Table 8).

Table 8
Analysis of the utilisation of the training spa
(2016 to 2018)

Number of guests	2016	2017	2018
	Number of days (percentage)		
0	121 (39%)	102 (28%)	78 (25%)
1	88 (28%)	94 (26%)	84 (28%)
2	59 (19%)	81 (22%)	78 (25%)
3	27 (9%)	54 (15%)	39 (13%)
4 or more	15 (5%)	32 (9%)	28 (9%)
Total	310 (100%)	363 (100%)	307 (100%)

Source: Audit analysis of the Institutes' records

Remarks: Prior to 1 June 2016, the training spa opened five days a week (Monday to Friday) except public holidays. Since 1 June 2016, it has opened seven days a week including public holidays. In 2016, the spa closed for 56 days due to Saturdays, Sundays, public holidays, maintenance or renovation works. In 2017 and 2018, the spa closed for 2 and 58 days respectively due to maintenance or renovation works.

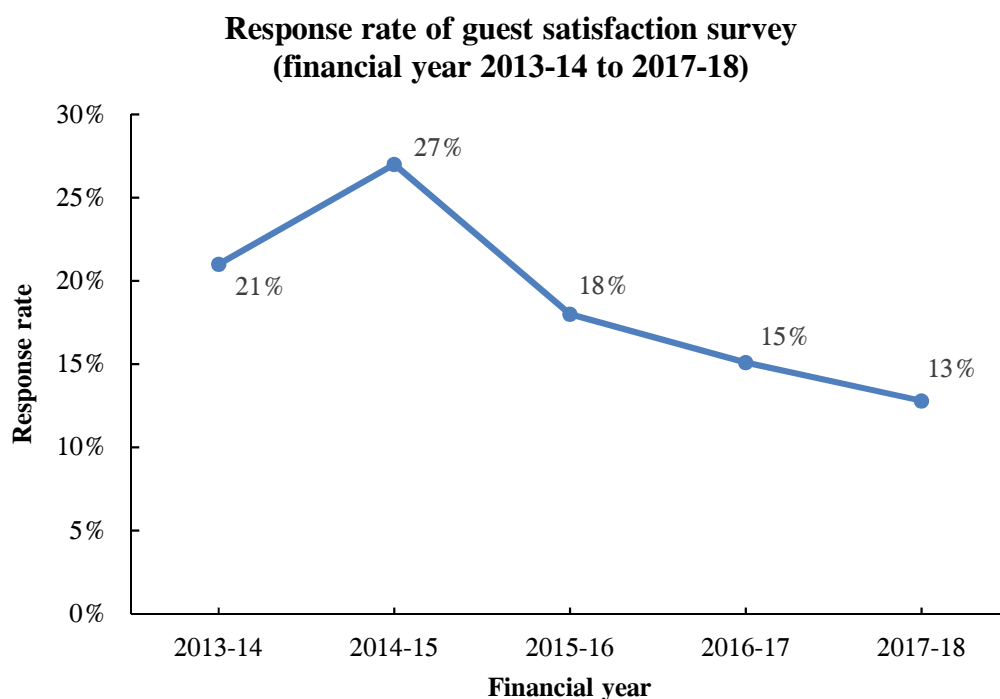
3.12 According to the Institutes, the training spa offers training opportunities to students of spa programmes and those attending the integrated learning experience module in the spa function. It also increases the attractiveness of The T Hotel to potential guests. Audit considers that the Institutes need to take measures to further promote the utilisation of the training spa.

Need to improve the response rate of guest satisfaction survey

3.13 The T Hotel collects feedback from guests through guest comment cards. Guest comment cards are placed at the writing desk in the guest rooms. Students inform the guests where the guest comment cards are when introducing the guest room facilities upon check-in.

3.14 Audit examined the number of guest comment cards received for the period from financial year 2013-14 to 2017-18 and noted that the annual response rate of the guest satisfaction survey decreased from 21% in financial year 2013-14 to 13% in financial year 2017-18 (see Figure 4).

Figure 4



Source: Audit analysis of the Institutes' records

3.15 The aim of The T Hotel is to enhance the training facilities for students by providing them with a real-life workplace environment and students can engage in interaction with genuine hotel guests to sharpen their customer-servicing, communication and problem-solving skills (see para. 3.2). The comments on the guest comment cards can provide useful feedback and advice to students to improve

Management of The T Hotel and training restaurants

their performance and to the Institutes to enhance their training for students. Audit considers that the Institutes need to take measures to improve the response rate of guest satisfaction survey (e.g. by offering souvenirs to guests who fill in the guest comment cards).

Need to ensure that recommendations made by the Internal Audit Unit are implemented in a timely manner

3.16 In 2011, the Institutes requested the Internal Audit Unit (IAU) of the VTC to conduct an internal audit on the operation of The T Hotel. In December 2013, IAU completed an operational and compliance audit on the operation of The T Hotel and made 64 recommendations. Audit noted that:

- (a) in October 2015, IAU completed a follow-up review on the progress of the implementation of the 64 recommendations. IAU found that actions to implement 38 (59%) of the 64 recommendations were not completed (Note 12); and
- (b) in April 2016, at a meeting of the VTC Audit Committee, members expressed concern on the large number of deficiency items identified and the slow progress of improvements.

3.17 In response to Audit's enquiry, the Institutes informed Audit in December 2018 that as at 30 November 2018, of the 38 recommendations, all but two (Note 13) had been followed through. Audit considers that the progress of the implementation of IAU's recommendations by the Institutes was slow. The Institutes need to expedite actions to complete the implementation of the two outstanding recommendations as soon as possible.

Note 12: *Of the 38 outstanding recommendations, 6 were related to legal compliance, health and safety, 10 related to hotel income and waiver of charges, 12 related to provision of hospitality services and revenue collection, and 10 related to procurement and stores management.*

Note 13: *The two outstanding improvement actions were related to documentation for quotations of food and beverage items, and maintenance of local suppliers list for non-food-and-beverage items.*

Audit recommendations

- 3.18 **Audit has *recommended* that the Executive Director, VTC should:**
- (a) **take measures to improve the occupancy rate of The T Hotel to achieve the optimal occupancy rate;**
 - (b) **consider allocating more room nights of The T Hotel to the agency booking channel;**
 - (c) **take measures to improve the utilisation of the training spa in The T Hotel;**
 - (d) **take measures to improve the response rate of the guest satisfaction survey of The T Hotel; and**
 - (e) **expedite the follow-up actions on the two outstanding recommendations made by IAU in 2013 on the operation of The T Hotel.**

Response from VTC

- 3.19 The Executive Director, VTC agrees with the audit recommendations.

Management of training restaurants and hotel lounge

- 3.20 The Institutes operate three training restaurants and The T Hotel Lounge to provide an enhanced and enriching training environment to students:
- (a) one Western training restaurant at the VTC Kowloon Bay Complex (see Photograph 7);
 - (b) The T Hotel Lounge at The T Hotel, VTC Pokfulam Complex (see Photograph 8);

Management of The T Hotel and training restaurants

- (c) one Western training restaurant at the VTC Pokfulam Complex (see Photograph 9); and
- (d) one Chinese training restaurant at the VTC Pokfulam Complex (see Photograph 10).

Photograph 7

Western training restaurant at VTC Kowloon Bay Complex



Source: The Institutes' records

Photograph 8

**The T Hotel Lounge at The T Hotel,
VTC Pokfulam Complex**



Source: The Institutes' records

Photograph 9

Western training restaurant at VTC Pokfulam Complex



Source: The Institutes' records

Photograph 10

Chinese training restaurant at VTC Pokfulam Complex



Source: The Institutes' records

3.21 The three training restaurants and The T Hotel Lounge are operated under TDS (see para. 3.32). The HTI/CCI/ICI Management Committee has established the Food Safety Management Committee (FSMC). The terms of reference of FSMC are as follows:

- (a) to maintain high hygiene and quality standards of food prepared in the training kitchens and restaurants;
- (b) to enhance TDS members' confidence;
- (c) to minimise the possibility of food poisoning and foreign object complaint from TDS members;
- (d) to ensure the legal compliance of food law in Hong Kong;
- (e) to provide training for trainees to understand importance of food safety, and let them learn hygienic practices in a simulated environment; and
- (f) to drive continuous improvement of food safety management system on a regular basis.

Management of The T Hotel and training restaurants

3.22 The following three measures have been taken by FSMC to ensure food safety:

- (a) ***Pre-requisite Program Inspection.*** The Pre-requisite Program Inspection is a surprise inspection conducted monthly by the Institutes' staff. The Inspection covers areas in personal hygiene, food hygiene and environmental hygiene. The purpose is to assess if there are hazards that could lead to potential food contamination;
- (b) ***Food Safety Certification Audit.*** On an annual basis, the training kitchens and restaurants undertake the Food Safety Certification Audits in order to obtain the International Organisation for Standardisation (ISO) 22000 Certificate on Food Safety Management System. ISO 22000 sets out the requirements that an organisation needs to meet to demonstrate its ability to control food safety hazards and ensure that food is safe. FSMC considered that obtaining the ISO 22000 Certificate could enrich students' learning experience and knowledge of food safety; and
- (c) ***Microbiological test.*** The Institutes perform microbiological tests to ascertain the hygiene conditions of four test categories, namely students' hands, food contact surfaces, water and ice, and food and beverage items. According to the Institutes:
 - (i) the two test categories of water and ice, and food and beverage items are covered in the tests in order to evaluate the effectiveness of food quality control throughout the food supply chain and preparation; and
 - (ii) in order to help students develop good hygiene habits, awareness and mindset, the tests cover two additional test categories, namely students' hands and food contact surfaces. This will teach students quantitative methods to evaluate the effectiveness of hygiene practices in the training kitchens and provide a training platform to familiarise students with different types of hygiene outcomes in real catering situations.

Food Safety Certification Audits and microbiological tests not conducted at the Western training restaurant at VTC Kowloon Bay Complex

3.23 Audit examined the records of the Institutes in the period from 2014/15 to 2017/18 and noted that:

- (a) Pre-requisite Program Inspections were carried out at all the three training restaurants and The T Hotel Lounge;
- (b) the Food Safety Certification Audits and microbiological tests were conducted at the Chinese training restaurant, the Western training restaurant and The T Hotel Lounge at the VTC Pokfulam Complex; and
- (c) no Food Safety Certification Audits or microbiological tests were carried out at the Western training restaurant at the VTC Kowloon Bay Complex. The restaurant did not obtain the ISO 22000 Certificate.

3.24 In February 2019, in response to Audit's enquiry, the Institutes informed Audit that:

- (a) students from the VTC Kowloon Bay Complex could experience the ISO 22000 and the microbiological testing practices first hand during the integrated learning experience module at the training restaurants and The T Hotel Lounge at the VTC Pokfulam Complex;
- (b) although the Western training restaurant at the VTC Kowloon Bay Complex did not have the ISO 22000 Certificate, the restaurant also adopted the ISO system. It was not considered cost effective to put in extra resources to obtain the ISO 22000 Certificate for the training restaurant; and
- (c) microbiological test was not carried out at the Western training restaurant at the VTC Kowloon Bay Complex because the Complex did not have testing facilities.

One of the terms of reference of FSMC is to maintain high hygiene and quality standards of food prepared in the training kitchens and restaurants and one of the purposes of conducting microbiological test is to evaluate the effectiveness of food

Management of The T Hotel and training restaurants

quality control (see paras. 3.21(a) and 3.22(c)(i)). Audit considers that to ensure hygiene and food safety, the Institutes need to consider extending the microbiological tests to cover the Western training restaurant at the VTC Kowloon Bay Complex. To overcome the difficulty of the lack of testing facilities at the VTC Kowloon Bay Complex, the Institutes may consider sending test samples to the laboratory at the VTC Pokfulam Complex or outsourcing the test to an external commercial laboratory.

Results of microbiological tests

3.25 The following hygiene standards were adopted in assessing the results of microbiological tests:

- (a) for the two test categories of water and ice, and food and beverage items, the Institutes adopted the hygiene standards in accordance with the Microbiological Guidelines for Food issued by the Centre for Food Safety of the Government; and
- (b) for the two test categories of students' hands and food contact surfaces, as there were no official guidelines in Hong Kong to stipulate the hygiene standards, the Institutes set its own standards.

3.26 Audit examined the microbiological test results conducted in the period from 2014/15 to 2017/18. Audit found that for the two test categories of water and ice and food and beverage items, all but one sample of the food and beverage items passed the hygiene standards (Note 14). The test results of the two categories of students' hands and food contact surfaces showed that there was room for improvement. The percentage of samples passing the hygiene standards for the students' hands test category and the food contact surfaces test category ranged from 85.7% to 93.8% and from 57.9% to 81.1% respectively (see Table 9).

Note 14: *In 2014/15, one out of twenty samples of the food and beverage items did not pass the microbiological tests.*

Management of The T Hotel and training restaurants

Table 9

**Results of microbiological tests
(2014/15 to 2017/18)**

Year	Students' hands		Food contact surfaces	
	No. of tests conducted	Pass rate	No. of tests conducted	Pass rate
(a) Western training restaurant/The T Hotel Lounge (sixth floor of the VTC Pokfulam Complex) (Note)				
2014/15	10	90%	17	52.9%
2015/16	12	100%	20	50%
2016/17	16	93.8%	18	83.3%
2017/18	16	93.8%	18	83.3%
(b) Chinese training restaurant (eighth floor of the VTC Pokfulam Complex)				
2014/15	11	81.8%	12	75%
2015/16	14	78.6%	18	66.7%
2016/17	16	93.8%	19	78.9%
2017/18	14	85.7%	15	73.3%
Overall (c) = (a) + (b)				
2014/15	21	85.7%	29	62.1%
2015/16	26	88.5%	38	57.9%
2016/17	32	93.8%	37	81.1%
2017/18	30	90%	33	78.8%

Source: Audit analysis of the Institutes' records

Note: The Western training restaurant and The T Hotel Lounge are located adjacent to each other at the sixth floor of the VTC Pokfulam Complex and share a single kitchen.

3.27 According to the Institutes, the aims to cover students' hands and food contact surfaces test categories in the microbiological tests are to help students develop good hygiene habits, awareness and mindset for training purposes (see para. 3.22(c)(ii)). If the test results were below the hygiene standards set by the Institutes, food handlers would be re-trained. After training, further testing would be

Management of The T Hotel and training restaurants

conducted to verify that improvement had been achieved. Audit noted that while there were improvements in the hygiene levels of students' hands and food contact surfaces in the period from 2014/15 to 2016/17 as shown in Table 9, there was a slight drop in the results in 2017/18. Audit considers that there was still room for improvement, in particular for the test category of food contact surfaces. The Institutes need to continue to monitor the results of microbiological tests and improve the hygiene conditions of students' hands and food contact surfaces.

Need to collect customer feedback on trainees' Putonghua standard (in addition to English standard)

3.28 Every table of customers of the training restaurants and The T Hotel Lounge is invited to complete a satisfaction survey questionnaire. The questionnaire covers four aspects:

- (a) services provided by trainees;
- (b) trainees' English standard;
- (c) quality of food; and
- (d) quality of beverage.

Under each aspect, customers can state their satisfaction level on a four-scale rating (i.e. "excellent", "good", "average" and "could be improved").

3.29 Of the 4,870 satisfaction survey questionnaires collected in 2017/18, the percentages of customers rating their satisfaction level "excellent" or "good" in each of the four aspects ranged from 84.8% to 96.9%. However, Audit noted that the questionnaire only covered trainees' English standard but not the trainees' Putonghua standard. As one of the objectives of TDS is to promote the use of English and Putonghua between members and students of the Institutes (see para. 3.32(d)), Audit considers that the Institutes need to collect customer feedback on the trainees' Putonghua standard (in addition to English standard).

Food wastage handling

3.30 One of VTC's environmental policies is to work towards the achievement of sustainable development. To reduce solid food waste, the Institutes have installed food waste decomposers at the VTC Pokfulam Complex and the ICI Building to convert food waste into fertiliser. However, no food waste decomposers were installed at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building. According to the Institutes, given the small amount of food waste at the two campuses, food waste was not treated but disposed of as general waste.

3.31 In financial year 2017-18, the amount of food waste generated by the VTC Kowloon Bay Complex was 3,403 kilograms (Note 15). Audit noted that apart from in-house food waste decomposers, there were other means to recycle food waste. For example, the Environmental Protection Department has built a network of Organic Resources Recovery Centres to facilitate delivery of food waste to the Centres for turning food waste into useful resources (Note 16) and thereby reducing the nuisance arising from food waste (Note 17). Audit considers that, with the absence of in-house food waste decomposers, the Institutes need to explore other food waste treatment methods at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building.

Need to put the surplus fund of TDS into gainful use

3.32 In 1989, to facilitate the operation of the training restaurants, VTC established TDS. The objectives of TDS are:

- (a) to provide international and Chinese style food and beverage to members;

Note 15: *The Institutes have not monitored the amount of food waste generated by the VTC Tin Shui Wai Building.*

Note 16: *The Organic Resources Recovery Centres adopt biological technologies including composting and anaerobic digestion to turn organic waste into useful compost products and biogas for energy recovery, thereby minimising requirement for landfill disposal.*

Note 17: *As of December 2018, 144 commercial and industrial sector organisations, including 37 hotels and 21 restaurants, had expressed interest in delivering food waste to the Organic Resources Recovery Centres.*

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- (b) to assist the Institutes in preparing and training their students for a career in the hospitality industry in general and in food and beverage services in particular;
- (c) to provide the Institutes' students with exposure to English and Putonghua speaking clientele;
- (d) to promote the use of English and Putonghua between members and students of the Institutes; and
- (e) to purchase, take on lease or in exchange, hire or otherwise acquire and hold for any interest, rights, privileges, concessions, patents, patent rights, licences, secret processes, machinery, plant, stock-in-trade, and any real or personal property of any kind necessary or convenient for the purpose of or in connection with the Society's business or activities, and to do all such lawful things as are incidental or conducive to the above objects or any of them.

3.33 The Chinese training restaurant, the two Western training restaurants and The T Hotel Lounge were operated under TDS. Guests must join TDS as members before their patronage at the restaurants (Note 18). Food and drinks consumed at the training restaurants are generally charged on a cost basis. Members are required to communicate with students in English or Putonghua. As at 31 August 2018, TDS had 1,654 members.

3.34 TDS's operation is supported by membership fees and donations from its members. In the five-year period from financial year 2013-14 to 2017-18, the amount of surplus fund of TDS increased by 60% from \$3.8 million to \$6.1 million (see Table 10), representing nine times of the operating expenses of TDS in financial year 2017-18 (\$671,742) (Note 19).

Note 18: *Guests of The T Hotel are admitted as temporary members of TDS during their stay and are allowed to use the training restaurants.*

Note 19: *The revenue from sales of food and beverage and expenditure on food cost are included in the accounts of the Institutes. The operating expenses of TDS include renewal fee of the club licence, printing, stationery expenses, etc.*

Table 10

**Operating expenses and surplus fund of TDS
(financial year 2013-14 to 2017-18)**

Financial year	Operating expenses for the year (\$)	Surplus fund at year end	
		Amount (\$)	Percentage change
2013 – 14	657,111	3,831,004	Not applicable
2014 – 15	615,809	4,276,774	+12%
2015 – 16	910,013	4,585,929	+7%
2016 – 17	784,716	5,170,862	+13%
2017 – 18	671,742	6,111,026	+18%

Source: Audit analysis of the Institutes' records

3.35 According to the Constitution of TDS, funds of the Society are deposited into an account care of VTC to support or defray the expenses incurred in the operation of the Society, make donations to VTC, and be used for generating funds for the betterment of the training restaurants, the Institutes, students and alumni. As a considerable amount of surplus fund has been accumulated, the Institutes need to, in collaboration with TDS, devise a plan to put the surplus fund into gainful use.

Audit recommendations

3.36 **Audit has recommended that the Executive Director, VTC should:**

- (a) **consider extending the microbiological tests to cover the Western training restaurant at the VTC Kowloon Bay Complex;**

Management of The T Hotel and training restaurants

- (b) continue to monitor the results of microbiological tests and improve the hygiene conditions of students' hands and food contact surfaces;**
- (c) collect feedback from the customers of the training restaurants and The T Hotel Lounge on the trainees' Putonghua standard (in addition to English standard);**
- (d) explore other food waste treatment methods at the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building; and**
- (e) in collaboration with TDS, devise a plan to put the surplus fund of TDS into gainful use.**

Response from VTC

3.37 The Executive Director, VTC agrees with the audit recommendations.

PART 4: ADMINISTRATIVE ISSUES

4.1 This PART examines the administrative issues of the Institutes. Audit found room for improvement in the following areas:

- (a) campus management (paras. 4.2 to 4.18);
- (b) staff management (paras. 4.19 to 4.29); and
- (c) inventory management (paras. 4.30 to 4.36).

Campus management

Campus environmental performance

4.2 Campuses of member institutes are required to meet the environmental targets set by VETMC (see Note 3 to para. 1.10(a)) to reduce waste and consumption of resources. Environmental targets are set for alternate years. In the period from 2014/15 to 2017/18, environmental targets were set for 2015/16 and 2017/18, but not 2014/15 and 2016/17. When setting targets for a year, reference was made to the year before the last year. For instance, the target on water consumption for 2017/18 was 3% reduction from the actual water consumption of 2015/16.

4.3 *Environmental targets for 2015/16.* In June 2014, VETMC set the environmental targets for the consumption of resources in 2015/16. The targets were:

- (a) using 2013/14 as the reference year, each campus should achieve a 5% saving on the per-student consumption of water, electricity and paper respectively; and
- (b) recycled paper should account for at least 20% of the paper consumption.

Administrative issues

4.4 *Environmental targets for 2017/18.* In April 2016, the VETMC set the environmental targets for the consumption of resources in 2017/18. The targets were:

- (a) using 2015/16 as the reference year, each campus should achieve a 3% saving on the consumption of water, electricity and paper respectively; and
- (b) recycled paper should account for at least 20% of the paper consumption.

Campus environmental targets not met

4.5 Before the ICI Building commenced operation in September 2018, the campuses of the Institutes were located in three premises, i.e. the VTC Pokfulam Complex, the VTC Kowloon Bay Complex and the VTC Tin Shui Wai Building. The three premises are used by the Institutes together with other VTC units. For the VTC Pokfulam Complex, the Institutes are the main users in terms of the area occupied (Note 20). The Safety, Health and Environmental Local Committee of the VTC Pokfulam Complex is responsible for monitoring the resource consumption at the VTC Pokfulam Complex and devise measures for meeting the environmental targets.

4.6 Audit examined the environmental performance of the VTC Pokfulam Complex in 2015/16 and 2017/18 and noted that some environmental targets were not met (see Table 11):

- (a) the reduction in electricity consumption in 2015/16 and 2017/18 did not meet the saving targets; and
- (b) the percentage of recycled paper consumed in 2017/18 did not meet the target.

Note 20: *Other than the Institutes, the VTC Pokfulam Complex also houses two other member institutes. The Institutes occupy about 42% of the gross floor area of the VTC Pokfulam Complex.*

Table 11

**Performance of VTC Pokfulam Complex
on achieving environmental targets
(2015/16 and 2017/18)**

	2015/16	2017/18
Water consumption		
Consumption	49,194 litres per student	53,212 cubic metres
Reference year consumption	53,758 litres per student	111,972 cubic metres
Percentage decrease	-8.5%	-52.5% (Note 1)
Target met	✓	✓
Electricity consumption		
Consumption	4,308 kilowatt hours per student	9,726,996 kilowatt hours
Reference year consumption	4,386 kilowatt hours per student	9,806,103 kilowatt hours
Percentage decrease	-1.8%	-0.8% (Note 2)
Target met	✗	✗
Paper consumption		
Consumption	1,226 sheets per student	4,309 reams
Reference year consumption	1,541 sheets per student	5,579 reams
Percentage decrease	-20.4%	-22.8%
Target met	✓	✓
Recycled paper consumption		
Recycled paper consumption	1,521 reams	700 reams
Paper consumption	5,579 reams	4,309 reams
Percentage of recycled paper consumption	27.3%	16.2%
Target (i.e. 20%) met	✓	✗

Source: *Audit analysis of the Institutes' records*

Note 1: *The large reduction in the usage of water was due to the change from using tap water to sea water for toilet flush since 2016/17.*

Note 2: *According to the Institutes, student training hours of the other two member institutes housed in the VTC Pokfulam Complex increased by about 17% in 2017/18 as compared with 2015/16. This contributed to the higher electricity consumption in 2017/18.*

Administrative issues

4.7 In December 2018, in response to Audit's enquiry, the Institutes informed Audit that:

- (a) ***Reduction in electricity consumption.*** Since 2015/16, the following actions have been taken to reduce electricity consumption:
 - (i) installation of additional motion sensors for lighting control;
 - (ii) replacement of fluorescent tubes with light-emitting diode tubes;
 - (iii) replacement of halogen lamp by light-emitting diode lamp by phases;
 - (iv) shortening the operating hours of air-conditioning system during winter time; and
 - (v) issuing reminders to staff to urge them to save electricity consumption, and disseminate to them tips and good practices in reducing electricity consumption; and

- (b) ***Use of recycled paper.*** The following actions have been taken to encourage staff to use more recycled paper:
 - (i) effective from September 2018, recycled paper has made up 20% of the quantity of paper purchased; and
 - (ii) in December 2018, an e-mail was sent to all staff to solicit their support in meeting the recycled paper consumption target.

Notwithstanding the measures that have been taken to reduce electricity consumption since 2015/16, the target for electricity consumption was not met. Audit considers that the Institutes need to endeavour to improve the environmental performance of the Institutes.

Campus environmental targets not set for every year

4.8 As mentioned in paragraph 4.2, campus environmental targets were only set for alternate years. In Audit's view, this practice was not conducive to encouraging the Institutes to build an environmental friendly environment. In the years when environmental targets are not set, students and staff may become less committed to reducing waste and consumption of resources. Audit considers that the VTC needs to consider setting environmental targets for every year (instead of alternate years) or, alternatively, extending the environmental targets to cover two years.

Campus safety management

4.9 According to the Health and Safety Policy Statement in the VTC Safety Management Manual, member institutes (including the Institutes) give high priority to safety consideration in its operations and promote the advancement of health and safety practices within the Council. To this end, the Safety, Health and Environmental Local Committee (HTI/CCI/ICI) was established to monitor the campus safety of the Institutes. The Local Committee reports to the HTI/CCI/ICI Management Committee. The terms of reference of the Local Committee are as follows:

- (a) to monitor that the occupational safety policy is properly implemented;
- (b) to analyse the accident rate and suggest preventive and corrective action plans;
- (c) to conduct occupational safety site walk through inspection;
- (d) to assist in maintaining legal compliance with occupational ordinance in Hong Kong;
- (e) to monitor the effectiveness of safety and hygiene training provided to trainees;
- (f) to promote safety and environmental activities; and

Administrative issues

- (g) to deliver updated safety and hygiene information from the Labour Department to trainees and staff.

Need to endeavour to improve campus safety

4.10 In the period from 2013/14 to 2017/18, 97 accidents occurred in the campuses of the Institutes. The number of accidents occurred each year ranged from 15 to 29. The number of accidents increased from 16 in 2013/14 to 29 in 2016/17 and 20 in 2017/18. Of the 97 accidents, 65 (67%) accidents involved cut or fall (see Table 12).

Table 12

**Number of accidents occurred in the campuses of the Institutes
(2013/14 to 2017/18)**

Year	Cut (a)	Fall (b)	Cut or fall (c) = (a) + (b)	Others (Note) (d)	Total (e) = (c) + (d)
2013/14	9 (56%)	4 (25%)	13 (81%)	3 (19%)	16 (100%)
2014/15	8 (53%)	6 (40%)	14 (93%)	1 (7%)	15 (100%)
2015/16	3 (18%)	5 (29%)	8 (47%)	9 (53%)	17 (100%)
2016/17	10 (35%)	5 (17%)	15 (52%)	14 (48%)	29 (100%)
2017/18	8 (40%)	7 (35%)	15 (75%)	5 (25%)	20 (100%)
Overall	38 (39%)	27 (28%)	65 (67%)	32 (33%)	97 (100%)

Source: Audit analysis of the Institutes' records

Note: Other accidents included injury due to knock, burnt and manual handling of heavy objects.

4.11 In January 2019, in response to Audit’s enquiry, the Institutes informed Audit that the following preventive measures had been taken to mitigate the number of accidents:

- (a) posters on safe use of knives and prevention of slip and fall have been displayed in kitchens and public areas;
- (b) topics of safety and health in kitchen and prevention of fall are covered in the daily morning briefings to students by their instructors;
- (c) floor dryers are placed in high-risk areas (such as toilets) during humid weather;
- (d) warning signs are placed in wet areas; and
- (e) anti-slip nosings have been installed on stair treads.

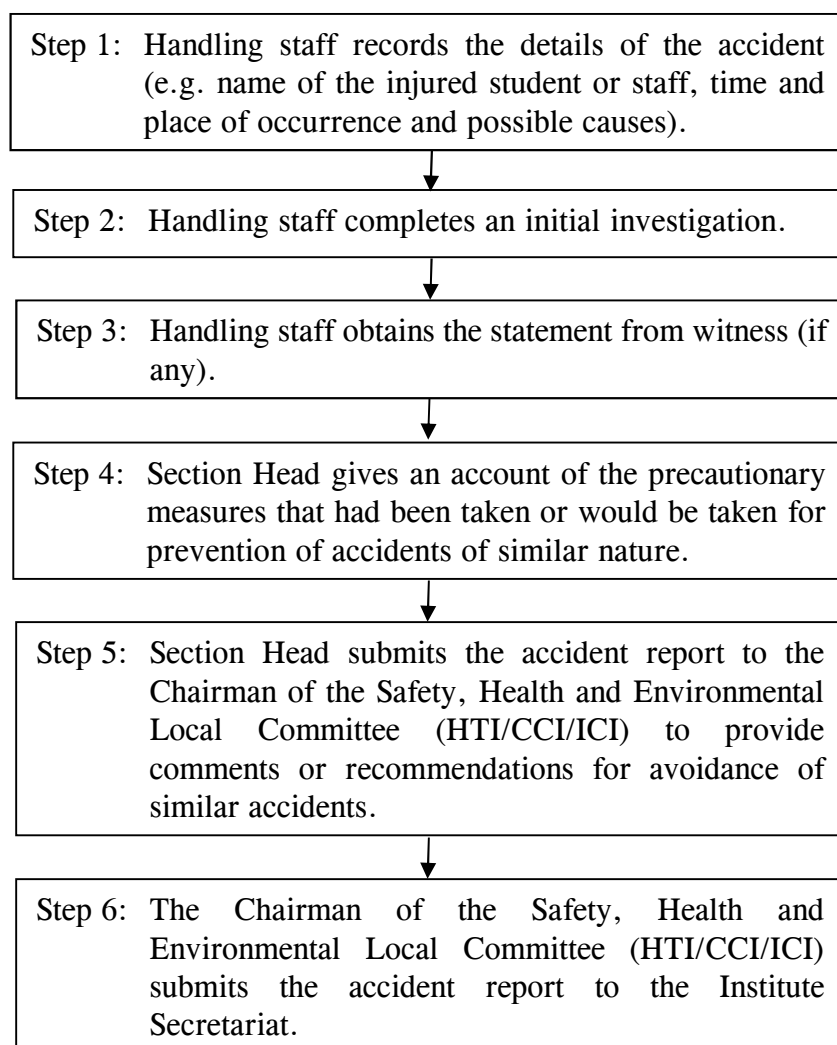
4.12 As even one accident is too many, Audit considers that the Institutes need to conduct an analysis of the accidents which occurred in past years (for example, whether there were any accident black spots) and endeavour to take effective measures with a view to reducing the occurrence of accidents.

Need to improve timeliness of accident handling

4.13 It was stipulated in the VTC Safety Management Manual that each accident should be investigated regardless of its seriousness. The objective of the accident investigation is to determine the causes of the accident and take corrective measures to prevent the recurrence of similar accidents. Figure 5 shows the accident handling procedures stipulated in the Manual.

Figure 5

Accident handling procedures



Source: *Audit analysis of the Institutes' records*

4.14 The VTC Safety Management Manual stipulates that the accident report for every accident should be completed and submitted to the Institute Secretariat within 48 hours after the accident. Upon receipt of the accident report, the Institute Secretariat will proceed with the administrative work, such as filling in the insurance claim form and sending a copy of the report to the VTC Headquarters if required. Audit examined the timeliness of the submissions of the accident reports for the 20 accidents which occurred in 2017/18. Audit found that in 19 (95%) of the 20 accidents, the accident reports were not submitted to the Institute Secretariat within 48 hours (see Table 13).

Table 13

**Time taken for the submission of
accident reports to Institute Secretariat
(2017/18)**

Time taken (Note 1) (days)	No. of accidents	Percentage
0 to 2	1	5%
>2 to 5	4	20%
>5 to 10	6	30%
>10 to 15	6	30%
>15	3 (Note 2)	15%
Total	20	100%

Source: Audit analysis of the Institutes' records

Note 1: As only the dates of submission were recorded but not the time of submission, Audit was unable to analyse the number of hours taken for the submissions.

Note 2: The time taken for the submission of accident reports to the Institute Secretariat for the three cases were 16, 18 and 24 days respectively.

Remarks: Of the 20 accidents, 7 were staff injury cases. VTC had notified the Labour Department within the time limit of 14 days as required under the Employees' Compensation Ordinance (Cap. 282).

4.15 In February 2019, in response to Audit's enquiry, the Institutes informed Audit that:

- (a) the procedures as stipulated in the VTC Safety Management Manual were formulated many years ago. In practice, the handling staff notified the Institute Secretariat direct verbally, by e-mail or by mobile message. Submission of the written accident reports followed afterwards;

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- (b) of the 20 accidents which occurred in 2017/18:
 - (i) in 16 (80%) cases, the handling staff informed the Institute Secretariat of the accidents within two days; and
 - (ii) in 11 (55%) cases, the Section Head reported within two days the precautionary measures that had been taken or would be taken for prevention of accidents of similar nature; and
- (c) the accident handling procedures would be updated. In the updated procedures, the within-48-hour requirement would apply to the notification of the Institute Secretariat instead of the submission of the written accident report.

4.16 Audit considers that the Institutes need to take measures to ensure that accidents are handled in a timely manner according to the procedures stipulated in the VTC Safety Management Manual. In the revised accident handling procedures, the Institutes also need to consider setting a reasonable time limit for the submission of accident reports to the Institute Secretariat to ensure the timeliness of the submission.

Audit recommendations

- 4.17 **Audit has *recommended* that the Executive Director, VTC should:**
- (a) **endeavour to improve the environmental performance of the Institutes;**
 - (b) **consider setting campus environmental targets for every year (instead of alternate years) or, alternatively, extending the environmental targets to cover two years;**
 - (c) **conduct an analysis of the accidents in past years and endeavour to take effective measures with a view to reducing the occurrence of accidents;**
 - (d) **take measures to ensure that accidents are handled in a timely manner according to the procedures stipulated in the VTC Safety Management Manual; and**

- (e) **in the revised accident handling procedures, consider setting a reasonable time limit for the submission of accident reports to the Institute Secretariat to ensure the timeliness of the submission.**

Response from VTC

4.18 The Executive Director, VTC agrees with the audit recommendations. She has said that:

- (a) VTC has commissioned a consultant since 2017 for a Carbon Footprint Reduction Plan. The study area includes devising longer term carbon reduction targets, roadmap and implementation plans for VTC campuses. The Plan is expected to be available by 2020. The recommendation of Audit for VTC to consider setting campus environmental targets for every year instead of alternate years, or alternatively, extending the environmental targets to cover two years, will be considered in the consultancy study; and
- (b) the Institutes will make clear in the procedures that the Institute Secretariat should be notified of any accident within 48 hours which should be followed by an investigation report and any recommended actions normally within 14 working days after the accident.

Staff management

4.19 The Institute Secretariat is responsible for handling the human resources matters, including the implementation of human resources strategies, policies and guidelines set by the VTC Headquarters, and the planning and monitoring of the manpower requirements.

Need to take measures to reduce vacant posts and staff turnover

4.20 Audit examined the staff strength and establishment for the period from 2015/16 to 2017/18 and noted that the number of vacant posts at the end of each academic year ranged from 39.5 to 46.5, representing 10.8% to 12.3% of the number of staff establishment (see Table 14).

Table 14**Analysis of the vacant posts
(2015/16 to 2017/18)**

Staff	No. of vacant posts (as at 31 August)		
	2015/16	2016/17	2017/18
Teaching staff	20.5	14.5	21.5
Academic support staff	13	18	12
Administrative staff	6	9	13
Total (a)	39.5	41.5	46.5
Total no. of establishment (b)	364.5	358.5	378.5
Percentage of unfilled posts to establishment (c)=(a)÷(b)×100%	10.8%	11.6%	12.3%

Source: *Audit analysis of the Institutes' records*

4.21 In response to Audit's enquiry, the Institute informed Audit that:

- (a) due to the declining student population and the uncertainty of student enrolment, the Institutes put on hold four, six and ten vacancies in 2015/16, 2016/17 and 2017/18 respectively. These vacancies were not planned to be filled by permanent staff;
- (b) of the established posts from 2015/16 to 2017/18, 26 posts were under graduate/trainee schemes and they were only filled on a need basis. As at end of 2015/16, 2016/17 and 2017/18, the numbers of unfilled vacancies of these posts were six, eight and ten respectively; and
- (c) if the vacancies that were put on hold were excluded from the analysis, the numbers of unfilled posts were 35.5, 35.5 and 36.5 and the percentages of unfilled posts were 9.7%, 9.9% and 9.6% for 2015/16, 2016/17 and 2017/18 respectively.

4.22 Audit analysed the staff turnover of the Institutes for the three-year period from 2015/16 to 2017/18 and noted that (see Table 15):

- (a) the staff turnover rate increased by 3 percentage points from 14.2% in 2015/16 to 17.2% in 2017/18; and
- (b) staff resignation accounted for 50% or more of the total staff turnover.

Table 15

**Analysis of staff turnover
(2015/16 to 2017/18)**

Year	Average no. of staff strength (Note 1) (a)	Cause of staff terminating services (no.)			Turnover rate (c) = (b) ÷ (a) × 100%
		Resignation	Other reasons (Note 2)	Total (b)	
2015/16	303	28 (65%)	15 (35%)	43 (100%)	14.2%
2016/17	301.5	32 (71%)	13 (29%)	45 (100%)	14.9%
2017/18	308.5	31 (58%)	22 (42%)	53 (100%)	17.2%

Source: Audit analysis of the Institutes' records

Note 1: The average number of staff strength is calculated by averaging the number of staff strength at the beginning (1 September) and end (31 August) of an academic year.

Note 2: Other reasons include retirement and completion of contracts.

Remarks: The staff establishment of the Institutes includes the posts of Graduate Trainee. These posts are on a fixed one-year short-term contracts. Graduate Trainee staff will leave employment after completing the contract and that will result in normal turnover every year. These posts were excluded from the analysis.

Administrative issues

4.23 In January 2019, in response to Audit’s enquiry, the Institutes informed Audit that to tackle the staff shortage and staff turnover:

- (a) staff recruitment matters were reported and discussed in the HTI/CCI/ICI Management Committee;
- (b) internal discussions were made about specific ranks with recruitment difficulties and turnover;
- (c) the following remedial measures had been taken:
 - (i) engagement of employment agencies to assist in recruitment for posts that were not readily available;
 - (ii) adjustment of salaries and upgrading of some ranks to increase the attractiveness of some posts; and
 - (iii) taking up of some vacant posts temporarily by term staff (Note 21) and lower rank staff. As at 31 August 2018, of the 46.5 vacant posts, 10 were temporarily taken up; and
- (d) an overall review of staff remuneration package is conducted by VTC every five years.

4.24 Audit considers that the considerable number of vacant posts and significant level of staff turnover rate of the Institutes are matters of concern. They would increase the workloads of other staff and may adversely affect the teaching quality and the operations of the Institutes. The Institutes need to take remedial measures to reduce the number of vacant posts and staff turnovers, and monitor the effectiveness of the measures.

Note 21: *Term staff are contract staff with an employment term of one year or less.*

Need to encourage staff to attain more Continuous Professional Development hours

4.25 Since 2010/11, VTC has launched the Continuous Professional Development (CPD) Scheme. The Scheme aims to encourage staff to upgrade and update their professional knowledge and skills through different forms of professional training and development activities. The Scheme operates on a non-mandatory basis and the staff covered by the Scheme include teaching staff and some designated non-teaching staff (Note 22). Each of the staff is encouraged to attain not less than 40 CPD hours within a CPD cycle of two consecutive years.

4.26 Audit examined the attainment of CPD hours by the Institutes' staff covered by the CPD Scheme in the two CPD cycles from 1 October 2013 to 30 September 2015 and from 1 October 2015 to 30 September 2017 and noted that:

- (a) for the first CPD cycle, the Institutes had 154 staff covered by the Scheme. Of the 154 staff, 91 (59%) did not attain 40 or more CPD hours; and
- (b) for the second CPD cycle, the Institutes had 170 staff covered by the Scheme. Of the 170 staff, 39 (23%) did not attain 40 or more CPD hours.

4.27 Audit analysed the attainment of CPD hours for the 39 staff covered by the CPD Scheme who did not attain 40 or more CPD hours in the second CPD cycle from 1 October 2015 to 30 September 2017 and found that of the 39 staff:

- (a) 22 also did not attain 40 or more CPD hours in the first CPD cycle from 1 October 2013 to 30 September 2015; and
- (b) 18 attained less than 20 CPD hours, i.e. less than half of the minimum 40 CPD hours. They represented 11% of the total number of 170 staff covered by the Scheme (see Table 16).

Note 22: *Examples of designated non-teaching staff include Student Affairs Officer, Education Development Officer and Technician.*

Table 16

**CPD hours attained by staff covered by the CPD Scheme
(1 October 2015 to 30 September 2017)**

CPD hours	No. of staff	Percentage
0	3	2%
>0 to < 10	6	4%
10 to < 20	9	5%
20 to < 30	13	7%
30 to < 40	8	5%
≥ 40	131	77%
Total	170	100%

Source: Audit analysis of the Institutes' records

Audit considers that the Institutes need to step up efforts in encouraging staff who did not attain 40 or more CPD hours within two consecutive years to actively participate in CPD activities, in particular those staff who did not attain the minimum 40 CPD hours consistently and those who attained less than half of the minimum hours.

Audit recommendations

4.28 **Audit has recommended that the Executive Director, VTC should:**

- (a) **take remedial measures to reduce the number of vacant posts and staff turnover and monitor the effectiveness of the measures; and**
- (b) **step up efforts in encouraging staff who did not attain 40 or more CPD hours within two consecutive years to actively participate in CPD activities, in particular those staff who did not attain the minimum 40 CPD hours consistently and those who attained less than half of the minimum hours.**

Response from VTC

4.29 The Executive Director, VTC agrees with the audit recommendations.

Inventory management

Missing inventory items

4.30 According to the Stores Manual of VTC, the Head of the Institutes (i.e. the Principal) appoints officers to inspect and verify stocks at an interval of no less than once in every two years. In practice, stocktaking exercise is carried out on an annual basis. Audit examined the stocktaking exercise results for financial year 2017-18 and noted that of the 618 items inspected (Note 23), 96 (15.5%) were found missing. The original value of the 96 missing items was \$236,288.

4.31 In September 2018, subsequent to the 2017-18 stocktaking exercise, an e-mail was sent to the Section Heads of the Institutes asking them to:

- (a) take the following measures to strengthen the inventory control:
 - (i) to stick labels issued by the Supplies Unit on inventories properly;
 - (ii) to keep valuable items such as notebook computers and cameras in a safe place;
 - (iii) to appoint a staff as the officer-in-charge for inventory control;
 - (iv) to record properly the inventory items that are needed to be transferred or disposed of; and
 - (v) to strengthen the inventory control during relocation of offices; and

Note 23: *Stocktaking was conducted at the VTC Pokfulam Complex (463 items inspected), the VTC Kowloon Bay Complex (72 items inspected), and the VTC Tin Shui Wai Building (83 items inspected).*

Administrative issues

- (b) review the inventory control system and carry out improvement actions.

4.32 Audit considers that the Institutes need to:

- (a) closely monitor the effectiveness of the measures taken to improve inventory control;
- (b) in view of the fact that 15.5% of items selected for inspection were found missing in the stocktaking exercise for financial year 2017-18, increase the sample size in the next stocktaking exercise;
- (c) complete the review of the inventory control system as soon as possible; and
- (d) in light of the results of the review of the inventory control system, implement measures to address the issues identified in the review in a timely manner.

Need to conduct surprise stock and security checks

4.33 According to the Stores Manual, surprise stock and security checks should be carried out at irregular intervals at least once every year. Findings of the checks should be recorded in the Surprise Inspection Book. Audit examined the records of the Institutes from financial year 2015-16 to 2017-18 and noted that the Institutes did not conduct any surprise stock and security checks, contrary to the Stores Manual requirement.

4.34 In January 2019, in response to Audit's enquiry, the Institutes informed Audit that in view of the heavy workload, no surprise stock and security checks were performed. The Institutes have planned to carry out the surprise stock and security checks once a year from 2019 onward. Audit considers that the Institutes need to ensure that the surprise stock and security checks are conducted as stipulated in the Stores Manual.

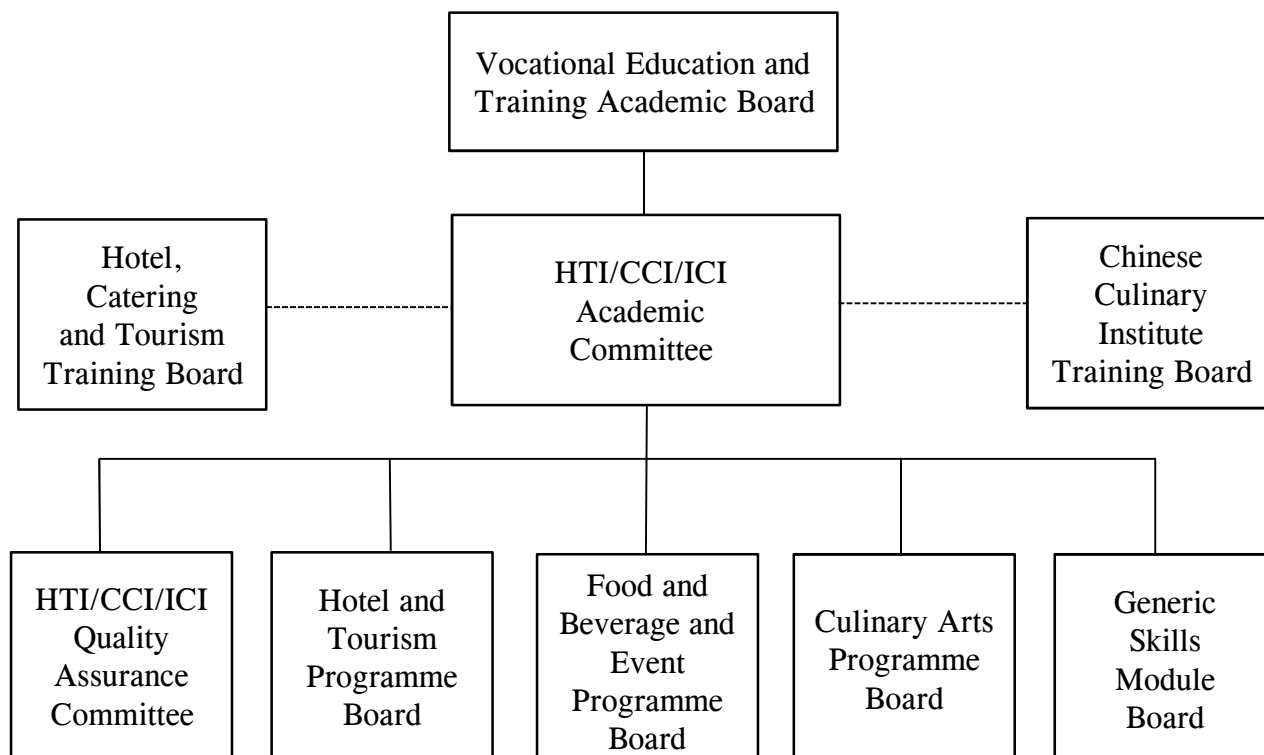
Audit recommendations

- 4.35 **Audit has *recommended* that the Executive Director, VTC should:**
- (a) **closely monitor the effectiveness of the measures taken to improve inventory control;**
 - (b) **in view of the fact that 15.5% of items selected for inspection were found missing in the stocktaking exercise for financial year 2017-18, increase the sample size in the next stocktaking exercise;**
 - (c) **complete the review of the inventory control system as soon as possible;**
 - (d) **in light of the results of the review of the inventory control system, implement measures to address the issues identified in the review in a timely manner; and**
 - (e) **ensure that the surprise stock and security checks are conducted as stipulated in the Stores Manual.**

Response from VTC

- 4.36 **The Executive Director, VTC agrees with the audit recommendations.**

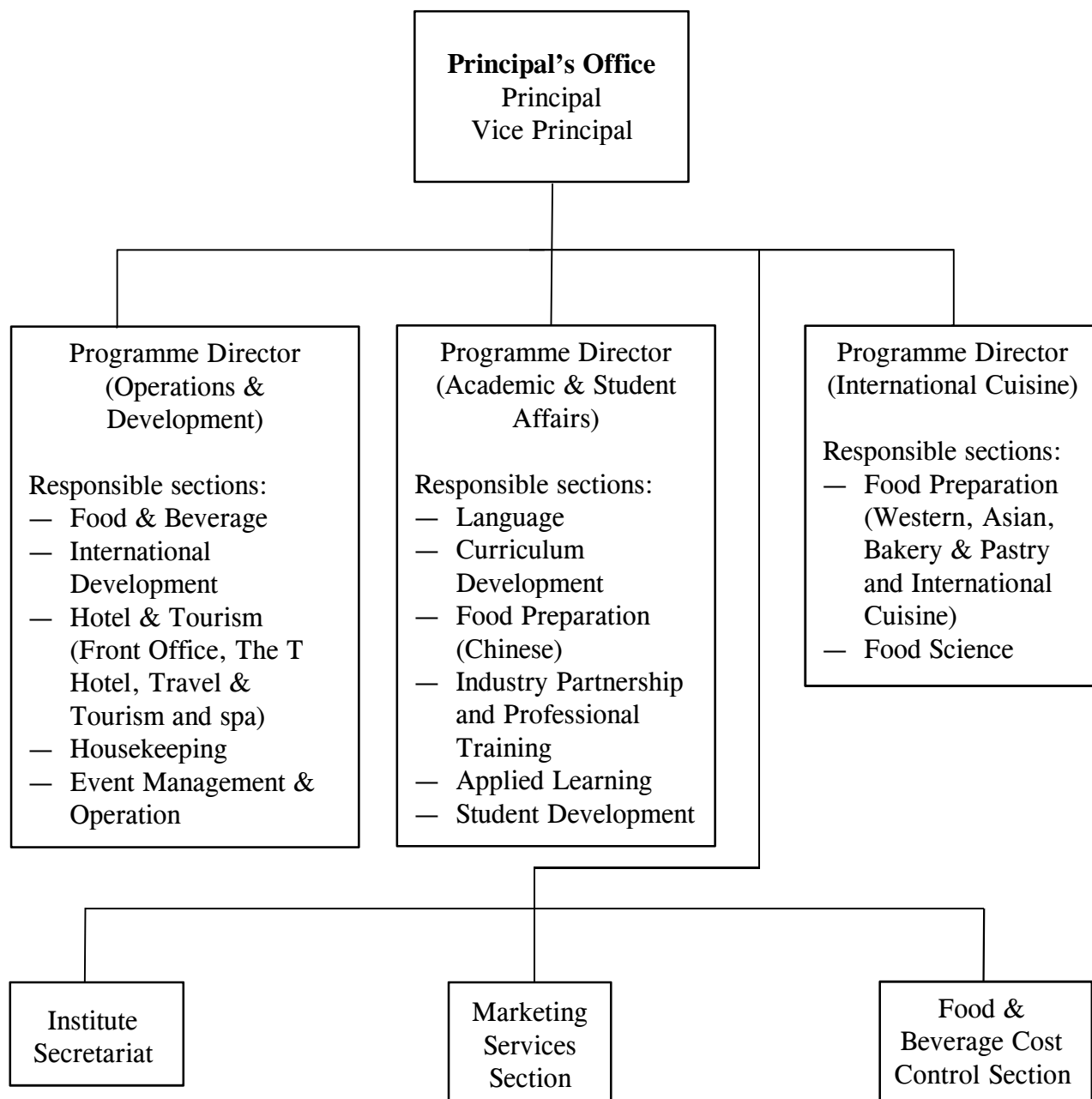
**Boards and Committees on academic matters of the Institutes
(2017/18)**



Legend: - - - - - Close liaison with each other, but no formal reporting relationship
— Reporting line

Source: The Institutes' records

**The Institutes: Organisation chart (extract)
(31 December 2018)**



Source: *The Institutes' records*

Acronyms and abbreviations

Audit	Audit Commission
CCI	Chinese Culinary Institute
CPD	Continuous Professional Development
FSMC	Food Safety Management Committee
GARs	General Academic Regulations
HTI	Hotel and Tourism Institute
IAU	Internal Audit Unit
ICI	International Culinary Institute
ISO	International Organisation for Standardisation
TDS	The Dining Society
VETAB	Vocational Education and Training Academic Board
VETMC	Vocational Education and Training Management Committee
VTC	Vocational Training Council