

CHAPTER 2

**Home Affairs Bureau
Sports Federation & Olympic Committee of
Hong Kong, China**

**Sports Federation & Olympic Committee of
Hong Kong, China**

**Audit Commission
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SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

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SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

Executive Summary

1. The Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) is recognised by the International Olympic Committee (IOC) as the National Olympic Committee (NOC) of Hong Kong, China. As an NOC, SF&OC is dedicated to the development and promotion of sports in accordance with the Olympic Charter, which serves as the statutes for IOC. SF&OC received funding from the Government through the Arts and Sport Development Fund (Sports Portion) (ASDF), the Home Affairs Bureau (HAB)'s funding and the Leisure and Cultural Services Department (LCSD)'s recurrent subvention. In 2018-19, the total amount of government funding provided to SF&OC was \$38.9 million. According to HAB, HAB will increase its recurrent subvention to SF&OC from \$20 million in 2019-20 to \$40.6 million in 2020-21.

2. SF&OC was established in November 1950 as a non-profit-making non-governmental organisation and registered under the Societies Ordinance (Cap. 151). In March 2017, SF&OC was incorporated under the Companies Ordinance (Cap. 622) as a company limited by guarantee. More details about SF&OC are shown below:

- (a) SF&OC has three affiliated companies, namely:
 - (i) the Management Company of Olympic House Limited (MCOHL), which has been entrusted by the Government to manage a government property (i.e. the Olympic House) since 2004;
 - (ii) the SF&OC Sports Legacy Company Limited, which promotes sports and blends character and career development for students in underprivileged schools and retired/retiring athlete coaches; and
 - (iii) the Hong Kong Olympic Fans Club Limited, which provides a platform for the public to interact and contribute to the Olympic Movement and for the promotion of the value of Olympism;

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- (b) as at 31 December 2019, SF&OC had 82 members comprising 79 National Sports Associations (NSAs) and 3 individual ordinary members;
 - (c) SF&OC is governed by a Board of Officers (the Board), which consists of 15 Officers. The Board is supported by 29 Committees/Sub-Committees/Panels/Working Groups (collectively referred to as committees). The committees assist in matters such as strategic management, finance and investment, administration and personnel affairs, membership affairs and appeals, and public relations and corporate communication; and
 - (d) day-to-day operations of SF&OC and MCOHL (see (a)(i) above) are under the direct management of the Executive Director, SF&OC. SF&OC comprises:
 - (i) the SF&OC Secretariat, which is mainly responsible for handling corporate matters of SF&OC;
 - (ii) the Office of the Hong Kong Athletes Career and Education Programme (HKACEP), which is mainly responsible for providing post-athletic career, education and life skills support for athletes; and
 - (iii) the Office of the Hong Kong Anti-Doping Committee (HKADC), which is mainly responsible for the planning and implementation of anti-doping programmes.
3. HAB provides recurrent subventions to SF&OC and MCOHL. HAB had also, from time to time, provided one-off allocations to SF&OC and MCOHL. In 2018-19, the HAB funding provided to SF&OC amounted to \$15.8 million and that provided to MCOHL amounted to \$7.7 million. The Audit Commission (Audit) has recently conducted a review of SF&OC, including operational issues concerning MCOHL.

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Operation of Sports Federation & Olympic Committee of Hong Kong, China

4. *Selection of athletes for participating in international games.* SF&OC, as NOC of Hong Kong, China, has the exclusive authority for the representation of the region in international games. Nominations of athletes for inclusion in the Hong Kong, China Delegation are submitted by NSAs to SF&OC's International Multi-Sports Games Selection Committee (Selection Committee) for selection (para. 2.3). Audit noted the following issues:

- (a) *Need to enhance transparency in selecting athletes to participate in international games.* In December 2011, the “Best Practice Reference for Governance of National Sports Associations — Towards Excellence in Sports Professional Development” (BPR) was drawn up by the Independent Commission Against Corruption in consultation with HAB, LCSD and some NSAs. Under BPR, a set of best practices is provided to enhance the transparency in the selection of athletes to participate in sports games. Audit examined the extent to which SF&OC had implemented BPR best practices on the transparency in selecting athletes for participating in international games. Audit found that, up to 29 February 2020, some of the best practices were yet to be implemented. Moreover, Audit found that in a case in 2018, there is scope for enhancing the transparency and accountability in selecting athletes to participate in an international game (paras. 2.4, 2.5, 2.7 and 2.9); and
- (b) *Need to enhance impartiality in the appeal mechanism.* If an NSA is not satisfied with the decision of SF&OC's Selection Committee, it can appeal to SF&OC's International Multi-Sports Games Appeal Panel for a final decision. Audit research on the appeal mechanisms of Australia, Canada, Japan, Singapore and the United States found that in some of these overseas countries, the public could seek independent advice on sports-related disputes from independent professionals, and appeals are handled by independent bodies (paras. 2.10 and 2.11).

5. *Handling of membership affairs.* SF&OC's NSA members (see para. 2(b) above) should comply with the requirements of the Olympic Charter (see para. 1 above), the Code of Ethics of IOC, and SF&OC's Articles of Association. If an NSA member has infringed the requirements, SF&OC has the power to cancel or suspend its membership. Audit noted that there is no mechanism in place to ensure NSA

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members' compliance with the requirements. Such a mechanism may include, for example, completing annual self-assessment forms and submitting them to SF&OC for evaluation, and conducting sample checks on NSA members' compliance with the requirements (paras. 2.18 and 2.19).

6. ***Management of HKACEP.*** HKACEP aims to deliver three core provisions for elite athletes in Hong Kong, namely Career, Education and Life Skills. These provisions are to enable elite athletes to increase their competitiveness in global employment markets (para. 2.22). Audit noted the following issues:

- (a) ***Need to instigate remedial measures for the slow progress of some English course participants.*** Under HKACEP, an English online course is provided for athletes to enhance their level of English. In 2018-19, there were 124 course participants. Audit analysed the progress made by the 124 participants and found that as at 31 March 2019:
 - (i) 69 (56%) participants had joined the course for more than four years; and
 - (ii) among these 69 participants, 40 (58%) had failed to advance at least one grade level after joining the course (para. 2.24); and
- (b) ***Need to monitor the claiming of scholarships for athletes.*** Under HKACEP, scholarships are provided on a reimbursement basis to retiring or retired athletes for pursuing better qualifications. Audit analysed athletes' claiming of HKACEP scholarships for the period 2014-15 to 2018-19 and found that, as at 31 December 2019 (paras. 2.27, 2.29 and 2.30):
 - (i) 11 scholarships, which had been approved more than 2.5 years ago, had not been claimed by the 11 athletes concerned; and
 - (ii) 1 athlete had only partially claimed the scholarship approved in 2014-15 (i.e. of the scholarship which amounted to \$144,000, \$33,600 and \$25,200 were claimed in September 2016 and April 2017 respectively). In August 2016, the athlete applied for an extension of his study. Up to 31 December 2019, there was no documentation indicating that his extension had been approved, nor

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was there evidence indicating that SF&OC had taken actions to follow up the progress of study of the athlete (para. 2.30).

7. ***Conduct of doping tests.*** For the Office of HKADC to conduct doping tests, athletes are required to submit information relating to their whereabouts on a quarterly basis and as and when required. Doping control officers (DCOs) are engaged to collect samples from athletes for doping tests. Audit examined the doping tests conducted by the Office of HKADC in the period 2014-15 to 2018-19, and found that owing to the fact that some athletes could not be located, there were unsuccessful attempts to conduct the tests. Of the 69 unsuccessful attempts in 2018-19, Audit examined 10 unsuccessful attempts (related to six athletes) (paras. 2.36 to 2.38). Audit noted the following issues:

- (a) of the six athletes, only four had been sent e-mails notifying them about the unsuccessful attempts and requesting them to provide accurate information on their whereabouts (para. 2.38(a));
- (b) two of the six athletes had subsequently updated their whereabouts to the Office of HKADC. However, as the updated whereabouts had not been provided to DCOs, doping tests had not been conducted for the two athletes (para. 2.38(b));
- (c) there were no laid-down requirements on the number of attempts to be made to locate an athlete. The number of attempts made for the six athletes varied (para. 2.38(c)); and
- (d) contrary to the anti-doping requirement, all the six athletes had not been asked at any point in time to provide explanations on why they could not be located (para. 2.38(d)).

8. ***Management of the Olympic House.*** The Olympic House, which is managed by MCOHL, comprises a total building area of 7,800 square metres. MCOHL provides office spaces and ancillary facilities (e.g. meeting facilities) in the Olympic House to SF&OC and its affiliated companies, NSAs and sports-related organisations. According to the tenancy agreements signed between MCOHL and its tenants, MCOHL has the right to allocate office spaces to them based on the numbers of their staff (paras. 2.41 and 2.42). Audit noted the following issues:

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- (a) *Need to sort out the long-term requirement for office spaces.* In 2011, SF&OC had started to discuss with the Government about the requirement for office spaces in the Olympic House in the long term. According to SF&OC, over-crowding of NSA staff in the Olympic House was a long-lasting issue. SF&OC subsequently proposed that the Olympic House could be redeveloped to meet the needs of NSAs. Up to early January 2020:
- (i) according to the 2018-19 Budget, the Government would conduct a technical feasibility study on the redevelopment of the Olympic House; and
 - (ii) according to HAB, it was exploring the feasibility of temporarily relocating MCOHL and its existing tenants to other vacant premises.

HAB needs to, in collaboration with SF&OC, map out the way forward for the Olympic House, and devise a timetable to take forward matters arising as appropriate (paras. 2.43 to 2.45); and

- (b) *Need to devise measures to address the problem of over-crowding in the Olympic House.*
- (i) *Need to review allocation of office spaces to NSAs.* In the period 2014-15 to 2018-19, MCOHL received 3 applications from NSAs for office spaces in the Olympic House, and 7 applications from NSAs for reallocation of office spaces (i.e. for more office spaces). However, due to full occupancy of office spaces in the Olympic House, the NSAs' requests had not been entertained. Audit analysed the gross floor areas and numbers of staff of NSAs located in the Olympic House in 2018-19, and found that there were large variations in the numbers of staff of some NSAs occupying office spaces of the same gross floor area (e.g. for 3 NSAs each of which had been allocated an office space of 130 square feet, the numbers of staff occupying ranged from 1 to 6). Moreover, there were, in general, large variations in the average gross floor area per staff; and
 - (ii) *Need to improve the use of meeting venues.* The meeting venues available at the Olympic House comprise a lecture theatre, a board

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room and 7 meeting rooms. The venues are open up to the local sports sector and the public at hourly charges. SF&OC and its affiliated companies, and all NSAs can use the 7 meeting rooms free of charge. Audit examined the utilisation of the meeting venues in the period 2014-15 to 2018-19 and found that for the lecture theatre, the usage rate was between 26% and 32%; for the board room, the usage rate decreased from 14% in 2014-15 to 9% in 2018-19; and for the meeting room, the usage rate was between 41% and 54%. SF&OC needs to explore the feasibility of converting some meeting rooms into office spaces, and to step up its efforts in promoting the availability of the lecture theatre and the board room for public hiring (paras. 2.46, 2.47 and 2.49 to 2.51).

9. **Procurement issues.** SF&OC has laid down the requirements for procurement purpose. Audit examined the procurement records of SF&OC and MCOHL in the period 2016-17 to 2018-19, and found that there was scope for improvement in 47 procurements of goods or services with a total amount of about \$6.6 million (paras. 2.56 and 2.58). Audit noted the following issues in the 47 procurements (para. 2.59):

- (a) in 20 procurements, only a single quotation had been obtained as, according to SF&OC, the suppliers were sole suppliers or sole agents. Audit noted that this was not always the case (e.g. in a procurement of a portable speaker). In Audit's view, there were other compatible brands available in the market (para. 2.59(a));
- (b) in 24 procurements, the procurements were in fact reimbursements of expenses (e.g. reimbursements of transportation costs to NSAs). However, SF&OC had not laid down guidelines on reimbursements of expenses (para. 2.59(b));
- (c) in 2 procurements (where tendering was required according to laid-down requirements), tendering had not been conducted. As a matter of propriety, approval should have been sought from the relevant authority for not conducting tendering. Furthermore, in these 2 procurements (for air tickets), quotations could have been obtained to ensure the best value for money (para. 2.59(c)); and

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- (d) in 1 procurement, only two instead of the required three written quotations had been obtained. Furthermore, the procurement which was approved by two elected officers, should have been approved by the President of SF&OC via an elected officer as required (para. 2.59(d)).

Government funding and monitoring

10. *Provision of subventions by HAB.* Audit noted the following issues:

- (a) *Need to review subvented programmes with persistent operating deficits.* It was stated in Financial Circular No. 9/2004 “Guidelines on the Management and Control of Government Funding for Subvented Organisations” that in examining an organisation’s budget, the Controlling Officer should examine whether the deficit budget (if any) is justified and whether the organisation is able to manage the deficit with its reserve. Audit examined the financial positions of programmes of SF&OC and MCOHL subvented by HAB in the period 2014-15 to 2018-19. Audit noted that:
 - (i) throughout the period 2014-15 to 2018-19, the SF&OC Secretariat had operating deficits. The deficits had increased from \$33,000 in 2014-15 to \$588,000 in 2018-19;
 - (ii) in 2015-16 and 2016-17, the Office of HKACEP, the Office of HKADC and MCOHL also had operating deficits; and
 - (iii) in 2017-18, the Office of HKACEP and the Office of HKADC had drawn on a one-off allocation of \$9 million provided by HAB for each of them to cover programme expenses. In 2017-18, MCOHL had also drawn on a one-off allocation of \$9 million provided by HAB for MCOHL’s continuous operation. In 2017-18, therefore, the Office of HKACEP, the Office of HKADC and MCOHL had operating surpluses. Nevertheless, in 2018-19, only MCOHL had a surplus, while the Office of HKACEP and the Office of HKADC had incurred deficits.

Having regard to SF&OC’s financial situation in recent years, the Government has decided to substantially increase the recurrent subvention for SF&OC from 2020-21 onwards (paras. 3.2 and 3.4 to 3.6);

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- (b) ***Need to disburse recurrent subventions on a timely basis.*** Recurrent subventions are disbursed by HAB to SF&OC and MCOHL through four equal quarterly payments. Audit examined the disbursements to SF&OC in the period 2016-17 to 2018-19 and found that the recurrent subventions were not always disbursed on a timely basis. The delays in disbursement ranged from 7 to 104 days. According to SF&OC, long delays in and irregular intervals of receiving disbursements from HAB had caused disruptions to the cashflow of SF&OC and had hence resulted in operational difficulties. With respect to the disbursements to MCOHL, Audit noted that the dates of disbursement had not been stipulated in the funding agreements signed between HAB and MCOHL (paras. 3.7 and 3.8);
- (c) ***Need to ensure no cross-subsidisation between subvented programmes and self-financing activities.*** According to Financial Circular No. 9/2004 (see (a) above), organisations should ensure that there is no cross-subsidisation of self-financing activities by subvented programmes in money or in kind. Other than MCOHL, SF&OC has two affiliated companies (see para. 2(a) above). The two companies are operated on a self-financing basis. Audit noted that:
- (i) one of the two companies occupied an office space of 305 square feet in the Olympic House. Although the company was operating on a self-financing basis, MCOHL only charged the company a monthly management fee at subvented rate. In Audit's view, the company should have been charged the non-subvented rate. In the period 2015-16 to 2018-19, the management fee undercharged was \$345,880; and
 - (ii) for the two companies, over the years, there was no apportionment of office overheads (e.g. salaries of managerial staff) between the two companies and subvented programmes (paras. 3.10 and 3.11); and
- (d) ***Need to update the list of subvented organisations.*** According to Financial Circular No. 9/2004 (see (a) above), the Directors of Bureaux are required to notify the Financial Services and the Treasury Bureau of additions to/deletions from the list of organisations receiving recurrent funding from the Government. Audit noted that MCOHL had not been included in the list (paras. 3.13 and 3.14).

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11. ***Monitoring by HAB.*** Audit noted the following issues:
- (a) ***Need to ensure timely submission of reports.*** According to subvention agreements, SF&OC undertakes to submit to HAB quarterly reports and annual audited accounts, and MCOHL undertakes to submit to HAB quarterly statements of management accounts, unaudited accounts, audited accounts and reports on the achievement of performance indicators. Audit examined the submission of accounts and reports by SF&OC and MCOHL in the period 2014-15 to 2018-19 and found that:
 - (i) MCOHL was frequently not punctual in submitting accounts (delays ranging from 5 to 31 days); and
 - (ii) in the period 2014-15 to 2017-18, MCOHL did not submit any reports on its achievement of performance indicators to HAB. Despite the non-submission, HAB had not taken any follow-up actions to demand the submission of the reports (paras. 3.19, 3.20 and 3.22);
 - (b) ***Need to monitor achievements of performance indicators.*** Audit examined the reports submitted by SF&OC and MCOHL to HAB in the period 2014-15 to 2018-19. Audit found that the Office of HKADC and MCOHL had failed to achieve some of the stipulated performance indicators (i.e. the Office of HKADC failed to achieve one performance indicator in each year during the period, and MCOHL failed to achieve one performance indicator in 2018-19). Both SF&OC and MCOHL had not provided any explanations for not achieving the performance indicators. There was also no evidence indicating that HAB had taken any follow-up actions (para. 3.24);
 - (c) ***Need to improve the reporting of achievements.*** In examining the achievements against performance indicators reported by SF&OC and MCOHL in 2018-19, Audit found that there were differences between the reported achievements and the achievements ascertained by Audit (e.g. for the performance indicator “conducting anti-doping tests”, the reported achievement was 560 tests, which included unsuccessful attempts for conducting anti-doping tests. The achievement ascertained by Audit was only 492 tests) (para. 3.26);

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- (d) *Need to disclose staff remuneration.* Under the subvention agreement, MCOHL is required to make public disclosure of the remuneration of staff of the top three tiers of MCOHL in its annual report. Audit examined the annual reports submitted by MCOHL to HAB in the period 2014-15 to 2018-19 and found that the remuneration had not been disclosed. There was no evidence indicating that HAB had taken any follow-up actions on the non-disclosure. Audit found that, in 2018-19, the remuneration amounted to \$3.25 million (paras. 3.28 to 3.30); and
- (e) *Scope for improvement in implementing the best practices in BPR.* The issue of BPR, according to HAB, is also a specific measure for SF&OC to enhance its governance (see para. 4(a) above). Audit examined the extent to which SF&OC had implemented the best practices as laid down in BPR. Audit found that, up to 29 February 2020, 13 of the 73 best practices were pending implementation by SF&OC (i.e. 9 best practices on “board governance”, 1 best practice on “integrity management”, and 3 best practices on “administration of membership”) (para. 3.34).

Governance issues

12. *Management of meetings and attendance.* SF&OC is governed by the Board, which is supported by 29 committees. Each committee has dedicated functions (para. 4.2). Audit noted the following issues:

- (a) *Need to review the frequency of committee meetings.* According to SF&OC’s Articles of Association and its By-laws, for committees, meetings shall take place as and when required unless otherwise specified. In this regard, 7 committees have laid down their estimated frequency of meetings. In the period 30 March 2017 (date of incorporation of SF&OC) to 31 December 2019, SF&OC held a total of 60 meetings of the Board/committees. Audit examined the meetings held and noted that:
 - (i) for the 7 committees which had laid down their estimated frequency of meetings, in 6 committees, the numbers of meetings held were less than the estimated numbers. Of these 6 committees, 3 did not hold any meetings; and

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- (ii) for the other 22 committees (i.e. 29 minus 7) which had not laid down their frequency of meetings, according to SF&OC requirements, meetings shall take place as and when required. However, Audit noted that in the period, no meetings were held for 11 of the 22 committees (paras. 4.3 to 4.5);

 - (b) ***Room for improving attendance at meetings.*** For the Board and the 15 committees which held meetings in the period 30 March 2017 to 31 December 2019, Audit noted a decrease in members' attendance at meetings of the Board and 2 committees. For the Board, the attendance rate decreased from 83% in 2017 to 76% in 2019. For the 2 committees, the attendance rates decreased from 91% in 2017 to 73% in 2019, and from 100% in 2018 to 75% in 2019 respectively (para. 4.9);

 - (c) ***Need to take measures to encourage attendance.*** For the 15 committees which held meetings in the period 30 March 2017 to 31 December 2019, Audit noted that, each year, there were members who did not attend any meetings of the committees. The number of such members totalled 61, which was not conducive to the effective functioning of the Board/committees (paras. 4.12 and 4.13); and

 - (d) ***Need to regularise informal meetings.*** Audit examined, for the period 30 March 2017 to 31 December 2019, records of meetings of the Board and 3 committees. Audit found one case where the agenda and minutes had not been prepared for the meeting of a committee. Upon enquiry, SF&OC informed Audit that this was because the meeting was only an informal one. However, it was not entirely clear whether or not the meeting was informal. In particular, matters (e.g. working direction) were considered at the meeting and the Board was informed that the meeting in question was the first meeting of the committee concerned (para. 4.15).
13. ***Management of potential conflicts of interest.*** SF&OC has laid down requirements on the management of potential conflicts of interest (para. 4.19). Audit noted the following issues:
- (a) ***Need to expedite implementation of an enhancement practice.*** According to SF&OC, to enhance corporate governance, a "declaration of interest form" has been introduced since January 2013. The use of declaration forms (i.e. the enhancement practice) will be implemented gradually at

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committees which have power over selection (e.g. of athletes to participate in international multi-sports games) and financial matters. Audit noted that, as at the end of January 2020 (7 years had elapsed since the introduction of the enhancement practice), only 5 of the 29 committees had implemented the enhancement practice (paras. 4.20 and 4.21);

- (b) ***Room for improvement in implementing new measures.*** Since 2016, at the time of appointment of Officers of the Board, the appointees had been required to declare their interests, and sign the “Conflict of interest disclosure and confidentiality statement”. By the statement, the appointees undertook to disclose any potential or actual conflicts of interest, and to keep matters of the SF&OC confidential as necessary. The new measures had been progressively adopted among committees. As at the end of January 2020, of the 29 committees, only 3 had adopted the new measures (paras. 4.24 and 4.25); and
- (c) ***Need to record rulings and related deliberations.*** The examination of records of meetings of the Board and the 3 committees (see para. 12(d) above) also revealed that, in the period 30 March 2017 to 31 December 2019, interests were declared in 8 meetings. In 4 committee meetings, rulings on the declared interests as well as the deliberations related to the rulings were not documented, contrary to SF&OC requirements (para. 4.28).

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, SF&OC should:**

Operation of SF&OC

- (a) **continue to make efforts to implement the best practices relating to the transparency in athletes selection as set out in BPR (para. 2.13(a));**
- (b) **more clearly publish the criteria for selecting athletes to participate in international games and properly document the justifications for selecting athletes (para. 2.13(b) and (c));**

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- (c) explore the merit of establishing in Hong Kong similar appeal mechanisms as adopted in some advanced overseas countries and establishing a mechanism to gauge NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association (paras. 2.13(d) and 2.20);
- (d) closely monitor the slow progress of some English course participants and the progress of studies of athletes with approved HKACEP scholarships and their claiming of scholarships (para. 2.32(a) and (b));
- (e) ensure that initial notification letters/e-mails are always sent to athletes who have provided inaccurate whereabouts and could not be located for doping tests, updated whereabouts of athletes are provided to DCOs, and athletes are requested to provide explanations on why they could not be located (para. 2.39(a), (b) and (d));
- (f) lay down internal guidelines on the number of attempts to be made to locate an athlete for a doping test and step up efforts to locate athletes for doping tests (para. 2.39(c) and (e));
- (g) in consultation with HAB, review the areas of offices spaces in the Olympic House allocated to NSAs and reallocate as appropriate, consider standardising NSA staff's office space entitlement and explore the feasibility of converting some meeting rooms into office spaces (para. 2.53(a));
- (h) step up efforts in promoting the availability of the lecture theatre and the board room for public hiring (para. 2.53(b));
- (i) instead of restricting a particular brand, consider procuring other brands of products or services of similar qualities (para. 2.60(a));
- (j) lay down guidelines for reimbursements of expenses, and ensure that SF&OC procurement requirements are always followed (para. 2.60(b) and (c));

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- (k) in compelling circumstances where tendering is not conducted as required, ensure that approval is sought from the relevant authority and quotations are obtained (para. 2.60(d));

Government funding and monitoring

- (l) in consultation with HAB, rectify the inadequacies relating to the charging of management fee and the non-apportionment of office overheads between the affiliated companies and subvented programmes, and ensure no cross-subsidisation between subvented programmes and self-financing activities in future (para. 3.16(a) and (b));
- (m) ensure that all the required accounts and reports of MCOHL are submitted in accordance with the time schedules agreed with HAB and improve the reporting of achievements of performance indicators to HAB (para. 3.37(a) and (b));
- (n) make public disclosure of the remuneration of staff of the top three tiers of MCOHL (para. 3.37(c));
- (o) make further efforts to implement the best practices laid down in BPR (para. 3.37(d));

Governance issues

- (p) review the frequency of meetings of individual committees, take measures to improve attendance at meetings of the Board/committees and review the need for regularising any practices of holding informal meetings for the Board/committees (para. 4.17(a), (c) and (e));
- (q) consider extending the enhancement practice on declaration of interests to cover the Board, and expedite the implementation at individual committees (para. 4.30(a));
- (r) expedite the adoption of the new measures to further facilitate declaring interests among committees (para. 4.30(b)); and

Executive Summary

- (s) ensure that committees document in minutes the rulings of interests declared at meetings as well as the deliberations related to the rulings (para. 4.30(d)).
15. **Audit has *recommended* that the Secretary for Home Affairs should:**

Operation of SF&OC

- (a) encourage SF&OC to implement the best practices set out in BPR relating to the transparency in athlete selection (para. 2.14(a));
- (b) in collaboration with SF&OC, map out the way forward for the Olympic House (para. 2.52(a));

Government funding and monitoring

- (c) continue to closely monitor the financial positions of SF&OC and MCOHL (para. 3.15(a));
- (d) ensure that recurrent subventions are disbursed to SF&OC on a timely basis and set scheduled dates of disbursement for MCOHL (para. 3.15(b) and (c));
- (e) ensure that the Financial Services and the Treasury Bureau is consulted for inclusion of MCOHL in the list of organisations receiving recurrent funding from the Government, and follow up accordingly (para. 3.15(d));
- (f) ensure that follow-up action is taken to consider appropriate extension of the deadline for submission of management accounts by MCOHL, and monitor the submission of accounts and reports by MCOHL (para. 3.36(a) and (b));
- (g) require SF&OC and MCOHL to provide explanations for any under-achievements of performance indicators (para. 3.36(c));

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- (h) **ensure that MCOHL makes public disclosure of the remuneration of staff of the top three tiers of MCOHL (para. 3.36(d)); and**
- (i) **encourage SF&OC to adopt the best practices laid down in BPR (para. 3.36(f)).**

Response from the Government and SF&OC

16. The Secretary for Home Affairs and SF&OC agree with the audit recommendations.

PART 1: INTRODUCTION

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

Background

1.2 The Home Affairs Bureau (HAB) covers a wide spectrum of policy areas, including civic education, culture and arts, district and community relations, sports and recreation, and youth policy. According to HAB, insofar as sports are concerned, participation in sports contributes significantly to sound physical and mental health, and provides a basis for social interaction and a sense of belonging to the community. The Government attaches great importance to sports development, with the objectives to:

- (a) promote sports in the community;
- (b) support elite sports development; and
- (c) promote Hong Kong as a centre for major sports events.

1.3 According to HAB, to support the long-term development of sports and achieve the aforesaid objectives (see para. 1.2), the Government's expenditure on sports development increased by 28% from \$3,948 million in 2014-15 to \$5,054 million in 2018-19. Table 1 shows the funding for sports development in 2018-19.

Table 1

**Funding for sports development
(2018-19)**

Funding authority	Source and nature of funding	2018-19 expenditure (\$ million)	Percentage
Leisure and Cultural Services Department (LCSD) (Note 1)	(a) Through LCSD's expenditure to establish and operate sports and recreation facilities (e.g. indoor sports centres, tennis courts and swimming pools) for the public, and to promote sports development (Note 2) (b) Through LCSD's recurrent expenditure to organise a wide variety of sports and recreation programmes for the public (Note 3), and through LCSD's recurrent subvention under its recreation and sports funding for the Sports Subvention Scheme (Note 4) to the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC — Note 5) and National Sports Associations (NSAs — Note 6) for organising sports training programmes, squad training, development schemes, overseas and local international events, etc.	4,169	82.5%
HAB	(c) Through the Elite Athletes Development Fund administered by HAB, to the Hong Kong Sports Institute Limited (HKSI) for supporting the development of elite sports and elite athletes (Note 7)	596	11.8%

Table 1 (Cont'd)

Funding authority	Source and nature of funding	2018-19 expenditure (\$ million)	Percentage
	(d) Through four sports-related funds of the Sir David Trench Fund for Recreation (Note 8) administered by HAB, to SF&OC, NSAs, sports organisations (e.g. the Sha Tin District Sports Association Limited and the North District Archery Club) and athletes for sports development	115	2.3%
	(e) Through HAB's recurrent expenditure to sports organisations and schools (primary and secondary schools) to carry out district and school sports schemes, and with effect from January 2019, to the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled (an NSA — Note 9) for implementing programmes to help athletes with disabilities achieve good results at the Paralympic Games and the Asian Para Games	33	0.6%

Introduction

Table 1 (Cont'd)

Funding authority	Source and nature of funding	2018-19 expenditure (\$ million)	Percentage
	(f) Through HAB's funding to SF&OC (including its affiliated company) for its operational needs (i.e. financing SF&OC's personnel, office and programme expenses)	24	0.5%
	(g) Others (e.g. HAB's departmental expenses, personal emoluments, and consultancy studies)	117	2.3%
	Total	5,054	100.0%

Source: HAB records

Note 1: HAB is the policy bureau of LCSD, which provides leisure and cultural services (including sports) to the public.

Note 2: In March 2004 and October 2004, the Audit Commission (Audit) completed reviews entitled "Provision of aquatic recreational and sports facilities" (Chapter 7 of the Director of Audit's Report No. 42) and "Provision and management of indoor recreational and sports facilities" (Chapter 8 of the Director of Audit's Report No. 43) respectively.

Note 3: In October 2008, Audit completed a review entitled "Provision of recreation and sports services" (Chapter 10 of the Director of Audit's Report No. 51).

Note 4: In October 2009, Audit completed a review entitled "Administration of the Sports Subvention Scheme" (Chapter 1 of the Director of Audit's Report No. 53).

Note 5: SF&OC is recognised by the International Olympic Committee (IOC) as the National Olympic Committee (NOC) of Hong Kong, China. IOC is a not-for-profit independent international organisation. In addition to establishing and administering the Olympic rules, IOC selects the host country of the Olympic Games every four years, accepts or rejects new sports and events on the Olympic programme and oversees the efforts of various other organisations (e.g. NOCs and the Olympic Organising Committee for each host city) on the development and promotion of sports. As at 29 February 2020, there were 206 NOCs worldwide.

Table 1 (Cont'd)

Note 6: NSAs are the local governing bodies for various types of sports (e.g. Hong Kong Badminton Association Limited; The Cycling Association of Hong Kong, China Limited; and The Karatedo Federation of Hong Kong, China Limited). Their main objectives are to promote and develop sports in Hong Kong, and to train and select delegations to participate in international sports events. As at 29 February 2020, a total of 79 NSAs (see Appendix A) were members of SF&OC. They were recognised by SF&OC as the official representatives of their respective sports. Of the 79 NSAs, 59 received block grants from LCSD's Sports Subvention Scheme (see Note 4 above).

Note 7: As at 31 March 2019, the Elite Athletes Development Fund had a fund balance of \$11.8 billion. The Fund is solely for supporting the development of elite sports and elite athletes by HKSI. In April 2015, Audit completed a review entitled "Hong Kong Sports Institute Limited" (Chapter 5 of the Director of Audit's Report No. 64).

Note 8: The Sir David Trench Fund for Recreation is a statutory fund established in 1970 under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) for the purpose of providing facilities for recreational, sporting, cultural and social activities and other objects ancillary or incidental to this purpose. The four sports-related funds of the Sir David Trench Fund for Recreation are:

- (a) Arts and Sport Development Fund, set up in January 1997, of which the sports portion provides funding to SF&OC, NSAs, sports organisations and athletes for, among others, organising international sports events and other sports programmes, and athletes' preparation for and participation in international games;
- (b) Hong Kong Athletes Fund, set up in August 1996, which provides grants to individual athletes to allow them to pursue excellence in their chosen sports through academic and educational training, and to provide them with the opportunity to develop alternative careers upon retirement from competitive sports;
- (c) Sports Aid for the Disabled Fund, set up in August 1985, which promotes sports for disabled people; and
- (d) Sports Aid Foundation Fund, set up in February 1987, which provides assistance (e.g. coaching fees and allowance arising from loss of earnings as a result of participation in competitions) to financially needy athletes in their pursuit of excellence.

In 2018-19, the Arts and Sport Development Fund paid the largest amount of grants of \$111 million (i.e. about 97% of the total amount of grants of \$115 million of the four funds).

Note 9: Prior to January 2019, funding to the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled was provided through the Arts and Sport Development Fund under the Sir David Trench Fund for Recreation (see Note 8 above).

Introduction

1.4 According to the 2020-21 Budget, to further promote sports development in Hong Kong, the Government will substantially increase the total subvention for SF&OC and 60 NSAs (Note 1) from about \$300 million to more than \$500 million a year over the next four years.

SF&OC

1.5 SF&OC (formerly known as the Amateur Athletic Federation of Hong Kong) was established in November 1950 as a non-profit-making non-governmental organisation and registered under the Societies Ordinance (Cap. 151). In March 2017, SF&OC was incorporated under the Companies Ordinance (Cap. 622) as a company limited by guarantee. In July 2017, SF&OC (as a limited company) formally took over all the businesses, assets and liabilities from its predecessor, i.e. SF&OC registered under the Societies Ordinance, which was subsequently dissolved in April 2018.

1.6 SF&OC has three affiliated companies (i.e. these companies and SF&OC have common directors), namely:

- (a) the Management Company of Olympic House Limited (MCOHL) registered as a charitable organisation under section 88 of the Inland Revenue Ordinance (Cap. 112) in August 2004 (see para. 1.15(b) for more details);
- (b) the SF&OC Sports Legacy Company Limited registered as a charitable organisation under section 88 of the Inland Revenue Ordinance in March 2016, which promotes sports and blends character and career development for students in underprivileged schools and retired/retiring athlete coaches. The scope of its services has been extended to better serve the needs of the community; and
- (c) the Hong Kong Olympic Fans Club Limited being a non-profit making organisation, which provides a platform for the public to interact and

Note 1: *As at 29 February 2020, there were 60 NSAs receiving block grants from LCSD's Sports Subvention Scheme. One of these 60 NSAs was not a member of SF&OC (see Note 6 to Table 1 in para. 1.3).*

contribute to the Olympic Movement (see Note 2 to para. 1.8) and for the promotion of the value of Olympism.

MCOHL, the SF&OC Sports Legacy Company Limited and the Hong Kong Olympic Fans Club Limited were established as companies limited by guarantee under the Companies Ordinance in August 2004, November 2015 and May 2017 respectively.

1.7 As an NOC (see Note 5 to Table 1 in para. 1.3), SF&OC is dedicated to the development and promotion of sports in accordance with the Olympic Charter (see the IOC website — <http://www.olympic.org>), which serves as the statutes for IOC (see Note 5 to Table 1 in para. 1.3). The objects of SF&OC are shown in Appendix B. According to the Olympic Charter, SF&OC, being an NOC, must preserve its autonomy and resist all pressures of any kind, including but not limited to political, legal, religious or economic pressures, which may prevent it from complying with the Olympic Charter.

1.8 SF&OC participates in a number of affiliated Olympic Committees (e.g. IOC and the Olympic Council of Asia) to promote Hong Kong sports in overseas competitions and bring Olympic Movement (Note 2) insights to the local sports community. SF&OC also participates in various sports committees established by the Government (e.g. the Sports Commission and its three committees — Note 3) and in the Board of Directors of HKSI.

Note 2: *Olympic Movement is the concerted, organised universal and permanent action, carried out under the supreme authority of IOC, of all individuals and entities who are inspired by the values of Olympism. Belonging to the Olympic Movement requires compliance with the Olympic Charter and recognition by IOC.*

Note 3: *The Sports Commission was established in 2005 to provide advice to HAB on the policies, strategies and implementation framework for sports development in Hong Kong, and on the provision of funding and resources in support of sports development in Hong Kong. The Sports Commission is underpinned by three committees, namely:*

- (a) the Community Sports Committee which provides advice on wider participation in sports;*
- (b) the Elite Sports Committee which provides advice on matters pertaining to high performance sports; and*
- (c) the Major Sports Events Committee which provides advice on strategies and initiatives for hosting major sports events.*

Introduction

1.9 As at 31 December 2019, SF&OC had 82 members comprising 79 NSAs (NSA members are known as member associations — see Appendix A) and 3 individual ordinary members (Note 4). Only NSAs could nominate athletes to SF&OC to participate in international multi-sports games (hereinafter referred to as international games — see paras. 2.2 and 2.3 for more details).

1.10 SF&OC is governed by a Board of Officers (the Board), which consists of 15 Officers (Note 5). The Board strategises management issues of SF&OC and may exercise all the powers of SF&OC, which are laid down in SF&OC's Articles of Association (see SF&OC website — <http://www.hkolympic.org>). One Honorary Secretary General, three Honorary Deputy Secretaries General and one Honorary Treasurer are responsible for the overall executive management of SF&OC.

1.11 The Board is supported by 29 Committees/Sub-Committees/Panels/Working Groups (hereinafter collectively referred to as committees unless otherwise stated). Of the 29 committees, 27 committees are standing committees and 2 committees are non-standing committees (i.e. formed on a need basis). The committees assist in matters such as strategic management, finance and investment, administration and personnel affairs, membership affairs and appeals, and public relations and corporate communication. Appendix C shows the 29 committees and their functions. As at 31 December 2019, the 27 standing committees had a total of 249 members (Note 6).

Note 4: *According to SF&OC, to fulfill IOC's requirement, SF&OC has three individual ordinary members, i.e. the Member/Honorary Member of IOC and two representatives of SF&OC's Athletes Committee, which is one of the committees of SF&OC (see para. 1.11).*

Note 5: *The 15 Officers comprise 1 President, 8 Vice-presidents, 1 Honorary Secretary General, 3 Honorary Deputy Secretaries General, 1 Honorary Treasurer and 1 Officer (a representative of SF&OC's Athletes Committee). Apart from the representative of SF&OC's Athletes Committee, Officers are nominated by NSAs (see para. 1.9) and elected in SF&OC's annual general meeting. They are appointed for a term of four years and can be re-appointed after election for another four years. The representative of SF&OC's Athletes Committee is elected by the athletes and endorsed in SF&OC's annual general meeting, and is appointed for a term of four years.*

Note 6: *Members of the committees are appointed for a term of one year or four years (i.e. varied among different committees).*

1.12 Day-to-day operations of SF&OC and MCOHL, an affiliated company of SF&OC (see para. 1.6(a)), are under the direct management of the Executive Director, SF&OC. He oversees:

- (a) SF&OC, which comprises:
 - (i) the SF&OC Secretariat, which is mainly responsible for handling corporate matters of SF&OC, organising athletes' participation in international games, organising major local events including the Hong Kong Sports Stars Awards and the Festival of Sport and Olympic Day, and handling membership affairs;
 - (ii) the Office of the Hong Kong Athletes Career and Education Programme (HKACEP), which is mainly responsible for providing post-athletic career, education and life skills support for athletes; and
 - (iii) the Office of the Hong Kong Anti-Doping Committee (HKADC), which is mainly responsible for the planning and implementation of anti-doping programmes; and
- (b) MCOHL, which is responsible for managing the Olympic House (see para. 1.15(b)) and also acts as an executive arm in promoting various Olympic education programmes of SF&OC, such as the Hong Kong Olympic Academy and the Centre for Olympic Studies.

1.13 As at 31 December 2019, excluding the Executive Director, SF&OC:

- (a) SF&OC had 35 staff (i.e. 3 managers, 6 deputy managers, 17 assistant managers and 9 supporting staff (e.g. administrative assistants and office assistants)) responsible for the operation of the SF&OC Secretariat, the Office of HKACEP and the Office of HKADC; and
- (b) MCOHL had 12 staff (i.e. 1 manager, 2 assistant managers and 9 supporting staff) responsible for the operation of MCOHL.

An organisation chart of SF&OC as at 31 December 2019 is shown in Appendix D.

Introduction

Government funding

1.14 **Recurrent subventions.** HAB provides recurrent subventions to SF&OC and MCOHL to implement the subvented programmes (see Appendix E) pursuant to the subvention agreements signed annually between the Government (represented by HAB) and SF&OC, and between the Government (represented by HAB) and MCOHL.

1.15 Subvention agreements are signed annually:

- (a) between the Government and SF&OC for the provision of funding to the SF&OC Secretariat, the Office of HKACEP and the Office of HKADC (see para. 1.12(a)); and
- (b) between the Government and MCOHL (see para. 1.12(b)) for the provision of funding to MCOHL (Note 7). The main function of MCOHL is to manage the Olympic House at Stadium Path, So Kon Po, Causeway Bay (see Photograph 1), which is a property of the Government. Since 2004, MCOHL has been entrusted by the Government to manage the Olympic House. MCOHL provides office accommodation for its tenants (i.e. SF&OC, NSAs and sports-related organisations (e.g. the Hong Kong Sports Press Association Limited)) in the Olympic House (see paras. 2.41 and 2.42 for more details). MCOHL also provides accommodation related services comprising building management services (e.g. cleansing and security), office supporting services (e.g. IDD, photocopying, fax, bulk mailing, meeting room facilities and car parking), and building maintenance services.

HAB agrees the amounts of recurrent subventions with SF&OC and MCOHL on a yearly basis. The recurrent subventions are used to cover the administrative expenditure (e.g. staff salaries and office expenses) of SF&OC and MCOHL, and the expenditure for some programmes and activities of SF&OC.

Note 7: *Unlike MCOHL, the SF&OC Sports Legacy Company Limited and the Hong Kong Olympic Fans Club Limited do not receive any government funding.*

Photograph 1

Olympic House



Source: MCOHL records

1.16 **One-off allocations.** On top of the recurrent subventions, from 2004 onwards, HAB had, from time to time, provided one-off allocations to SF&OC and MCOHL:

- (a) in the period 2004-05 to 2012-13, MCOHL was provided with a total sum of \$21 million to cover the improvement works (e.g. replacement of water pumps and electricity supply system) of the Olympic House;
- (b) in March 2008, SF&OC was provided with a sum of \$8.5 million as a start-up fund for its implementation of HKACEP (see para. 2.22 for more details) by the Office of HKACEP (see para. 1.12(a)(ii)). SF&OC was also provided with a sum of \$2.7 million to cover the administrative expenditure of the Office of HKACEP for the period 2008-09 to 2011-12; and

Introduction

- (c) in March 2017:
 - (i) a sum of \$9 million was earmarked (i.e. for drawing on when needed) for SF&OC to cover the programme expenses of the Office of HKACEP;
 - (ii) a sum of \$9 million was earmarked for SF&OC to cover the programme expenses of the Office of HKADC; and
 - (iii) a sum of \$9 million was earmarked for MCOHL to support the continuous operation of MCOHL.

1.17 Table 2 shows the amounts of HAB subventions to SF&OC and MCOHL for the period 2014-15 to 2018-19.

Table 2

**HAB subventions to SF&OC and MCOHL
(2014-15 to 2018-19)**

Subvention	2014-15	2015-16	2016-17	2017-18	2018-19
	(\$'000)				
<i>Recurrent subvention for</i>					
SF&OC					
• The SF&OC Secretariat (Note)	7,196	7,541	7,652	7,862	7,870
• The Office of HKACEP	2,307	2,350	2,250	2,200	2,200
• The Office of HKADC	4,743	4,159	4,400	3,300	3,300
Sub-total	14,246	14,050	14,302	13,362	13,370
MCOHL	7,252	7,459	7,209	6,759	6,759
Total	21,498	21,509	21,511	20,121	20,129
<i>One-off allocation for</i>					
SF&OC					
• The Office of HKACEP	1,455	774	600	267	552
• The Office of HKADC	0	0	0	1,025	1,832
Sub-total	1,455	774	600	1,292	2,384
MCOHL	1,216	1,013	953	1,556	968
Total	2,671	1,787	1,553	2,848	3,352
Grand total	24,169	23,296	23,064	22,969	23,481

Source: SF&OC's audited accounts submitted to HAB

Note: The recurrent subvention includes the subvention provided by HAB for LCSD (and disbursed through HAB to SF&OC) to cover mainly the personnel expenses of an Administrative Assistant post responsible for the organisation of community programmes.

1.18 In addition to HAB subvention, SF&OC also receives the following funding from the Government:

- (a) ***Arts and Sport Development Fund (Sports Portion) (ASDF)***. Funding to SF&OC is provided through ASDF to support Hong Kong athletes' preparation for and participation in international games (see Note 8(a) to Table 1 in para. 1.3) (see Photograph 2). SF&OC also received ASDF funding for organising one-off sports projects (e.g. the Asiana Sport for All Association Congress (see Photograph 3)); and

Photograph 2

**The 18th Asian Games
(2018)**



Source: SF&OC records

Photograph 3

**The 15th Asiana Sport for All Association Congress
(2018)**



Source: SF&OC records

- (b) **LCSD.** LCSD provides funding to SF&OC for organising programmes and activities (e.g. the Festival of Sport, the Hong Kong Sports Stars Awards and the Olympic Day (see Photograph 4)) under the Sports Subvention Scheme (see (b) in Table 1 in para. 1.3).

Photograph 4

**2018 Olympic Day
(2018)**



Source: SF&OC records

1.19 Table 3 shows the income and expenditure of the subvented programmes of SF&OC (Note 8) and MCOHL in 2018-19.

Note 8: *SF&OC has other incomes (e.g. dividends from shares bought with donated monies, and sponsorship from the commercial sector). In 2018-19, such incomes amounted to some \$30 million. SF&OC has kept separate accounts for these incomes and expenditures paid out of these incomes.*

Introduction

Table 3
Income and expenditure of the subvented programmes of
SF&OC and MCOHL
(2018-19)

	Amount (\$'000)
<i>SF&OC's income and expenditure</i>	
Income	
Government funding:	
• HAB subvention (see para. 1.14)	15,754 (Note)
• ASDF (administered by HAB)	12,517
• LCSD subvention under the Sports Subvention Scheme	2,900
Sub-total	31,171
Income from other sources supporting the above subvented programmes (e.g. entry fees of sports events organised, interest income and sponsorship)	
• Supporting HAB subvented programmes	895
• Supporting LCSD subvented programme	8,730
Sub-total	9,625
Total	40,796
Expenditure	
Personnel expenses	13,201
Programmes and activities	28,699
Others (e.g. office expenses)	1,380
Total	43,280
<i>MCOHL's income and expenditure</i>	
Income	
HAB subvention (see para. 1.14)	7,727 (Note)
Income from other sources supporting MCOHL's subvented programme:	
• Income from commercial activities (e.g. hiring of meeting facilities by the public)	4,101
• Management fees and payment of government rates from tenants	2,256
• Sundry income (e.g. interest income)	248
Sub-total	6,605
Total	14,332
Expenditure	
Staff salaries	4,883
Rent and rates paid to Government	2,941
Facilities operating expenses	3,002
Utilities	1,181
Repair and maintenance	565
Others (e.g. office expenses)	854
Total	13,426

Table 3 (Cont'd)

Source: SF&OC's and MCOHL's audited accounts of their subvented programmes submitted to HAB

Note: The total amount of HAB funding to SF&OC and MCOHL in 2018-19 was \$24 million (see (f) in Table 1 in para. 1.3) which comprised:

- (a) \$15,754,000 = \$13,370,000 (recurrent subvention for SF&OC) + \$2,384,000 (one-off allocation for SF&OC) (see Table 2 in para. 1.17);
- (b) \$7,727,000 = \$6,759,000 (recurrent subvention for MCOHL) + \$968,000 (one-off allocation for MCOHL) (see Table 2 in para. 1.17); and
- (c) \$447,000 which was the payment for engaging SF&OC to provide administrative services on the Retired Athletes Transformation Programme, which facilitates retired athletes' career development by providing them with a platform (e.g. at sports organisations and schools) to earn work experience, supplemented with on-the-job training and education subsidies for their academic enhancement.

Audit review

1.20 Over the years, Audit has conducted various audits concerning different issues relating to sports development in Hong Kong (see Notes 2, 3, 4 and 7 to Table 1 in para. 1.3). Against this background, in September 2019, Audit commenced a review of SF&OC (including operational issues concerning MCOHL). The audit review has focused on the following areas:

- (a) operation of SF&OC (PART 2);
- (b) government funding and monitoring (PART 3); and
- (c) governance issues (PART 4).

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

Introduction

1.21 Audit has also conducted a review of management of funding for sports development through ASDF. The audit findings are contained in Chapter 1 of the Director of Audit's Report No. 74 (Note 9).

General response from SF&OC

1.22 The President of SF&OC has said that SF&OC agrees with the recommendations in the Audit Report. He appreciates the effort of Audit's staff to review SF&OC's businesses and to draft the valuable audit report for the reference of SF&OC. In order to build up a positive public image for the sport industry, he recognises that the recommendations from the Audit Report are very helpful for the continuous improvement of SF&OC's corporate governance.

General response from the Government

1.23 The Secretary for Home Affairs welcomes the recommendations in the Audit Report which are conducive to HAB's continued monitoring of the Government funding provided to SF&OC.

Acknowledgement

1.24 Audit would like to acknowledge with gratitude the full cooperation of the staff of HAB, SF&OC and LCSD during the course of the audit review.

Note 9: *Issues relating to SF&OC, which are covered in the audit review of management of funding for sports development through ASDF, are not covered in this Audit Report.*

PART 2: OPERATION OF SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

- 2.1 This PART examines the operation of SF&OC, focusing on:
- (a) selection of athletes for participating in international games (paras. 2.2 to 2.16);
 - (b) handling of membership affairs (paras. 2.17 to 2.21);
 - (c) management of HKACEP (paras. 2.22 to 2.33);
 - (d) conduct of doping tests (paras. 2.34 to 2.40);
 - (e) management of the Olympic House (paras. 2.41 to 2.55); and
 - (f) procurement issues (paras. 2.56 to 2.61).

Selection of athletes for participating in international games

2.2 Table 4 shows the number of athletes participating as the Hong Kong, China Delegation in some major international games (Note 10) and the results achieved by them in recent years.

Note 10: *International games include, for example, the Asian Beach Games, Asian Games, Asian Winter Games, Olympic Games, Olympic Winter Games and Summer Youth Olympic Games.*

Table 4

**Number of athletes participating as Hong Kong, China Delegation in
international games and results achieved by them
(2012 to 2018)**

Games	Year	No. of athletes	No. of medals achieved			
			Gold	Silver	Bronze	Total
Olympic Games	2012	42	0	0	1	1
	2016	38	0	0	0	0
Youth Olympic Games	2014	18	2	4	1	7
	2018	25	0	2	1	3
Asian Games	2014	468	6	12	24	42
	2018	584	8	18	20	46

Source: SF&OC records

2.3 According to the Olympic Charter, SF&OC, as NOC of Hong Kong, China, has the exclusive authority for the representation of the region in international games. For athletes to participate in the games (e.g. Olympic Games and Asian Games) as the Hong Kong, China Delegation:

- (a) NSAs (see Appendix A), who are members of SF&OC (see para. 1.9), nominate athletes for inclusion in the Hong Kong, China Delegation based on NSAs' own nomination criteria, as different sports events have different characteristics; and

Operation of Sports Federation & Olympic Committee of Hong Kong, China

- (b) nominations are submitted by NSAs to SF&OC's International Multi-Sports Games Selection Committee (Selection Committee — Note 11) for selecting the Hong Kong, China Delegation. If an NSA is not satisfied with the Selection Committee's decision, it can request unlimited number of reviews of the Selection Committee's decision and may also file an appeal to SF&OC's International Multi-Sports Games Appeal Panel (Note 12) for a final decision.

SF&OC leads the Hong Kong, China Delegation to participate in competitions held in host countries.

Need to enhance transparency in selecting athletes to participate in international games

2.4 In December 2011, the “Best Practice Reference for Governance of National Sports Associations — Towards Excellence in Sports Professional Development” (BPR) was drawn up by the Independent Commission Against Corruption (ICAC) in consultation with HAB, LCSD and some NSAs. BPR aims, among others, to assist NSAs to enhance transparency in their operations and governance. According to ICAC, BPR helps NSAs strengthen their governance with a view to generating a positive and far-reaching impact on Hong Kong's long-term sports development. In addition, good governance is the cornerstone of sports achievement. Furthermore, according to ICAC, BPR provides guidance on principles and standards of good governance and internal control for adoption by NSAs to protect their core functions from corruption and malpractice. NSAs are advised to adopt the recommended practices as far as practicable according to their organisation structure, resource capability and operational needs.

Note 11: *The International Multi-Sports Games Selection Committee comprises SF&OC's Honorary Secretary General (see Note 5 to para. 1.10) as the Chairperson, representatives of appropriate NSAs nominated by the Chairperson, and the manager of the SF&OC Secretariat as the secretary.*

Note 12: *The International Multi-Sports Games Appeal Panel comprises the President of SF&OC as the Chairperson, two members, and the highest ranking staff of SF&OC (i.e. the Executive Director) as the secretary. The two members are selected from a list of four to six members for the Appeal Panel, who are proposed by the Board of Officers (see para. 1.10) and endorsed at SF&OC's annual general meeting for a tenure of four years. When the Appeal Panel is to be convened, the Chairperson shall select two members from the approved list to hear the appeal, having regard to their availability and conflicts of interest.*

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2.5 Under BPR, among other things, a set of best practices is provided to enhance the transparency in the selection of athletes to participate in sports games (e.g. local and regional sports games as well as international games). According to BPR, a robust, fair and transparent system for selecting athletes is essential. The fundamental principles in athlete selection are to promulgate core values of equal opportunities and fair competition in athlete selection, and to ensure transparency in respect of the information about the selection and the selection process. Selection policy with selection criteria and the weighting of each criterion should be adopted in each selection exercise.

2.6 In a meeting of the Legislative Council Panel on Home Affairs held in December 2012, in addition to NSAs, concern was expressed on the monitoring of the governance of SF&OC. HAB stated in the meeting that the issue of BPR is a specific measure for both SF&OC and NSAs to enhance their governance.

2.7 Audit examined the extent to which SF&OC had implemented BPR best practices on the transparency in selecting athletes for participating in international games. Audit found that SF&OC could do more to implement the best practices. Table 5 shows that, up to 29 February 2020, some of the best practices were yet to be implemented by SF&OC.

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Table 5

**Implementation of BPR best practices on transparency in selecting athletes
by SF&OC
(29 February 2020)**

No.	Best practices in BPR	Implemented	Implementation in progress	Not yet implemented
1.	Promulgate the core values of equal opportunities and fair competition in athlete selection	✓		
2.	Allow athletes fair and full opportunity to display their worthiness for selection and to fulfil the aims of the organisation at the competition	✓		
3.	Ensure the transparency of the information about the selection process and timeliness in the dissemination of the information	✓ (Note 1)		
4.	Uphold the principle of impartiality in the selection process, including the formulation of a mechanism for declaring conflict of interest, actual or perceived, and the guidelines for taking appropriate actions following the declaration	✓		
5.	Make a public statement of commitment to ethical practices in athlete selection and compliance with the fundamental principles in athlete selection	✓		
6.	Formulate the objective(s) or target(s) for each and/or each type of event and competition, such as nurturing second tier athletes in championship events corresponding to their levels, and selecting the best hopefuls for competing in world-class competitions	✓		
7.	Work out the selection criteria and the weighting of each criterion to be adopted in each selection exercise		✓ (Note 2)	
8.	Determine the selection method, e.g. selection trials, and coach assessment, or a combination of methods to afford opportunities to capable athletes to demonstrate their ability to achieve the desired results	✓		

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Table 5 (Cont'd)

No.	Best practices in BPR	Implemented	Implementation in progress	Not yet implemented
9.	Map out the selection procedures	✓		
10.	Formulate the appeal mechanism	✓		
11.	Document the objective(s) or target(s), selection criteria or standards, mode of selection and appeal process to form a selection policy document	✓		
12.	Publicise the selection policy amongst the stakeholders	✓		
13.	Review the selection policy periodically to factor in changes of circumstances	✓		
14.	Establish a selection committee to implement the selection policy	✓		
15.	Ensure a proper appointment mechanism to appoint only those individuals meeting the stipulated requirements to the committee	✓		
16.	Assess the appropriateness of quantitative and qualitative approach to athlete selection in competitions of various nature	✓		
17.	Map out a set of selection criteria for the competition and assign weighting to each criterion		✓ (Note 2)	
18.	Define the quantitative standards for objective criteria (e.g. minimum world ranking, performance benchmarks)	✓		
19.	Lay down the guiding references for the assessment of athletes' suitability against subjective criteria (e.g. expert assessment of athletes' winning chance having considered their psychological factor, competition results and latest performance, and collective views of coaches)	✓ (Note 3)		
20.	Ensure timely dissemination of the selection criteria in sufficient details and clarity to enable interested athletes to prepare for the selection	✓		
21.	Lay down and publicise the important information about the selection exercise (e.g. mode of selection and appeal mechanism)	✓		

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Table 5 (Cont'd)

No.	Best practices in BPR	Implemented	Implementation in progress	Not yet implemented
22.	Publicise information on selection trials (if applicable)	✓		
23.	Announce, where the selection is based on past performance, the qualification period(s) and competitions or events recognised for selection	✓		
24.	Ensure proper conduct of the selection and comprehensive documentation of the decision making process		✓	
25.	Ensure timely announcement of the selection decision	✓		
26.	Determine the overall appeal framework, including the formation of an appeal panel, powers of the appeal panel, and appeal procedures	✓		
27.	Make it a standing practice to review and assess the selection policy	✓		
28.	Set out appropriate channels to collect feedback from stakeholders e.g. questionnaires			✓
29.	Draw up improvement or enhancement plans for deliberation by the Board, and if endorsed, for incorporation into future selection exercises			✓

Source: Audit analysis of SF&OC records and audit enquiries with SF&OC staff

Note 1: In respect of the transparency of the information about the selection process, as an example, the website of SF&OC showed no information such as the dates of the qualifying events and quotas of events leading to international games. In respect of timeliness, as an example, the NOCs of Australia, Canada and the United States had published the selection processes for the 2020 Olympic Games on their websites, while SF&OC (NOC of Hong Kong, China) had not published the process. In March 2020, SF&OC informed Audit that NSAs are the main working partners of the selection process at SF&OC level. Information was dispatched by International Federation/Asian Federation to NSAs and/or via SF&OC (if applicable) in a timely manner, thus placing information on the website would not be particularly useful.

Table 5 (Cont'd)

Note 2: In March 2020, SF&OC informed Audit that it has no right to nominate athletes to participate in international games. SF&OC either can consider to accept or reject the submission from NSAs. The selection criteria set by SF&OC are objective criteria, which serve as a controlling tool to examine if the submission from NSAs is up to the required standard when comparing with other counterparts in Asia/World. The SF&OC's Selection Committee can further accept remaining athletes within NSAs' nominations but below the required standard. If appropriate, NSAs representatives will be invited to attend a selection meeting and brief the members of the Committee. The Committee will consider other subjective criteria in the meeting, which are of equal importance in selecting the most suitable athletes to achieve the desired results. SF&OC will work out a checklist to ensure that the criteria (especially qualitative criteria) are followed in selecting/accepting athletes.

Note 3: In March 2020, SF&OC informed Audit that while SF&OC has not laid down the guiding references for the assessment of athletes' suitability against subjective criteria, NSAs should lay down a set of subjective criteria for their selection and to be submitted to SF&OC for record. This requirement has been laid down in SF&OC's circular to NSAs. SF&OC considers that by laying down this requirement, this BPR best practice has been followed.

2.8 To enhance the transparency in selecting athletes to participate in international games, Audit considers that SF&OC needs to continue to make efforts to implement the best practices relating to the transparency in athlete selection as set out in BPR. As BPR is a specific measure for SF&OC to enhance its governance (which covers transparency matters) (see para. 2.6) and good governance is the cornerstone of sports development (see para. 2.4), HAB needs to encourage SF&OC to implement the best practices and follow up the implementation of such practices by SF&OC.

2.9 Audit attempted to examine the transparency as well as accountability in selecting athletes to participate in international games by reviewing the complaint files received by SF&OC in years 2017 to 2019. In March 2020, SF&OC informed Audit that in years 2017 to 2019, there were no complaints on selection of athletes by SF&OC. In this connection, Audit noted that in October 2018, in a Legislative Council meeting, a Legislative Council Member expressed concern over the transparency in selecting athletes to participate in an international game. Audit examined this case and found that there is scope for enhancing the transparency and accountability in selecting athletes as illustrated in Case 1.

Case 1

**Selection of athletes to participate in swimming events
in the 18th Asian Games
(2018)**

1. On 7 March 2018, SF&OC informed NSAs, through a circular, the criteria for selecting athletes to participate in the 18th Asian Games. According to the circular, the selection took into consideration:

- (a) athletes' outstanding results in sports games (e.g. ranked 1st to 8th in 2014 to recent World or Asian Championships and ranked 1st to 8th in various multi-sports games (including 2014 Asian Games, 2017 Asian Indoor and Martial Arts Games);
- (b) participation in the Rio 2016 Olympic Games;
- (c) in the absence of (a) and (b) above, athletes' best performance in the nominated events (Note) in years 2014 to 2018; and
- (d) NSAs' preparation plans for their athletes, including training and competitions in the coming six months leading to the 18th Asian Games.

2. On 19 April 2018, an NSA nominated 21 male athletes for participation in swimming events in the 18th Asian Games to SF&OC. On 24 April 2018, SF&OC's Selection Committee conducted a selection meeting. As recorded in the Committee's minutes of the meeting, of the 21 athletes:

- (a) 17 athletes were selected. Of the 17 athletes:
 - (i) 15 athletes were selected on the grounds that they:
 - met the selection criteria (see para. 1);
 - were members of relay teams (there were no further details in the minutes of the meeting); or
 - were holders of HKSI Elite C scholarships; and
 - (ii) 2 athletes, though had failed to meet the selection criteria, were selected on the grounds that:
 - 1 athlete (Athlete A) had achieved good results in the 2017 Asian Indoor and Martial Arts Games; and

Case 1 (Cont'd)

- another athlete (Athlete B) was a key player on a 4×100 metres mixed medley relay (butterfly leg); and
- (b) 4 athletes were not selected as they failed to meet the selection criteria.
3. In March 2020, SF&OC informed Audit about the sequence of selection of the 17 male athletes (see para. 2(a)) was:
- (a) 6 athletes were selected on the grounds that they met the selection criteria (see para. 1(a) and (b)); and
- (b) 11 athletes were selected based on other factors:
- (i) 5 athletes were selected on the grounds that they were members of relay teams;
 - (ii) 4 athletes were selected on the grounds that they were holders of HKSI Elite C or similar scholarships;
 - (iii) 1 athlete (Athlete A) was selected on the grounds that he had achieved good results in the 2017 Asian Indoor and Martial Arts Games; and
 - (iv) another athlete (Athlete B) was selected on the grounds that he was a key player on a 4×100 metres mixed medley relay (butterfly leg), which was a new event.

Audit comments

4. Audit found that there is scope for enhancing the transparency and accountability in selecting athletes to participate in swimming events in the 18th Asian Games, as follows:
- (a) it appears that being members of relay teams or holders of HKSI Elite C scholarships or similar scholarships (see para. 3(b)(i) and (ii)) was not one of the announced selection criteria (see para. 1). To enhance transparency, SF&OC needs to more clearly publish its selection criteria in future; and
- (b) with respect to Athlete A and Athlete B who had not met the selection criteria but were eventually selected (see para. 3(b)(iii) and (iv)), according to the minutes of the meeting (see para. 2), there were no further deliberations on:

Case 1 (Cont'd)

- (i) Athlete A's "good results" in the 2017 Asian Indoor and Martial Arts Games; and
- (ii) the selection of Athlete B despite that the athlete was only a key player in a 4 × 100 metres mixed medley relay (butterfly leg).

To enhance transparency and accountability, SF&OC needs to properly document the justifications for selecting athletes to participate in international games in future, especially for athletes who are selected based on criteria other than those laid down as SF&OC's selection criteria.

Source: Audit analysis of SF&OC records

Note: The types and details of nominated events had not been specified in the selection criteria.

Remarks: The concern expressed by the Legislative Council Member (see para. 2.9) was relating to Athlete A. In response to the concern, HAB provided more information on Athlete A's attainments (which had not been recorded in the minutes of the meeting — see para. 2 in this Case) in a reply to an oral question raised by the Legislative Council Member at the Legislative Council meeting in October 2018. HAB also mentioned that SF&OC's Selection Committee had in place a mechanism for preventing conflicts of interest in selecting athletes (see PART 4 for audit observations relating to declaration of conflicts of interest by Officers of the Board and members of committees of SF&OC).

Need to enhance impartiality in the appeal mechanism

2.10 As mentioned in paragraph 2.3(b), if an NSA is not satisfied with the decision of SF&OC's Selection Committee, it can appeal to SF&OC's Appeal Panel for a final decision.

2.11 Audit research on the appeal mechanisms of Australia, Canada, Japan, Singapore and the United States found that in some of these overseas countries:

- (a) the public could seek independent advice on sports-related disputes from independent professionals:

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- (i) in Australia, from independent lawyers and the Olympic Appeal Consultants appointed by the Australian Olympic Committee;
 - (ii) in Canada, from professionals under the independent Sport Dispute Resolution Centre of Canada which is constituted by a federal act and is funded by the Government of Canada; and
 - (iii) in the United States, from the Athlete Ombudsman; and
- (b) appeals are handled by independent bodies:
- (i) in Australia, appeals are heard by the Court of Arbitration for Sport;
 - (ii) in Canada, the appeals are handled by the independent Sport Dispute Resolution Centre of Canada. The Centre provides access to independent alternative dispute resolution solutions for all participants in the Canadian sport system; and
 - (iii) in the United States, the complainants may request arbitration with the American Arbitration Association (Note 13) if they are not satisfied with the decision of the United States Olympic & Paralympic Committee.

2.12 To enhance impartiality, in Audit's view, SF&OC needs to explore the merit of establishing in Hong Kong similar appeal mechanisms (Note 14) as adopted in some advanced overseas countries.

Note 13: *American Arbitration Association is a not-for-profit public service organisation in the field of alternative dispute resolution, providing services to individuals and organisations who wish to resolve conflicts out of court.*

Note 14: *In Hong Kong, there is a Hong Kong International Arbitration Centre, which is an independent and non-profit-making organisation specialising in arbitration, mediation, adjudication and domain name dispute resolution services.*

Audit recommendations

- 2.13 **Audit has *recommended* that the Executive Director, SF&OC should:**
- (a) **continue to make efforts to implement the best practices relating to the transparency in athlete selection as set out in BPR;**
 - (b) **more clearly publish the criteria adopted by SF&OC for selecting athletes to participate in international games;**
 - (c) **properly document the justifications for selecting athletes to participate in international games, especially for athletes who are selected based on criteria other than those laid down as SF&OC's selection criteria; and**
 - (d) **explore the merit of establishing in Hong Kong similar appeal mechanisms as adopted in some advanced overseas countries.**
- 2.14 **Audit has *recommended* that the Secretary for Home Affairs should:**
- (a) **encourage SF&OC to implement the best practices set out in BPR relating to the transparency in athlete selection; and**
 - (b) **follow up the implementation of the best practices by SF&OC.**

Response from SF&OC

- 2.15 The President of SF&OC has said that SF&OC:
- (a) generally agrees with the audit recommendations in paragraph 2.13; and
 - (b) will adopt the audit recommendations as far as practicable, including the review of existing appeal mechanism.

Response from the Government

2.16 The Secretary for Home Affairs accepts the audit recommendations in paragraph 2.14. He has said that HAB will closely monitor the follow-up action by SF&OC in implementing the best practices in BPR.

Handling of membership affairs

2.17 Handling of membership affairs, including the admission and suspension of members, is a major responsibility of the SF&OC Secretariat (see para. 1.12(a)(i)). As at 31 December 2019, SF&OC has 79 NSA members (see para. 1.9).

2.18 NSA members should comply with the requirements of the Olympic Charter (see para. 1.7), the Code of Ethics of IOC (Note 15), and SF&OC's Articles of Association. If an NSA member has infringed the requirements, SF&OC has the power to cancel or suspend its membership, after giving one month's notice to the NSA member who shall be requested to furnish an explanation.

2.19 Audit noted that although NSA members are required to comply with the aforesaid requirements, there is no mechanism in place to ensure their compliance with the requirements. Case 2 illustrates this audit observation (Note 16).

Note 15: *The Code of Ethics of IOC is available at www.olympic.org.*

Note 16: *In 2019, in addition to the NSA mentioned in Case 2, SF&OC received 28 complaints against 12 NSAs.*

Case 2

**Suspension of membership of an NSA
(2016 to 2019)**

1. In years 2016 to 2019, SF&OC received 107 complaints against an NSA for its maladministration, lack of procedures for declaration of conflicts of interest, confusions/unfairness in the process of selecting athletes to participate in sports games, and lack of transparency in the selection of athletes.
2. According to SF&OC, it was not empowered to investigate complaint cases. In June 2016, however, in view of the increase in the number of complaints against one NSA, SF&OC looked into the relevant complaints.
3. In December 2017, SF&OC opined that the NSA had failed to handle the complaints in a proper manner due to poor administration and mismanagement of its Executive Committee. SF&OC considered that the NSA had infringed:
 - (a) the Olympic spirit (Note 1) as required by the Code of Ethics of IOC and SF&OC's Articles of Association. The NSA had, from January 2016 up to the time of providing opinions by SF&OC, failed or refused to adopt a proper system of selecting athletes and adhered to the fundamental principle of fair play; and
 - (b) the standard of satisfactory governance and management as required by SF&OC's Articles of Association. The NSA had, from January 2016 up to the time of providing opinions by SF&OC, failed or neglected to dispose of the public complaints up to a reasonably acceptable standard or in an open, fair and just manner with transparency. Furthermore, the NSA had failed or refused to provide satisfactory explanations to the queries raised by SF&OC.
4. In June 2018, SF&OC passed a special resolution in a general meeting to suspend the membership of the NSA in accordance with SF&OC's Articles of Association. The suspension effected immediately until further decision of SF&OC.

Case 2 (Cont'd)

5. In September 2019, SF&OC granted a provisional reinstatement of membership to the NSA with effect from 1 October 2019 for one year. In the period of provisional reinstatement of membership, two persons nominated by SF&OC (Note 2) sat in all the meetings of the NSA as observers and attended all activities of the NSA. They acted as a conduit between the General Committee of the NSA and SF&OC, and were tasked to report to SF&OC promptly if they deemed that any inappropriate actions had been taken by the General Committee of the NSA.

Audit comments

6. While NSA members are required to comply with the requirements stipulated in the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association, no mechanism is in place to ensure compliance with the requirements by the NSA members. Under the Olympic Charter, SF&OC has full autonomy, including the full discretion in dealing with its membership affairs. Audit considers that while respecting the autonomy and independence of NSAs, SF&OC needs to explore the merit of establishing a mechanism to gauge NSA members' compliance with the requirements. Such a mechanism may include, for example, reminding periodically NSA members to observe the requirements, completing annual self-assessment forms and submitting them to SF&OC for evaluation, and conducting sample checks on NSA members' compliance with the requirements.

Source: Audit analysis of SF&OC records

Note 1: Olympic spirit requires mutual understanding with a spirit of friendship, solidarity and fair play.

Note 2: The two persons were former members of SF&OC's committees.

Audit recommendation

2.20 Audit has recommended that the Executive Director, SF&OC should explore the merit of establishing a mechanism to gauge NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association.

Response from SF&OC

- 2.21 The President of SF&OC has said that:
- (a) SF&OC agrees with the audit recommendation; and
 - (b) with the increase of subvention in the 2020-21 Budget and the next four years, SF&OC undertakes to allocate new resources to review the corporate governance of NSAs including but not limited to reviewing their Articles of Associations, the composition of their executive boards and election mechanisms, financial reporting and auditing compliances, etc.

Management of the Hong Kong Athletes Career and Education Programme

2.22 HKACEP (see para. 1.12(a)(ii)) aims to deliver three core provisions for elite athletes in Hong Kong, namely Career, Education and Life Skills. These provisions are to support elite athletes to gain respect and self-confidence through programmes organised, and to enable them to increase their competitiveness in global employment markets.

2.23 Audit examined HKACEP's support to elite athletes and found that there is scope for improvement in a number of areas, as shown in paragraphs 2.24 to 2.31.

Need to instigate remedial measures for the slow progress of some English course participants

2.24 Under HKACEP, an English online course is provided for athletes to enhance their level of English. The course is sponsored by a commercial English learning centre. In 2018-19, there were 124 course participants. Based on the progress records of the participants provided by the learning centre to SF&OC, of the 124 participants, 43 had advanced at least one grade level and 81 had failed to achieve at least one grade level after joining the course. Audit analysed the progress made by the 124 participants of the English course and found that as at 31 March 2019:

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- (a) 69 (56%) participants had joined the course for more than four years (i.e. on or before 2014-15) (Note 17); and
- (b) among these 69 participants, 40 (58%) had failed to advance at least one grade level after joining the course.

Details are shown in Table 6.

Table 6
Progress of participants of English online course
(31 March 2019)

Year of entry into the course	Number of participants			Total	
	Advanced at least one grade level	Failed to advance at least one grade level after joining the course			
2008-09	3	0		3	69 (56%)
2009-10	5	1		6	
2010-11	4	2		6	
2011-12	8	14	40	22	
2012-13	1	1		2	
2013-14	0	2		2	
2014-15	8	20		28	
2015-16	3	11		14	55 (44%)
2016-17	6	16		22	
2017-18	2	5		7	
2018-19	3	9		12	
Total	43	81		124	

Source: *Audit analysis of the progress records of the English course participants provided by the English learning centre to SF&OC*

Note 17: *Audit used a benchmark of four years on the grounds that a participant of the English course is required to pay a deposit of \$2,000 to SF&OC, he/she may ask for a refund of the deposit after four years of entry into the course. According to SF&OC, although the course (which is sponsored by an English learning centre) lasts for one year, an athlete could continue to attend the course after one year.*

2.25 In March 2020, SF&OC informed Audit that the English online course aims to enhance the English proficiency of Hong Kong athletes in the long run while the athletes are attending intensive sports training at the time. For athletes, their priority concern is competition results and English language study is not their priority. This would be the main reason for the slow progress of study.

2.26 As shown in paragraph 2.24, more than 50% of the English course participants failed to advance at least one grade level after joining the course for a long period of time. To ensure that the aims of HKACEP are met (see para. 2.22), Audit considers that SF&OC needs to closely monitor the slow progress of some English course participants (e.g. by making enquiries with the participants and the English learning centre) and instigate appropriate remedial measures.

Need to monitor the claiming of scholarships for athletes

2.27 Under HKACEP, scholarships are provided on a reimbursement basis to retiring or retired athletes for pursuing better qualifications (e.g. vocational skills training and post-secondary education). To claim the scholarships, athletes need to provide evidence of completion of their study programmes and original receipts of tuition fees paid for the programmes. Eligible athletes can apply for the scholarship programme for vocational skills training, post-secondary education, language enrichment course, undergraduate, postgraduate and master course. In years 2014-15 to 2018-19, the amounts of approved scholarships ranged from \$400 to \$144,000.

2.28 Table 7 shows the numbers and amounts of HKACEP scholarships approved for athletes in the period 2014-15 to 2018-19.

Table 7

**Numbers and amounts of approved HKACEP scholarships
(2014-15 to 2018-19)**

Approved scholarship	2014-15	2015-16	2016-17	2017-18	2018-19
Number	18	17	10	15	26
Amount (\$)	445,263	327,243	340,750	375,364	470,512

Source: SF&OC records

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2.29 Audit analysed athletes' claiming of HKACEP scholarships for the period 2014-15 to 2018-19. Results of Audit's analysis are shown in Table 8.

Table 8

Claiming of HKACEP scholarships by athletes (as at 31 December 2019)

Claim status	Year of approval					Total
	2014-15	2015-16	2016-17	2017-18	2018-19	
	No. of approved scholarships					
Amount fully claimed	12 (66%)	11 (65%)	8 (80%)	7 (46%)	16 (61%)	54 (63%)
Amount partially claimed	1 (6%)	Nil	Nil	1 (7%)	1 (4%)	3 (3%)
Amount not yet claimed	4 (22%)	5 (29%)	2 (20%)	6 (40%)	7 (27%)	24 (28%)
		11				
Scholarship renounced by athletes	1 (6%)	1 (6%)	Nil	1 (7%)	2 (8%)	5 (6%)
Total	18 (100%)	17 (100%)	10 (100%)	15 (100%)	26 (100%)	86 (100%)

Source: Audit analysis of SF&OC records

2.30 As shown in Table 8, as at 31 December 2019:

- (a) 11 scholarships, which had been approved more than 2.5 years ago (i.e. approved in the period 2014-15 to 2016-17), had not been claimed by the 11 athletes concerned. According to SF&OC records, the amounts of these scholarships ranged from \$1,500 to \$60,000. In March 2020, SF&OC informed Audit that HKACEP has maintained regular contacts with the concerned athletes since late 2018. All of them had only verbally replied to withdraw the scholarships due to personal reasons as they had not made up their mind on further studies, etc. HKACEP therefore allowed the athletes more time to consider and would only update its records upon receipt of the written confirmation from the concerned athletes; and

- (b) one athlete had only partially claimed the scholarship approved in 2014-15. According to SF&OC records, the scholarship amounted to \$144,000 and the athlete had made partial claims of \$33,600 and \$25,200 in September 2016 and April 2017 respectively. In August 2016, the athlete applied for an extension of his study. Up to 31 December 2019, there was no documentation indicating that his extension had been approved, nor was there evidence indicating that SF&OC had taken actions to follow up the progress of study of the athlete.

2.31 To ensure that the aims of HKACEP are achieved, Audit considers that SF&OC needs to closely monitor the progress of studies of athletes with approved HKACEP scholarships and the claiming of scholarships by them, and provide timely assistance to athletes. Furthermore, to facilitate future monitoring and to enhance accountability, SF&OC needs to document follow-up actions taken.

Audit recommendations

2.32 **Audit has recommended that the Executive Director, SF&OC should:**

- (a) **closely monitor the slow progress of some English course participants and instigate appropriate remedial measures;**
- (b) **closely monitor the progress of studies of athletes with approved HKACEP scholarships and their claiming of scholarships, and provide timely assistance to them; and**
- (c) **to facilitate future monitoring and to enhance accountability, document follow-up actions taken on athletes not claiming scholarships.**

Response from SF&OC

2.33 The President of SF&OC has said that SF&OC accepts the audit recommendations.

Conduct of doping tests

2.34 The Office of HKADC (see para. 1.12(a)(iii)) was set up in September 2008. It is committed to preserve a doping-free environment for fair play in sports in Hong Kong and ensure that Hong Kong's Anti-Doping Rules are in full compliance with the World Anti-Doping Code (Note 18) and the relevant international regulations.

2.35 The main function of the Office of HKADC, apart from providing educational and outreach programmes relating to anti-doping to athletes, and liaising with organisations such as NSAs and international sports federations, is to conduct doping tests for athletes.

Need to enhance the conduct of doping tests

2.36 According to the anti-doping requirements of the Office of HKADC, among other things:

- (a) all athletes under the jurisdiction of an NSA should be subject to doping tests at any time or place, without advance notice by the Office of HKADC;
- (b) for the Office of HKADC to conduct doping tests, athletes are required to submit to the Office of HKADC information relating to their whereabouts (e.g. full addresses of their daily overnight residence) on a quarterly basis and as and when required;
- (c) athletes will be required to provide explanations, within 14 days of the date of the initial notification letter (usually e-mail is used instead), in circumstances where they could not be located for doping tests; and
- (d) athletes may be subjected to more stringent requirements (e.g. providing daily a 60-minute timeslot between 5 a.m. and 11 p.m. during which an athlete will be available for a doping test) or may become ineligible to join

Note 18: *The World Anti-Doping Code is published by the World Anti-Doping Agency. It harmonises anti-doping policies in all sports and in all countries.*

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competitions for up to two years if, for example, they failed, for three times within a twelve-month period, to be located for doping tests.

2.37 Doping control officers (DCOs) are engaged by the Office of HKADC to collect samples from athletes for doping tests. It is the Office of HKADC's practice to deploy the mission to DCOs within a specified period before the day of collection of samples. Audit examined the doping tests conducted by the Office of HKADC in the period 2014-15 to 2018-19, and found that owing to the fact that some athletes could not be located, there were unsuccessful attempts to conduct the tests. Table 9 shows the number of doping tests conducted and the number of unsuccessful attempts to conduct the tests in the period.

Table 9

**Doping tests conducted and unsuccessful attempts to conduct doping tests by
the Office of HKADC
(2014-15 to 2018-19)**

	2014-15	2015-16	2016-17	2017-18	2018-19
No. of tests conducted	464	401	289	401	492
No. of unsuccessful attempts to conduct tests	51	47	50	51	69

Source: SF&OC records

2.38 Of the 69 unsuccessful attempts in 2018-19 (see Table 9 above), Audit examined 10 unsuccessful attempts to ascertain the follow-up actions taken by the Office of HKADC on the athletes concerned. The 10 unsuccessful attempts were related to six athletes (i.e. 3 attempts for Athlete C, 2 attempts for each of Athletes D and E, and 1 attempt for each of Athletes F, G and H). Audit found that:

- (a) of the six athletes (Athletes C to H), only four athletes (Athletes C, E, G and H) had been sent e-mails (see para. 2.36(c)) notifying them about the unsuccessful attempts and requesting them to provide accurate information on their whereabouts;

- (b) two of the six athletes (Athletes C and D) had subsequently updated their whereabouts to the Office of HKADC. However, as the updated whereabouts of the athletes had not been provided to DCOs, doping tests had not been conducted for the two athletes;
- (c) there were no laid-down requirements on the number of attempts to be made to locate an athlete. The number of attempts made for Athletes C to H varied;
- (d) contrary to the anti-doping requirement (see para. 2.36(c)), all the six athletes had not been asked at any point in time to provide explanations on why they could not be located; and
- (e) while four athletes (Athletes C, D, F and H) selected for doping tests were eventually subjected to the tests, no doping tests had been conducted for the other two athletes (Athletes E and G).

Audit recommendations

2.39 **Audit has *recommended* that the Executive Director, SF&OC should:**

- (a) **ensure that initial notification letters/e-mails are always sent to athletes who have provided inaccurate whereabouts and could not be located for doping tests;**
- (b) **ensure that updated whereabouts of athletes are provided to DCOs as far as practicable;**
- (c) **lay down internal guidelines on the number of attempts to be made to locate an athlete for a doping test;**
- (d) **ensure that athletes who could not be located for doping tests are requested to provide explanations on why they could not be located; and**
- (e) **step up efforts to locate athletes for doping tests.**

Response from SF&OC

2.40 The President of SF&OC has said that SF&OC accepts the audit recommendations.

Management of the Olympic House

2.41 The Olympic House is managed by MCOHL (see para. 1.12(b)). According to the Government Property Agency, the Olympic House comprises a total building area of 7,800 square metres or thereabouts and accommodates with ground floor, first floor, second floor and penthouse floor. As at 31 December 2019, in addition to accommodating MCOHL, MCOHL provides office spaces and ancillary facilities (e.g. meeting facilities and car parking spaces) in the Olympic House to:

- (a) SF&OC and its affiliated companies, i.e. the SF&OC Sports Legacy Company Limited and the Hong Kong Olympic Fans Club Limited (see para. 1.6(b) and (c)) (Note 19); and
- (b) 45 NSAs and 2 sports-related organisations (i.e. the Hong Kong Sports Press Association Limited and the Hong Kong Veteran's Tennis Association Limited).

While the above tenants are not required to pay rental for their office spaces in the Olympic House, they need to pay monthly management fees to MCOHL.

2.42 According to the tenancy agreements signed between MCOHL and its tenants, MCOHL has the right to allocate office spaces to them based on the numbers of their staff. In 2019, the tenants in the Olympic House were required to pay the following rates of monthly management fees:

- (a) SF&OC and SF&OC Sports Legacy Company Limited: \$3 per square foot;

Note 19: *The Hong Kong Olympic Fans Club Limited only had one staff working within the office of the SF&OC Secretariat in the Olympic House.*

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- (b) subvented NSAs (i.e. NSAs receiving block grant under LCSD's Sports Subvention Scheme): \$3 per square foot;
- (c) subvented NSAs occupying additional office spaces: \$31.3 per square foot; and
- (d) a non-subvented NSA (i.e. an NSA not receiving block grant under LCSD's Sports Subvention Scheme) and sports-related organisations: \$36.2 per square foot.

Need to sort out the long-term requirement for office spaces

2.43 In 2011, SF&OC had started to discuss with the Government about the requirement for office spaces in the Olympic House in the long term. From 2011 onwards, there were frequent discussions between SF&OC and the Government about this subject matter. SF&OC's main concerns, deliberations and suggestions were as follows:

- (a) over-crowding of NSA staff in the Olympic House was a long-lasting issue that had not been improved over the years, and the issue was becoming more appalling with the rapid expansion of NSAs and the continuously rising of head counts of NSA staff in the Olympic House;
- (b) accommodating more NSAs under one roof would promote solidarity of the sports community;
- (c) staff of NSAs working at the Olympic House tripled from around 150 in 2009 to around 450 in 2018. Of the 78 NSAs (in 2018), only 45 were allocated with office accommodation in the Olympic House;
- (d) SF&OC had earlier expressed its interest in the development of the Kai Tak Sports Park and recommended that NSAs should be prioritised in locating within the boundary of the Park and housing under one roof of the same sports complex with SF&OC for the sake of management and operational convenience; and

- (e) SF&OC subsequently proposed that, as an alternative, the Olympic House could be redeveloped to meet the needs of NSAs.

2.44 Up to early January 2020:

- (a) according to the 2018-19 Budget, the Government would conduct a technical feasibility study on the redevelopment of the Olympic House to provide office and activity space for SF&OC, its affiliated companies, NSAs and sports-related organisations; and
- (b) according to HAB, it was exploring the feasibility of temporarily relocating MCOHL and its existing tenants to other vacant premises.

2.45 Audit considers that HAB needs to, in collaboration with SF&OC, map out the way forward for the Olympic House, and devise a timetable to take forward matters arising as appropriate.

Need to devise measures to address the problem of over-crowding in the Olympic House

2.46 ***Need to review allocation of office spaces to NSAs.*** In the period 2014-15 to 2018-19, MCOHL received 3 applications from 3 NSAs for office spaces in the Olympic House, and 7 applications from 5 NSAs for reallocation of office spaces (i.e. for more office spaces). However, due to full occupancy (i.e. 100%) of office spaces in the Olympic House, the NSAs' requests had not been entertained. In fact, according to SF&OC, over-crowding of NSA staff in the Olympic House has been a long-lasting issue facing by SF&OC (see para. 2.43(a)).

2.47 Audit analysed the gross floor areas and numbers of staff of NSAs located in the Olympic House in 2018-19, and found that:

- (a) there were large variations in the numbers of staff of some NSAs occupying office spaces of the same gross floor area. For example, for 3 NSAs each of which had been allocated an office space of 130 square feet, the numbers of staff occupying ranged from 1 to 6. For 2 NSAs each of which had been

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allocated an office space of 400 square feet, the numbers of staff occupying ranged from 6 to 15; and

- (b) there were, in general, large variations in the average gross floor area per staff.

Full details are shown in Table 10.

Table 10

NSAs' gross floor areas and numbers of staff in the Olympic House (2018-19)

NSA	Gross floor area of office space allocated (a) (square feet)	Gross floor area of additional office space allocated (b) (square feet)	Total gross floor area (c) = (a) + (b) (square feet)	No. of part-time staff (d)	No. of full-time staff (e)	Total no. of staff (f) = (d) + (e)	Average gross floor area per staff (g) = (c) ÷ (f) (square feet)
1	130.0	—	130.0	—	1	1	130
2	130.0	—	130.0	1	2	3	43
3	130.0	—	130.0	3	3	6	22
4	138.0	—	138.0	1	—	1	138
5	138.0	—	138.0	—	3	3	46
6	138.0	—	138.0	1	2	3	46
7	140.0	—	140.0	—	2	2	70
8	160.0	—	160.0	2	4	6	27
9	170.0	—	170.0	3	3	6	28
10	170.0	—	170.0	2	5	7	24
11	180.0	—	180.0	3	3	6	30
12	190.0	—	190.0	1	2	3	63
13	190.0	—	190.0	1	3	4	48
14	200.0	—	200.0	—	3	3	67
15	200.0	—	200.0	2	4	6	33
16	210.0	—	210.0	—	4	4	53
17	230.0	—	230.0	—	2	2	115
18	230.0	—	230.0	5	4	9	26
19	245.0	—	245.0	1	3	4	61
20	247.0	—	247.0	—	7	7	35
21	250.0	—	250.0	—	4	4	63

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Table 10 (Cont'd)

NSA	Gross floor area of office space allocated (a) (square feet)	Gross floor area of additional office space allocated (b) (square feet)	Total gross floor area (c) = (a) + (b) (square feet)	No. of part-time staff (d)	No. of full-time staff (e)	Total no. of staff (f) = (d) + (e)	Average gross floor area per staff (g) = (c) ÷ (f) (square feet)
22	276.0	—	276.0	1	5	6	46
23	300.0	—	300.0	—	4	4	75
24	200.0	110.0	310.0	1	5	6	52
25	329.0	—	329.0	2	4	6	55
26	250.0	100.0	350.0	3	4	7	50
27	350.0	—	350.0	—	7	7	50
28	250.0	130.0	380.0	—	6	6	63
29	390.0	—	390.0	—	5	5	78
30	400.0	—	400.0	—	6	6	67
31	400.0	—	400.0	—	15	15	27
32	150.0	260.0	410.0	—	3	3	137
33	250.0	160.0	410.0	1	10	11	37
34	250.0	170.0	420.0	—	4	4	105
35	420.0	—	420.0	—	4	4	105
36	450.0	—	450.0	—	9	9	50
37	470.0	—	470.0	—	10	10	47
38	490.0	—	490.0	—	7	7	70
39	535.0	—	535.0	—	10	10	54
40	610.0	—	610.0	2	10	12	51
41	600.0	200.0	800.0	—	14	14	57
42	460.0	547.0	1,007.0	—	8	8	126
43	790.0	250.0	1,040.0	—	14	14	74
44	510.0	993.8	1,503.8	—	14	14	107
45	700.0	1,611.2	2,311.2		31		75

Source: *Audit analysis of MCOHL records*

2.48 According to the tenancy agreements signed between MCOHL and NSAs, MCOHL may also reallocate any office spaces in the Olympic House to NSAs taking into consideration the numbers of their staff. To meet with NSAs' demand for office spaces (see para. 2.46) and to help ease the problem of over-crowding of NSA staff in the Olympic House, Audit considers that SF&OC needs to, in consultation with

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HAB (Note 20), review the areas of office spaces in the Olympic House allocated to NSAs and reallocate the areas to the NSAs in accordance with the numbers of staff of the NSAs as appropriate. To facilitate reallocation, SF&OC also needs to, in consultation with HAB, consider standardising NSA staff's office space entitlement in the Olympic House so as to facilitate reallocation of areas of office spaces to NSAs.

2.49 *Need to improve the use of meeting venues.* The meeting venues available at the Olympic House comprise a lecture theatre of 3,535 square feet with a seating capacity of 300 seats (see Photograph 5), a board room of 1,388 square feet with a seating capacity of 30 seats (see Photograph 6) and 7 meeting rooms of 300 to 2,430 square feet with seating capacities of 15 to 120 seats (see Photograph 7 for one of the meeting rooms). The venues are open up to the local sports sector and the public at hourly charges. SF&OC and its affiliated companies, and all NSAs can use the 7 meeting rooms free of charge.

Note 20: *According to the lease signed between MCOHL and the Government Property Agency on behalf of the Government (the Olympic House is a property of the Government (see para. 1.15(b)), subject to prior written consent of HAB, MCOHL shall provide offices, associated storage and other accommodation and related services and facilities to SF&OC, NSAs and other affiliated members of SF&OC to be used solely for the purposes for the promotion and administration of sports in Hong Kong, and may make any alteration, demolition or addition in the Olympic House.*

Photograph 5

Lecture theatre in Olympic House



Source: MCOHL records

Photograph 6

Board room in Olympic House



Source: MCOHL records

Photograph 7

A meeting room in Olympic House



Source: MCOHL records

2.50 Audit examined the utilisation of the meeting venues in the Olympic House in the period 2014-15 to 2018-19. Audit found that over the period the usage rate of:

- (a) the lecture theatre was between 26% and 32%;
- (b) the board room decreased from 14% in 2014-15 to 9% in 2018-19; and
- (c) the meeting rooms was between 41% and 54%.

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Details of the usage rates are shown in Table 11.

Table 11

**Utilisation of meeting venues in the Olympic House
(2014-15 to 2018-19)**

Meeting venue	Usage rate	2014-15	2015-16	2016-17	2017-18	2018-19
Lecture theatre	Hours available for booking	5,475.0	5,475.0	5,475.0	5,475.0	5,475.0
	Hours utilised	1,399.5	1,779.0	1,625.0	1,435.5	1,493.5
	Usage rate	26%	32%	30%	26%	27%
Board room	Hours available for booking	5,475.0	5,475.0	5,475.0	5,475.0	5,475.0
	Hours utilised	761.0	715.5	891.5	644.0	506.5
	Usage rate	14%	13%	16%	12%	9%
Meeting rooms (7 rooms)	Hours available for booking	38,325.0	38,325.0	38,325.0	38,325.0	38,325.0
	Hours utilised	15,673.0	16,644.5	19,657.0	20,611.0	20,808.0
	Usage rate	41%	43%	51%	54%	54%

Source: Audit analysis of MCOHL records

Remarks: According to the agreement between HAB and MCOHL, the total number of hours available for booking of each venue was 5,475 hours (15 hours (from 8 a.m. to 11 p.m.) × 365 days).

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2.51 Given the demand for office spaces in the Olympic House (see paras. 2.43 and 2.46) and the fact that utilisation of the meeting venues in the Olympic House was consistently not high, Audit considers that SF&OC needs to, in consultation with HAB, explore the feasibility of converting some meeting rooms into office spaces. Furthermore, SF&OC needs to step up its efforts in promoting the availability of the lecture theatre and the board room for public hiring.

Audit recommendations

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

- (a) **in collaboration with SF&OC, map out the way forward for the Olympic House; and**
- (b) **devise a timetable to take forward matters arising as appropriate.**

2.53 **Audit has recommended that the Executive Director, SF&OC should:**

- (a) **in consultation with HAB:**
 - (i) **review the areas of office spaces in the Olympic House allocated to NSAs and reallocate the areas to the NSAs in accordance with the numbers of staff of the NSAs as appropriate;**
 - (ii) **consider standardising NSA staff's office space entitlement in the Olympic House so as to facilitate reallocation of areas of office spaces to NSAs; and**
 - (iii) **explore the feasibility of converting some meeting rooms in the Olympic House into office spaces; and**
- (b) **step up efforts in promoting the availability of the lecture theatre and the board room for public hiring.**

Response from the Government

2.54 The Secretary for Home Affairs accepts the audit recommendations in paragraph 2.52. He has said that HAB has been reviewing with SF&OC and relevant NSAs their office requirements taking into account current and future needs, and will continue to work closely with SF&OC in taking forward the redevelopment of the Olympic House.

Response from SF&OC

2.55 The President of SF&OC has said that SF&OC:

- (a) accepts the audit recommendations in paragraph 2.53; and
- (b) is already taking measures to improve the utilisation rate of the meeting venues and will follow up with HAB on the review process of NSA staff's office space entitlement.

Procurement issues

2.56 SF&OC has laid down the requirements for procurement purpose in its procurement policies and principles. For goods or services with a value:

- (a) of \$5,000 or below, at least 1 written quotation is required;
- (b) between \$5,001 and \$50,000, at least 2 written quotations are required;
- (c) between \$50,001 and \$1,300,000, at least 3 written quotations are required;
and
- (d) exceeding \$1,300,000, open tendering is required.

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2.57 Restricted tendering/quotations or single tendering/quotation may be used for procurement of goods or services if the following conditions are met:

- (a) there is a limited number of suppliers (for restricted tendering/quotations) or suppliers who are sole agents or patented distributors (for single tendering/quotation); and
- (b) prior approval is sought from the following relevant authorities (who are responsible for approving quotations and tendering stated in paragraph 2.56):
 - (i) from Manager/Section Head for goods or services with a value of \$1,000 or below;
 - (ii) from the Executive Director for goods or services with a value between \$1,001 and \$10,000;
 - (iii) from the Honorary Secretary General/Honorary Deputy Secretary General/Honorary Treasurer for goods or services with a value between \$10,001 and \$50,000;
 - (iv) from the President or two of the elected officers (i.e. the Honorary Secretary General/Honorary Deputy Secretary General/Honorary Treasurer) for goods or services with a value between \$50,001 and \$130,000;
 - (v) from the President via an elected officer (i.e. the Honorary Secretary General/Honorary Deputy Secretary General/Honorary Treasurer) for goods or services with a value between \$130,001 and \$1,300,000; and
 - (vi) from the Tender Board (consisting of at least two elected officers) for goods or services with a value above \$1,300,000.

For restricted and single tendering, the above information should be clearly recorded in the tender evaluation report for examination by the approving authority.

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Scope for improvement in procuring goods and services

2.58 Audit examined the procurement records of SF&OC and MCOHL in 2016-17 to 2018-19 (Note 21) and found that there was scope for improvement in 47 procurements of goods or services with a total amount of about \$6.6 million (see Table 12).

Table 12

**47 procurements of goods or services by SF&OC and MCOHL
(2016-17 to 2018-19)**

Procurement amount	SF&OC Secretariat		The Office of HKACEP		The Office of HKADC		MCOHL		Total	
	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
\$5,000 or below	4	6,238	N.A.						4	6,238
\$5,001 to \$50,000	10	228,601	7	130,334	9	274,217	1	12,000	27	645,152
\$50,001 to \$1,300,000	12	1,485,994	1	68,000	—		1	180,000	14	1,733,994
Exceeding \$1,300,000	2	4,198,542	—						2	4,198,542
Total	28	5,919,375	8	198,334	9	274,217	2	192,000	47	6,583,926

Source: Audit analysis of SF&OC and MCOHL records

2.59 Audit noted that in the 47 procurements (see para. 2.58):

- (a) in 20 procurements made by the SF&OC Secretariat, the Office of HKACEP, the Office of HKADC and MCOHL, only a single quotation had been obtained as, according to SF&OC, the suppliers were sole suppliers or sole agents. Audit, however, noted that this was not always the case. For example, in 2018-19, in a procurement of a portable speaker with an amount of \$6,674 by the Office of HKACEP, the reason for the single quotation was that the supplier was the exclusive distributor of a particular

Note 21: In 2018-19, SF&OC and MCOHL made about 300 and 70 procurements respectively.

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brand of audio products in Hong Kong. In Audit's view, however, there were other compatible brands of portable speakers available in the market;

- (b) in 24 procurements made by the SF&OC Secretariat, the procurements were in fact reimbursements of expenses to HKSI, NSAs and an Officer of the Board for services or goods acquired. The 24 reimbursements comprised 12 reimbursements of transportation costs (Note 22) and 12 reimbursements of air fares (Note 23) to HKSI, NSAs and an Officer of the Board. The expenses ranged from \$780 to \$256,575. In respect of reimbursements of:
- (i) transportation costs, NSAs furnished invoices and payment receipts of the expenses to SF&OC. However, SF&OC had not laid down guidelines on reimbursements of expenses to NSAs (e.g. requesting NSAs to provide information on quotations obtained); and
 - (ii) air fares, SF&OC informed Audit in February 2020 that for such reimbursements, a maximum reimbursable amount had been agreed between SF&OC and the person/organisation to whom the reimbursement was made. Audit, however, noted that in 1 of the 12 reimbursements, the maximum reimbursable amount had not been set. Furthermore, there were no guidelines on the setting of maximum reimbursable amounts.

In March 2020, SF&OC informed Audit that since SF&OC was not involved in the engagement of service processes of NSAs, SF&OC's procurement policies and principles were not applicable. In addition,

Note 22: *The transportation costs were, for example, for transporting bulky items (e.g. bikes and windsurfing equipment) for use in international games. It was a practice that the expenses for transporting athletes' sports equipment for use in international games were borne by SF&OC. NSAs needed to submit their budgets to SF&OC, while SF&OC vetted the budgets and submitted them to HAB for approval. The expenses were first paid by NSAs, which would then seek reimbursements from SF&OC in accordance with the approved budgets.*

Note 23: *According to SF&OC, in urgent situations, or in situations where an athlete of HKSI, an athlete of an NSA, or an Officer of the Board was required to fly from a place outside Hong Kong to another place outside Hong Kong to attend a competition, the athlete (or the Officer) would first buy an air ticket and then seek reimbursement from SF&OC.*

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reimbursement was considered on a case-by-case basis in each event in order to cater for different situations. In Audit's view, as SF&OC had not laid down guidelines on reimbursements of expenses to NSAs and on the setting of maximum reimbursable amounts, it was uncertain whether best value for money had been achieved in making the reimbursement;

- (c) in 2 procurements with individual amounts exceeding \$1.3 million (where tendering was required — see para. 2.56(d)) made by the SF&OC Secretariat, the procurements were for purchase of air tickets for Hong Kong, China Delegation to participate in two international games. The amounts were \$2.13 million (involving air tickets of 170 members of the delegation) and \$2.06 million (involving air tickets of 627 members of the delegation) made in 2017-18 and 2018-19 respectively. Audit noted that:
 - (i) tendering had not been conducted (see para. 2.57(b)(vi));
 - (ii) according to SF&OC, the 2 procurements were exempted from procurement requirements as they were under “sponsorship agreements” (Note 24). Audit, however, noted that the “sponsorship agreements” were in fact purchase of air tickets at a discount. In Audit's view, SF&OC could have obtained quotations from other suppliers to ensure that best value for money was achieved in making the procurements; and
 - (iii) the 2 procurements had only been approved by the Honorary Secretary General or the President of SF&OC. In view of the large amounts involved, in Audit's view, the 2 procurements should have been approved by at least two elected officers (see para. 2.57(b)(vi)). Furthermore, as a matter of propriety, approval should have been sought from the relevant authority (e.g. from at least two elected officers in these 2 procurements) for not conducting tendering; and

Note 24: *According to the procurement policies and principles, some procurements could be exempted from procurement requirements (e.g. membership fees to international bodies, procurements of goods or services which are based on the sponsorship agreement as mutually agreed by the sponsor and SF&OC).*

- (d) in 1 procurement with an amount of \$180,000 for a 2-year maintenance service of the passenger lift at the Olympic House made by MCOHL, only two instead of the required three written quotations had been obtained (see para. 2.56(c)). Furthermore, the procurement had only been approved by the two elected officers. It should have been approved by the President of SF&OC via an elected officer (see para. 2.57(b)(v)).

Audit recommendations

2.60 **Audit has *recommended* that the Executive Director, SF&OC should:**

- (a) **instead of restricting to a particular brand of product or service, consider procuring other brands of products or services of similar qualities to achieve better value for money;**
- (b) **lay down guidelines for reimbursements of expenses;**
- (c) **take measures to ensure that SF&OC procurement requirements are always followed (e.g. the required numbers of written quotations are obtained and the relevant approving authorities are sought); and**
- (d) **in compelling circumstances where tendering is not conducted as required:**
 - (i) **ensure that approval from the relevant authority is sought for not conducting tendering; and**
 - (ii) **ensure that quotations are obtained and the quotations are approved by the relevant authority.**

Response from SF&OC

- 2.61 The President of SF&OC has said that SF&OC:
- (a) accepts the audit recommendations; and
 - (b) agrees to further enhance the procurement policy to cover the compelling circumstances and guidelines for reimbursements of expenses.

PART 3: GOVERNMENT FUNDING AND MONITORING

3.1 This PART examines:

- (a) provision of subventions by Home Affairs Bureau (paras. 3.2 to 3.18); and
- (b) monitoring by Home Affairs Bureau (paras. 3.19 to 3.39).

Provision of subventions by Home Affairs Bureau

Need to review subvented programmes with persistent operating deficits

3.2 It was stated in Financial Circular No. 9/2004 “Guidelines on the Management and Control of Government Funding for Subvented Organisations” that in examining an organisation’s budget, among other things, the Controlling Officer should examine whether the deficit budget (if any) is justified and whether the organisation is able to manage the deficit with its reserve (Note 25). If not, the Controlling Officer should take up with the Director of Bureau to consider a viable and sustainable way forward.

3.3 In respect of HAB subventions to SF&OC and MCOHL, as stated in Table 1 in paragraph 1.3 and paragraph 1.4, HAB provided funding of \$24 million to SF&OC in 2018-19. According to the 2020-21 Budget, to further promote sports development in Hong Kong, the Government will substantially increase the total subvention for SF&OC and 60 NSAs from about \$300 million to more than \$500 million a year over the next four years.

Note 25: *The reserve is the accumulated amount of surplus arising from a subvented programme. According to Financial Circular No. 9/2004, surplus may come from unspent subvention or unspent income from other sources supporting a subvented programme.*

Government funding and monitoring

3.4 Audit examined the financial positions of programmes of SF&OC and MCOHL subvented by HAB (see para. 1.14) in the period 2014-15 to 2018-19. Details are shown in Table 13.

Table 13

**Financial positions of subvented programmes of SF&OC and MCOHL
(2014-15 to 2018-19)**

	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)
SF&OC					
<i>SF&OC Secretariat (Note)</i>					
Income	7,196	7,541	7,652	7,862	7,870
Expenditure	7,229	7,563	7,749	8,239	8,458
Surplus/(Deficit)	(33)	(22)	(97)	(377)	(588)
Reserve	7	Nil			
<i>The Office of HKACEP</i>					
Income	3,810	3,147	2,862	2,526	2,887
Expenditure	3,764	3,194	2,949	2,341	3,041
Surplus/(Deficit)	46	(47)	(87)	185	(154)
Reserve	46	Nil		185	31
<i>The Office of HKADC</i>					
Income	5,076	4,567	4,817	5,355	5,892
Expenditure	5,139	4,932	4,854	5,317	6,081
Surplus/(Deficit)	(63)	(365)	(37)	38	(189)
Reserve	58	Nil		38	Nil
MCOHL					
Income	12,459	13,239	12,894	14,372	14,332
Expenditure	13,527	13,451	13,950	13,142	13,426
Surplus/(Deficit)	(1,068)	(212)	(1,056)	1,230	906
Reserve	2,374	2,162	1,106	2,336	3,242

Source: SF&OC's and MCOHL's audited accounts of their subvented programmes submitted to HAB

Note: The subvention includes the amount provided by HAB for LCSD (and disbursed through HAB to SF&OC) to cover mainly the personnel expenses of an Administrative Assistant post responsible for the organisation of community programmes.

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3.5 Audit noted that:

- (a) throughout the period 2014-15 to 2018-19, the SF&OC Secretariat had operating deficits. The deficits had increased from \$33,000 in 2014-15 to \$588,000 in 2018-19. The SF&OC Secretariat had depleted its reserve since 2015-16. According to SF&OC, it had financed the SF&OC Secretariat's subvented programmes from its own incomes (see Note 8 to para. 1.19);
- (b) in 2015-16 and 2016-17, the Office of HKACEP, the Office of HKADC and MCOHL also had operating deficits. In these two years, the Office of HKACEP and the Office of HKADC had depleted their reserves; and
- (c) in 2017-18, the Office of HKACEP and the Office of HKADC had drawn on the one-off allocation of \$9 million provided by HAB for each of them to cover the programme expenses of the Office of HKACEP and the Office of HKADC (see para. 1.16(c)(i) and (ii)). In 2017-18, MCOHL had also drawn on the one-off allocation of \$9 million provided by HAB for MCOHL's continuous operation (see para. 1.16(c)(iii)). Furthermore, in 2017-18, MCOHL had started to charge all tenants in the Olympic House monthly management fees (see para. 2.42 and Note to Table 15 in para. 3.11(a)). In 2017-18, therefore, the Office of HKACEP, the Office of HKADC and MCOHL had operating surpluses. Nevertheless, in 2018-19, only MCOHL had a surplus, while the Office of HKACEP and the Office of HKADC had incurred deficits. In addition, the Office of HKADC had again depleted its reserve. According to SF&OC, it had financed the subvented programmes of the Office of HKACEP and the Office of HKADC from its own incomes.

3.6 Given the deficits mentioned in paragraph 3.5 and the requirements of the Financial Circular imposed on the Controlling Officers (see para. 3.2), Audit considers that HAB needs to closely monitor the financial positions of SF&OC and MCOHL, and consider a viable and sustainable way forward for SF&OC and MCOHL. In March 2020, HAB informed Audit that HAB has all along closely monitored the financial position of SF&OC (including MCOHL) and provided additional one-off allocations to SF&OC from time to time where the circumstances warranted. Having regard to SF&OC's financial situation in recent years, the Government has decided to substantially increase the recurrent subvention for SF&OC from 2020-21 onwards.

Need to disburse recurrent subventions on a timely basis

3.7 Recurrent subventions are disbursed by HAB to SF&OC and MCOHL through four equal quarterly payments. Audit examined the disbursements to SF&OC in the period 2016-17 to 2018-19 and found that the recurrent subventions were not always disbursed on a timely basis (see columns (e) and (f) in Table 14).

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Table 14

Disbursement of recurrent subventions to SF&OC (2016-17 to 2018-19)

Year	Date of receipt of budget from SF&OC (a)	Date of signing subvention agreement (b)	Date of disbursement (in four equal quarterly payments) stipulated in subvention agreement (c)	Date of actual disbursement (d)	Delay in disbursement (Note 1) (e) (days)	Delay in disbursement between 2016-17 and 2017-18 and between 2017-18 and 2018-19 (f) (days)	
2016-17	15.01.2016	26.05.2016	10 working days after signing of agreement (i.e. on or before 10.06.2016)	02.06.2016	Nil	49 (Note 2)	
			31.07.2016	08.08.2016	7		
			31.10.2016	19.10.2016	Nil		
			31.01.2017	17.02.2017	16		
2017-18	26.01.2017	06.06.2017	10 working days after signing of agreement (i.e. on or before 20.06.2017)	05.07.2017	14		
			31.07.2017	13.11.2017	104		
			31.10.2017	13.11.2017	12		
			31.01.2018	09.02.2018	8		
2018-19	17.01.2018	08.05.2018	10 working days after signing of agreement (i.e. on or before 23.05.2018)	21.05.2018	Nil		12 (Note 3)
			31.07.2018	04.09.2018	34		
			31.10.2018	19.12.2018	48		
			31.01.2019	25.03.2019	52		

Source: Audit analysis of HAB records

Note 1: The days of delay in disbursement are counted from the next day after the date of disbursement stipulated in the subvention agreement to the day before the date of actual disbursement.

Note 2: The days of delay between 2016-17 and 2017-18 are counted from 17.05.2017 (i.e. three months (i.e. a quarter) after the last quarterly payment on 17.02.2017 in 2016-17) to 4.7.2017 (i.e. the day before the date of first quarterly payment in 2017-18).

Note 3: The days of delay between 2017-18 and 2018-19 are counted from 09.05.2018 (i.e. three months (i.e. a quarter) after the last quarterly payment on 09.02.2018 in 2017-18) to 20.05.2018 (i.e. the day before the date of first quarterly payment in 2018-19).

3.8 According to SF&OC, long delays in and irregular intervals of receiving disbursements from HAB (e.g. in 2017-18, the first payment was made on 5 July 2017, while the second and third payments were not made in accordance with the dates of disbursement stipulated in the subvention agreement, but were both made, after 4 months from 5 July 2017, on 13 November 2017 — see Table 14 in para. 3.7) had caused disruptions to the cashflow of SF&OC and had hence resulted in operational difficulties. With respect to the disbursements to MCOHL, Audit noted that the dates of disbursement had not been stipulated in the funding agreements signed between HAB and MCOHL, and was therefore unable to assess whether there were any delays in disbursements.

3.9 Audit considers that HAB needs to look into SF&OC's concerns and take measures to disburse recurrent subventions to SF&OC on a timely basis. Furthermore, HAB needs to set scheduled dates of disbursement for MCOHL and ensure that recurrent subventions are disbursed to MCOHL on a timely basis. In March 2020, HAB informed Audit that pursuant to the relevant clause of the subvention agreement signed between the Government (represented by HAB) and SF&OC, the subvention shall be paid by way of instalments according to the schedule stated therein subject to the due performance by SF&OC to the Government's satisfaction. In this regard, it has been HAB's practice to vet the latest quarterly report submitted by SF&OC before making the disbursement and thus has caused some delays in the payment. HAB agrees with Audit's suggestions and will endeavour to arrange the disbursement in a timely manner in future.

Need to ensure no cross-subsidisation between subvented programmes and self-financing activities

3.10 According to Financial Circular No. 9/2004 (see para. 3.2), government subventions are provided to organisations for conducting subvented programmes. Organisations should ensure that there is no cross-subsidisation of self-financing activities by subvented programmes in money or in kind.

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3.11 As mentioned in paragraph 1.6, other than MCOHL, SF&OC has two affiliated companies, namely the SF&OC Sports Legacy Company Limited (the Company) and the Hong Kong Olympic Fans Club Limited (the Club). The two companies, which were established in November 2015 and May 2017 respectively, are operated on a self-financing basis. Audit noted that:

- (a) the Company occupied an office space of 305 square feet in the Olympic House. Although the Company was operating on a self-financing basis, MCOHL only charged the Company a monthly management fee at subvented rate. In March 2020, SF&OC informed Audit that the background of setting up the Company was fully endorsed by HAB in 2015, even though the charging of subvented rate had not been discussed and explicitly agreed at the time of setting up the Company in 2015. In Audit's view, as the Company was operating on a self-financing basis, it should have been charged the non-subvented rate. Table 15 shows the amount of management fee which should have been paid by the Company since it occupied office space in the Olympic House in November 2015;

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Table 15
Management fee payable by the Company
(2015-16 to 2018-19)

	2015-16	2016-17	2017-18	2018-19	Total
Audit's recalculation (Note) (a)	\$36,646.8	\$98,454.0	\$107,811.4	\$116,144.0	\$359,056.2
MCOHL's calculation (per tenancy agreement between MCOHL and the Company)(Note) (b)	Nil	Nil	\$3,172.0	\$10,004.0	\$13,176.0
Management fee undercharged (c) = (a) – (b)	\$36,646.8	\$98,454.0	\$104,639.4	\$106,140.0	\$345,880.2

Source: *Audit analysis of MCOHL records*

Note: *MCOHL charged the following management fees for tenants in the Olympic House (see also para. 2.42):*

<i>Period</i>	<i>SF&OC and affiliated company and subvented NSAs (per square foot)</i>	<i>Subvented NSAs occupying additional office spaces (per square foot)</i>	<i>Non-subvented NSAs and sports-related organisations (per square foot)</i>
<i>17.11.2015 (date of occupation of office space by the Company) to 6.4.2017</i>	<i>Nil (MCOHL started to charge management fee in 2017-18)</i>	<i>\$22.9</i>	<i>\$26.9</i>
<i>7.4.2017 to 30.11.2018</i>	<i>\$2.6</i>	<i>\$25.5</i>	<i>\$29.5</i>
<i>1.12.2018 to 31.3.2019</i>	<i>\$3.0</i>	<i>\$31.3</i>	<i>\$36.2</i>

- (b) over the years, in addition to the under-charging of management fee, there was no apportionment of office overheads (e.g. salaries of managerial staff responsible for the operation of both the Company and subvented programmes, and other administrative and operational expenses) between the Company and subvented programmes; and
- (c) the Club had one staff working within the office of the SF&OC Secretariat in the Olympic House. There was no apportionment of office overheads between the Club and subvented programmes.

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3.12 Audit considers that SF&OC needs to, in consultation with HAB, rectify the inadequacies relating to the charging of management fee on the Company and the non-apportionment of office overheads between the Company and subvented programmes, and between the Club and subvented programmes. SF&OC also needs to take measures to ensure that there is no cross-subsidisation between subvented programmes and self-financing activities in future.

Need to update the list of subvented organisations

3.13 According to Financial Circular No. 9/2004, the Directors of Bureaux are required to notify the Financial Services and the Treasury Bureau (FSTB) of additions to/deletions from the list of organisations receiving recurrent funding from the Government. This is to ensure that all subvented organisations comply with the requirements under the Financial Circular.

3.14 Audit noted that while MCOHL, which receives HAB's recurrent subventions and has entered into a separate subvention agreement with the Government (see para. 1.15(b)), had not been included in the list (see para. 3.13). Audit considers that HAB needs to notify FSTB to include MCOHL in the list. In March 2020, HAB informed Audit that as pointed out by Audit, pursuant to Financial Circular No. 9/2004, Directors of Bureaux are required to notify FSTB of additions to/deletions from the list of organisations receiving recurrent funding from the Government (i.e. Annex 1 of the Circular). While noting that not all organisations receiving recurrent funding from the Government are explicitly spelt out in Annex 1 of the Circular (e.g. some subvented organisations are merely stated as "Major Performing Arts Groups", "Welfare NGOs (i.e. non-governmental organisations)", etc.), HAB will consult FSTB on Audit's suggestion and follow up accordingly.

Audit recommendations

- 3.15 **Audit has recommended that the Secretary for Home Affairs should:**
- (a) **continue to closely monitor the financial positions of SF&OC and MCOHL;**
 - (b) **ensure that recurrent subventions are disbursed to SF&OC on a timely basis;**

- (c) **set scheduled dates of disbursement for MCOHL and ensure that recurrent subventions are disbursed to MCOHL on a timely basis; and**
- (d) **ensure that FSTB is consulted for inclusion of MCOHL in the list of organisations receiving recurrent funding from the Government, and follow up accordingly.**

3.16 **Audit has *recommended* that the Executive Director, SF&OC should:**

- (a) **in consultation with HAB, rectify the inadequacies relating to the charging of management fee on SF&OC Sports Legacy Company Limited (the Company) and the non-apportionment of office overheads between the Company and subvented programmes, and between the Hong Kong Olympic Fans Club Limited and subvented programmes; and**
- (b) **take measures to ensure that there is no cross-subsidisation between subvented programmes and self-financing activities in future.**

Response from the Government

3.17 The Secretary for Home Affairs agrees with the audit recommendations in paragraph 3.15. He has said that:

- (a) having regard to the financial positions of SF&OC, HAB has decided to substantially increase its recurrent subvention from \$20 million in 2019-20 to \$40.6 million in 2020-21 and will continue to closely monitor its financial positions in the years to come;
- (b) HAB will review the payment procedure and endeavour to disburse the recurrent subvention to SF&OC and MCOHL in a timely manner; and
- (c) in respect of the audit recommendation to include MCOHL in the list of organisations receiving recurrent subvention from the Government, HAB will consult FSTB and take follow-up action accordingly.

Response from SF&OC

- 3.18 The President of SF&OC has said that SF&OC:
- (a) accepts the audit recommendations in paragraph 3.16; and
 - (b) will undertake to review the management fee arrangement with HAB.

Monitoring by Home Affairs Bureau

Need to ensure timely submission of reports

3.19 According to the subvention agreement signed between HAB and SF&OC (see para. 1.15(a)), SF&OC undertakes to submit the following documents to HAB:

- (a) ***Quarterly reports.*** Reports should be submitted within three months after the end of each quarter to report on SF&OC's incomes and expenses, achievement of performance indicators stipulated in the subvention agreements (see Appendix F), problems encountered, remedial measures taken to tackle the problems, and other information as required by HAB; and
- (b) ***Annual audited accounts.*** Audited accounts of SF&OC are required to be submitted on or before 30 September after the end of a subvention year (i.e. from April to March in the ensuing year).

3.20 According to the subvention agreement signed between HAB and MCOHL (see para. 1.15(b)), MCOHL undertakes to:

- (a) submit to HAB:
 - (i) on a quarterly basis, a statement of management accounts on or before the 20th day of the month following the end of a quarter;
 - (ii) unaudited accounts on or before 30 June after the end of a subvention year;

- (iii) audited accounts on or before 30 September after the end of a subvention year; and
 - (iv) a report on the achievement of performance indicators stipulated in the subvention agreement (see Appendix F) on or before 30 June after the end of a subvention year; and
- (b) make public disclosure of the remuneration of staff of the top three tiers of MCOHL in its annual report.

3.21 Under the aforementioned subvention agreements (see paras. 3.19 and 3.20), the Government shall be entitled to terminate the subvention agreement if SF&OC or MCOHL is in breach of any of the terms and conditions of the subvention agreement or fails to fulfill the obligations under the agreements.

3.22 Audit examined the submission of accounts and reports by SF&OC and MCOHL in the period 2014-15 to 2018-19 and found that:

- (a) MCOHL was frequently not punctual in submitting accounts (see Table 16). In March 2020, SF&OC informed Audit that MCOHL would not be able to submit management accounts within 20 days following the end of a quarter as it took some time for accounting work to be done; and HAB also informed Audit that HAB understood that there were practical difficulties for MCOHL to submit the quarterly management accounts on or before the 20th day of the month following the end of a quarter. HAB will follow up the matter with MCOHL including the consideration of extension of the deadline for submission of the accounts, and revise the relevant requirement in the subvention agreement as appropriate; and

Table 16

**Submission of accounts by MCOHL
(2014-15 to 2018-19)**

	Time for submission	2014-15	2015-16	2016-17	2017-18	2018-19
		(days of delay)				
Management accounts						
April to June	On or before 20th day of the month following the end of a quarter	5	No delay	5	No delay	5
July to September		5	No delay	5	No delay	5
October to December		No delay	No delay	5	5	5
January to March		17	6	5	5	5
Audited accounts	On or before 30 September after the end of a subvention year	No delay	No delay	No delay	No delay	31

Source: *Audit analysis of HAB records*

- (b) in the period 2014-15 to 2017-18, MCOHL did not submit any reports on its achievement of performance indicators to HAB. Upon Audit’s enquiries, MCOHL submitted its achievement of performance indicators for 2018-19 to HAB. Audit further noted that despite the non-submission of the reports in the period 2014-15 to 2017-18, HAB had not taken any follow-up actions to demand the submission of the reports.

3.23 Audit considers that MCOHL needs to take measures to ensure that all the required accounts and reports are submitted in accordance with the time schedules agreed with HAB. On the other hand, HAB needs to ensure that follow-up actions are taken to consider appropriate extension of the deadline for submission of management accounts by MCOHL. HAB also needs to monitor the submission of accounts and reports by MCOHL and instigate follow-up actions where warranted.

Need to monitor achievements of performance indicators

3.24 Audit examined the reports submitted by SF&OC and MCOHL to HAB in the period 2014-15 to 2018-19, and found that of a total of 15 performance indicators set annually for SF&OC and 6 performance indicators set annually for MCOHL (see Appendix F), the Office of HKADC and MCOHL had failed to achieve some of the stipulated performance indicators (see Tables 17 and 18). Both SF&OC and MCOHL had not provided any explanations for not achieving the performance indicators. There was also no evidence indicating that HAB had taken any follow-up actions.

Table 17

**Performance indicators not achieved by SF&OC
(2014-15 to 2018-19)**

Year	Performance indicator	Target achievement (a) (No.)	Actual achievement (b) (No.)	Under-achievement	
				(c) = (b) – (a) (No.)	(d) = (c)/(a) × 100% (%)
The Office of HKADC					
2014-15	Attending international conference or training courses	3 sessions	2 sessions	1 session	33%
2015-16	Producing annual reports on anti-doping activities	39 reports	32 reports	7 reports	18%
2016-17	Producing annual reports on anti-doping activities	40 reports	32 reports	8 reports	20%
2017-18	Producing annual reports on anti-doping activities	40 reports	37 reports	3 reports	8%
2018-19	Monitoring whereabouts submission from athletes (see para. 2.36(b))	313 athletes	267 athletes	46 athletes	15%

Source: Audit analysis of SF&OC records

Table 18

**Performance indicator not achieved by MCOHL
(2014-15 to 2018-19)**

Year	Performance indicator	Target achievement (a) (No.)	Actual achievement (b) (No.)	Under-achievement	
				(c) = (b) – (a) (No.)	(d) = (c)/(a) × 100% (%)
2018-19 (Note)	Convening one Management Committee meeting annually	1 meeting	Nil	1 meeting	100%

Source: Audit analysis of MCOHL records

Note: In the period 2014-15 to 2017-18, MCOHL had not submitted any reports on achievement of performance indicators to HAB (see para. 3.22(b)).

3.25 Audit considers that HAB needs to require SF&OC and MCOHL to provide explanations for any under-achievements of performance indicators. In circumstances where no explanations are provided or the explanations provided are not satisfactory, HAB needs to take follow-up actions with SF&OC and MCOHL.

Need to improve the reporting of achievements

3.26 In examining the achievements against performance indicators reported by SF&OC and MCOHL in 2018-19, Audit found that there was room for improvement in their reporting of the achievements. Details are shown in Table 19.

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Table 19

**Achievements against performance indicators reported by SF&OC and MCOHL
(2018-19)**

	Performance indicator	Target achievement	Reported achievement (a)	Achievement ascertained by Audit (b)	Difference between reported achievements and achievements ascertained by Audit (c) = (a) – (b)	Reason for difference
The Office of HKACEP	Career <ul style="list-style-type: none"> • Providing job placement and internships 	25 job placements	56 job placements	29 job placements	27 job placements (48%)	The reported achievement included the number of job placements under a programme not financed by HAB subvention
The Office of HKADC	Testing <ul style="list-style-type: none"> • Conducting anti-doping tests 	502 tests	560 tests (Note)	492 tests	68 tests (12%)	The reported achievement included unsuccessful attempts for conducting anti-doping tests
MCOHL	Attaining a usage rate of meeting room facilities (out of 49,275 room-hours)	32%	46%	42%	4% (9%)	The reported achievement included hours of meeting room facilities booked by hirers who subsequently did not show up

Source: Audit analysis of SF&OC and MCOHL records

Note: As shown in Table 9 in paragraph 2.37, the figure was 561 (492 plus 69) tests. SF&OC reported 560 tests to HAB.

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3.27 To ensure clarity and transparency of performance information, Audit considers that SF&OC needs to improve the reporting of achievements of performance indicators to HAB. For the performance indicator of providing job placement and internships, SF&OC needs to report separately the number of job placements achieved under HAB subvented programmes and non-subvented programmes. For the performance indicator of conducting anti-doping tests, SF&OC needs to distinguish between successful and unsuccessful attempts for conducting anti-doping tests.

Need to disclose staff remuneration

3.28 Under the subvention agreement signed between HAB and MCOHL, MCOHL is required to make public disclosure of the remuneration of staff of the top three tiers of MCOHL in its annual report (see para. 3.20(b)).

3.29 Audit examined the annual reports (Note 26) submitted by MCOHL to HAB in the period 2014-15 to 2018-19 and found that the remuneration of the staff of the top three tiers of MCOHL had not been disclosed in MCOHL's annual reports. There was no evidence indicating that HAB had taken any follow-up actions on the non-disclosure.

3.30 Audit reviewed the amount of remuneration paid to the staff of the top three tiers of MCOHL in 2018-19 and found that the remuneration amounted to \$3.25 million (see Table 20).

Note 26: *MCOHL's annual reports are available on the website of MCOHL.*

Table 20

**Remuneration of staff of top three tiers of MCOHL
(2018-19)**

Staff	No. and post of staff	Annual salary (\$)
Top tier	1 manager	887,859
Second tier	2 assistant managers	974,152
Third tier	2 operation officers and 2 administrative assistants	1,391,983
Total		3,253,994

Source: Audit analysis of MCOHL records

3.31 Audit considers that MCOHL needs to make public disclosure of the remuneration of staff of the top three tiers of MCOHL. HAB, on the other hand, needs to ensure that MCOHL makes public disclosure of the aforesaid information.

3.32 Audit also noted that according to the Administration Wing Circular Memorandum No. 11/2018 “Guidelines for the Control and Monitoring of Remuneration Practices in Respect of Senior Staff in Subvented Organisations” issued by the Director of Administration in 2018, subvented organisations which on average receive more than 50% of their operating income from the Government in a four-year period immediately before that scheduled year of review and the amount averaged \$10 million or more a year over the preceding four-year period are required to review the number, ranking and remuneration of staff at their top three tiers and submit to their relevant Director of Bureau reports on the review findings regularly. According to SF&OC’s records, in the period 2015-16 to 2018-19 (i.e. a four-year period), average Government’s recurrent subvention accounted for 35% of the average total operating income of SF&OC, and therefore SF&OC was not required to make the disclosure. In view of the increase in Government subvention for SF&OC over the next four years (see para. 3.3), Audit considers that HAB needs to keep in view the proportion between the Government’s recurrent subvention provided to SF&OC and the total operating income of SF&OC. In cases where the proportion is increased to more than 50% in future, HAB needs to require SF&OC to make public disclosure of staff of the top three tiers of SF&OC.

Scope for improvement in implementing the best practices in BPR

3.33 BPR issued by ICAC (see para. 2.4) covers board governance, integrity management, selection of athletes (which covers transparency issues as mentioned in paras. 2.4 to 2.9) and administration of NSAs.

3.34 As the issue of BPR, according to HAB, is also a specific measure for SF&OC to enhance its governance (see para. 2.6) and given that, according to ICAC, good governance is the cornerstone of sports development (see para. 2.4), Audit examined the extent to which SF&OC had implemented the best practices as laid down in BPR. Audit found that SF&OC could do more to implement the best practices. Table 21 shows that, up to 29 February 2020, 13 of the 73 best practices were pending implementation by SF&OC.

Table 21

**Best practices in BPR pending implementation by SF&OC
(29 February 2020)**

Best practice category (Note 1)	Total no. of best practices in the category	Best practices pending implementation
Board governance (e.g. accountability and transparency of the executive board)	30	1. Establish an Audit Committee to oversee all internal and external auditing activities
		2. Appoint an independent Board member, who is neither the chairman of the Board nor other functional committee, as the chairperson of the Audit Committee
		3. Appoint at least one person with expertise in the accounting or auditing profession as a member of the Audit Committee
		4. Stipulate the requirements, if any, for members of various functional committees, e.g. finance or accounting background for finance committee
		5. Lay down the channels by which an eligible Board member may express his interest of participation and any restriction on the maximum number of functional committees a Board member may be appointed as a member
		6. Lay down the role, term of appointment, expertise requirement for co-opt members of various committee (under normal circumstances, no voting right is attached to a co-opt member), and restriction (e.g. desirable tenure of service)
		7. Stipulate the proportion or maximum number of co-opt members in a functional committee
		8. Formulate the nomination and appointment mechanism for co-opt members, including the authority for nomination and appointment
		9. Conduct self-evaluation of the level of compliance with good governance practices, provide justifications for not being able to comply with the good practices and alternative measures adopted, if any, to address the concerns

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Table 21 (Cont'd)

Best practice category (Note 1)	Total no. of best practices in the category	Best practices pending implementation
Integrity management (e.g. demonstration of commitment to integrity management, issue of code of conduct)	23	1. Conduct capacity building sessions for newly appointed Board members (including functional committee members and co-opt members) and staff to familiarise them with the code and related legislations on anti-corruption. The ICAC stands ready to provide assistance
Management of coaches and umpires	N.A. (Note 2)	
Administration of membership (e.g. laid-down admission and termination of membership system)	10	1. Determine and publicise the modes of admission for various membership categories, e.g. open application, and/or nomination by incumbent members
		2. Publicise the admission requirements for various membership categories, e.g. age, minimum membership in an applicant club, observation period, and fees (which should have taken into account, among other considerations, affordability of members of the general public and reasonableness from the public's perspective)
		3. Establish and publicise the time pledge for processing requests for membership admission
General administration (e.g. segregation of duties, supervisory monitoring)	10	Nil
Useful resources	N.A. (Note 3)	

Source: *Audit analysis of SF&OC records and audit enquiries with SF&OC staff*

Note 1: *The best practices on selection of athletes are covered in Table 5 in paragraph 2.7.*

Note 2: *It relates to the qualification and registration mechanism of coaches and umpires. SF&OC does not manage coaches and umpires for training courses or competitions.*

Note 3: *It provides a list of agencies from which NSAs may seek assistance or advice on their operations, but does not contain any best practices.*

3.35 To enhance the operation and governance of SF&OC, Audit considers that SF&OC needs to make further efforts to implement the best practices set out in BPR. Furthermore, as BPR is a specific measure for SF&OC to enhance its governance and good governance is the cornerstone of sports development (see para. 3.34), HAB needs to encourage SF&OC to implement the best practices and follow up the implementation of such practices by SF&OC.

Audit recommendations

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

- (a) **ensure that follow-up action is taken to consider appropriate extension of the deadline for submission of management accounts by MCOHL, and revise the relevant agreement in the subvention agreement as appropriate;**
- (b) **monitor the submission of accounts and reports by MCOHL and instigate follow-up actions where warranted;**
- (c) **require SF&OC and MCOHL to provide explanations for any under-achievements of performance indicators. In circumstances where no explanations are provided or the explanations provided are not satisfactory, take follow-up actions with SF&OC and MCOHL;**
- (d) **ensure that MCOHL makes public disclosure of the remuneration of staff of the top three tiers of MCOHL;**
- (e) **given that the Government will substantially increase subvention for SF&OC over the next four years (see para. 3.3), keep in view the proportion between the Government's recurrent subvention provided to SF&OC and the total operating income of SF&OC. In cases where the proportion is increased to more than 50% in future, require SF&OC to make public disclosure of staff of the top three tiers of SF&OC;**
- (f) **encourage SF&OC to adopt the best practices laid down in BPR; and**
- (g) **follow up the implementation of the best practices by SF&OC.**

Government funding and monitoring

- 3.37 **Audit has *recommended* that the Executive Director, SF&OC should:**
- (a) **take measures to ensure that all the required accounts and reports of MCOHL are submitted in accordance with the time schedules agreed with HAB;**
 - (b) **improve the reporting of achievements of performance indicators to HAB;**
 - (c) **make public disclosure of the remuneration of staff of the top three tiers of MCOHL; and**
 - (d) **make further efforts to implement the best practices laid down in BPR.**

Response from the Government

3.38 The Secretary for Home Affairs agrees with the audit recommendations in paragraph 3.36. He has said that:

- (a) in respect of the submission of accounts by MCOHL, HAB will review the practicality of the deadline for submission and consider extending the deadline as appropriate by revising its subvention agreement with MCOHL;
- (b) HAB will also more closely monitor the submission of accounts and reports by SF&OC and MCOHL and require them to provide explanation if there are any under-achievements of performance indicators;
- (c) as for the disclosure of remuneration of staff of the top three tiers, HAB will ensure that both SF&OC and MCOHL would make the appropriate disclosure when the proportion of Government subvention to them exceeds 50% of their total operating income; and

- (d) HAB will provide SF&OC with a time-limited funding of \$5 million per year for 5 years starting 2020-21 to support a review by SF&OC of the operation and internal monitoring mechanism of NSAs with an aim to enhancing their corporate governance as well as the transparency of their operation. As part of this exercise, HAB will encourage SF&OC to set a good example and adopt the best practices set out in BPR.

Response from SF&OC

3.39 The President of SF&OC has said that SF&OC:

- (a) accepts the audit recommendations in paragraph 3.37; and
- (b) will improve the submission schedules and will follow up to implement the best practices laid down in BPR as far as practicable given its corporate structure.

PART 4: GOVERNANCE ISSUES

4.1 This PART examines the governance issues of SF&OC, focusing on:

- (a) management of meetings and attendance (paras. 4.2 to 4.18); and
- (b) management of potential conflicts of interest (paras. 4.19 to 4.31).

Management of meetings and attendance

4.2 As mentioned in paragraphs 1.10 and 1.11, SF&OC is governed by the Board, which consists of 15 Officers. The Board is supported by 29 committees, of which 27 committees are standing committees and 2 committees are non-standing committees (hereinafter the Board and the committees are collectively referred to as “Board/committees” unless otherwise stated). Each committee has dedicated functions (see Appendix C). As at 31 December 2019, the 27 standing committees had a total of 249 members.

4.3 On the frequency of meetings and the quorum, various requirements have been laid down:

- (a) ***Overall frequency of meetings.*** According to the subvention agreement signed between the Government and SF&OC (see para. 1.15(a)), every year, SF&OC should hold a total of at least 12 official meetings (comprising general meetings of members (see (b) below), meetings of the Board and meetings of committees (see (c) below));
- (b) ***Frequency of member meetings.*** According to SF&OC’s Articles of Association, a general meeting of members (i.e. 82 members — see para. 1.9) should be held every year (i.e. annual general meeting). The Officers of the Board (see para. 1.10) or members may call further general meetings besides the annual one;

- (c) ***Frequency of Board and committee meetings.*** According to SF&OC's Articles of Association and its By-laws:
- (i) for the Board, meetings shall take place at least once every three months; and
 - (ii) for committees, meetings shall take place as and when required unless otherwise specified. In this regard, 7 committees have laid down their estimated frequency of meetings. According to the records of these 7 committees:
 - for 1 committee (i.e. Hong Kong Athletes Career and Education Programme Committee), it is estimated that meetings are held quarterly (i.e. 4 meetings in 12 months);
 - for 5 committees, it is estimated that meetings are held once every 6 months (i.e. 2 meetings in 12 months). The committees comprise HKADC, Hong Kong Olympic Academy, Membership Affairs Committee, Olympic House Management Committee, and Public Relations and Corporate Communication Committee; and
 - for 1 committee (i.e. Athletes Committee), it is estimated that meetings are held at least once a year (i.e. 1 meeting in 12 months); and
- (d) ***Quorum.*** According to SF&OC's Articles of Association and its By-laws:
- (i) for the general meeting of members, the quorum is ten;
 - (ii) for the Board, the quorum may be fixed from time to time by a decision of the Officers, but it must be at least five; and
 - (iii) for committees, the quorum is four unless otherwise specified.

Need to review the frequency of committee meetings

4.4 In the period 30 March 2017 (date of incorporation of SF&OC — Note 27) to 31 December 2019, SF&OC held a total of 65 official meetings, comprising 60 meetings of the Board/committees and 5 general meetings of members. Against the SF&OC requirements (see para. 4.3), Audit examined the meetings held and noted that, during the period, for the 7 committees which had laid down their estimated frequency of meetings (see para. 4.3(c)(ii)):

- (a) in 1 committee, the number of meetings held was equal to the estimated number (i.e. 6 meetings to be held in the period); and
- (b) in 6 committees, the numbers of meetings held were less than the estimated numbers:
 - (i) of the 38 meetings estimated to be held for the 6 committees, only 14 meetings were held, falling short of the estimated number by 24 (63%) meetings; and
 - (ii) 3 of the 6 committees did not hold any meetings.

Table 22 shows, for the 7 committees, the estimated number of meetings and actual number of meetings.

Note 27: *On 30 March 2017, SF&OC was incorporated under the Companies Ordinance as a company limited by guarantee (see para. 1.5).*

Table 22

Estimated and actual number of meetings of 7 committees
(30 March 2017 to 31 December 2019)

Committee	Laid-down frequency (no. of meetings estimated to be held in 12 months) (a)	No. of meetings in the 33-month period (i.e. 30.3.2017 to 31.12.2019)		Actual no. falling short of estimated no. (no. of meetings) (d) = (b) – (c)
		Estimated	Actual	
		(b) = (a) ÷ 12 × 33	(c)	
<i>Actual number of meetings equal to estimated number</i>				
Membership Affairs Committee	2	6	6	0
Sub-total		6	6	0
<i>Actual number of meetings falling short of estimated number</i>				
Hong Kong Athletes Career and Education Programme Committee	4	11	8	3
HKADC	2	6	5	1
Hong Kong Olympic Academy		6	0	6
Olympic House Management Committee		6	0	6
Public Relations and Corporate Communication Committee		6	0	6
Athletes Committee	1	3	1	2
Sub-total		38	14	24
Total		44	20	24

Source: Audit analysis of SF&OC records

Governance issues

4.5 For the other 22 committees (i.e. 29 (see para. 4.2) minus 7) which had not laid down their frequency of meetings, according to SF&OC requirements, meetings shall take place as and when required (see para. 4.3(c)(ii)). However, Audit noted that in the period 30 March 2017 to 31 December 2019, no meetings were held for 11 of the 22 committees (Note 28). While some of these 11 committees might not have the need to hold meetings (e.g. Hong Kong Anti-Doping Appeal Panel as there were no appeal cases (Note 29)), these 11 committees included those dealing with corporate affairs (e.g. Strategic Management Committee) as well as those dealing with sports and promotion matters (e.g. Women and Sports Committee). Appendix G shows the numbers of meetings held by the Board/committees in the period 30 March 2017 to 31 December 2019.

4.6 Upon enquiry, SF&OC informed Audit in March 2020 that:

- (a) regarding those committees whose actual number of meetings was less than the estimated number (see para. 4.4(b)):
 - (i) there were frequent circulation of papers to committee members for them to execute their functions. In the period 30 March 2017 to 31 December 2019, 7 papers were circulated to the Hong Kong Olympic Academy, and 1 paper was circulated to the Athletes Committee; and
 - (ii) for the Athletes Committee, considering that most of its members elected were current athletes or coaches who were actively engaged in overseas training or competition most of the time, the Committee was operating with most of its communication taking place via a mobile messaging application; and
- (b) regarding those committees which had not laid down their frequency of meetings (see para. 4.5), some issues concerning the committees could be dealt with effectively at regular meetings of the Board. In the period

Note 28: *For the other 11 committees which held meetings (i.e. 22 minus 11 committees which did not hold meetings), in the period 30 March 2017 to 31 December 2019, the number of meetings ranged from 1 to 5.*

Note 29: *According to SF&OC, for the Hong Kong Anti-Doping Appeal Panel and the Hong Kong Anti-Doping Disciplinary Panel, hearings were conducted instead of meetings.*

30 March 2017 to 31 December 2019, for discussion by the Board, the committees tabled and presented a number of reports at Board meetings:

- (i) the Finance Committee tabled 11 reports (i.e. “report of SF&OC accounts”); and
- (ii) the Women and Sports Committee tabled 1 report (i.e. “report of women’s involvement in NSAs”).

4.7 Meetings are an important forum where ideas can be exchanged and issues can be discussed in an interactive manner. This important forum should be available to both the Board and committees. While noting SF&OC’s reasons (see para. 4.6), in Audit’s view, the number of meetings of individual committees might not be entirely adequate (e.g. meetings held by 6 committees fell short of the estimated number by 63% — see para. 4.4(b)(i)). In particular, the many committees (see paras. 4.4(b)(ii) and 4.5) which did not hold meetings in the period 30 March 2017 to 31 December 2019 could be a cause for concern.

4.8 Audit considers that SF&OC needs to review the frequency of meetings of individual committees to ensure that the functions of the Board/committees are effectively carried out and, having regard to the review, help individual committees set an appropriate frequency of meetings where necessary.

Room for improving attendance at meetings

4.9 For the Board and the 15 committees (Note 30) which held meetings in the period 30 March 2017 to 31 December 2019, Audit examined members’ attendance at the meetings held. The examination indicated that, in the period, the average attendance of the Board was 77% and those of individual committees ranged from 53% to 100% (see Appendix H). Audit noted a decrease in attendance at meetings of the Board and 2 committees:

Note 30: *Of the 29 committees (see para. 4.2), 3 (see para. 4.4(b)(ii)) and 11 (see para. 4.5) did not hold meetings in the period 30 March 2017 to 31 December 2019.*

Governance issues

- (a) ***The Board.*** The attendance rate decreased from 83% in 2017 to 76% in 2019;
- (b) ***HKADC.*** The attendance rate decreased from 91% in 2017 to 73% in 2019; and
- (c) ***Hong Kong Sports Stars Awards Judging Panel.*** The attendance rate decreased from 100% in 2018 to 75% in 2019.

4.10 Meetings are an important and interactive forum for deliberating important business, it is crucial that members can contribute to the forum through their attendance. In Audit's view, the decrease in attendance at meetings was less than satisfactory.

4.11 Audit considers that SF&OC needs to ascertain the reasons for the decrease in rates of attendance at meetings of the Board and at those of individual committees, and take measures to improve attendance at meetings.

Need to take measures to encourage attendance

4.12 For the 15 committees (see para. 4.9) which held meetings in the period 30 March 2017 to 31 December 2019, Audit further examined individual members' attendance at the meetings. Audit noted that, each year, there were members who did not attend any meetings of the committees. The number of such members totalled 61 (see Table 23).

Table 23

**Number of members of 15 committees who did not attend any meetings
(30 March 2017 to 31 December 2019)**

	2017 (since 30 March)	2018	2019
Total no. of members (Note)	92	124	111
No. of members who did not attend meetings	24	20	17
		61	

Source: Audit analysis of SF&OC records

Note: This was the total membership of the 15 committees. For each of the 15 committees, the membership was in the range of 3 to 15 persons.

4.13 In Audit’s view, the number of members (see Table 23 above) not attending any meetings was not conducive to the effective functioning of the Board/committees.

4.14 Audit considers that SF&OC needs to ascertain the reasons for the non-attendance of individual members at meetings, and step up efforts to encourage members to attend meetings. Efforts could include, for example, reminding members from time to time (including at the time of appointing/reappointing members) of the importance of attending meetings, and ascertaining whether members have difficulties in attending meetings and providing assistance to them (e.g. rescheduling the meeting dates) where possible.

Need to regularise informal meetings

4.15 Audit examined, for the period 30 March 2017 to 31 December 2019, records of meetings of the Board and 3 committees (Note 31). The records examined comprised agenda, minutes of meetings and declaration of interest forms (see paras. 4.20 to 4.23 for audit observations on declaration of interest forms). Audit found one case where the agenda and minutes had not been prepared for the meeting (see Case 3).

Note 31: *The 3 committees are International Multi-Sports Games Selection Committee, Membership Affairs Appeal Panel, and Membership Affairs Committee.*

Case 3

**A meeting regarded as informal by SF&OC
(Membership Affairs Appeal Panel)**

1. The Membership Affairs Appeal Panel (the Panel) hears and determines issues arising from appeals relating to membership of SF&OC. The Panel convenes meetings as and when required.
2. In August 2018, SF&OC sent a notice of meeting via e-mails to members of the Panel. The meeting was held on 13 September 2018 (see para. 4 below).
3. Upon enquiry, SF&OC informed Audit in January, February and March 2020 that the meeting did not have an agenda, and that minutes of the meeting had not been prepared because the meeting was only an informal one:
 - (a) the e-mails sent by SF&OC were not an official notice of meeting, but an invitation for informal briefing. Actually, a lawyer had been appointed as the Secretary to serve the Panel. The SF&OC would not be the one to issue an official notice of meeting for the Panel;
 - (b) the aim of the briefing was to allow SF&OC to brief members and the Secretary on the case background and to serve relevant documents for their perusal;
 - (c) without discussing the case details, the Panel took the opportunity to work out the working direction, timelines and schedule before starting to hear the appeal; and
 - (d) as the briefing was not a formal meeting, no records were kept for it.
4. Nevertheless, in October 2018, in a meeting of the Board, it was reported that the first meeting of the Panel was conducted on 13 September 2018 (i.e. the meeting mentioned in para. 2 above), and that the second meeting would be held later.
5. In December 2018, the appellant withdrew the case. Further meetings of the Panel were not held. The meeting of 13 September 2018 was the only meeting held in the period 30 March 2017 to 31 December 2019.

Audit comments

6. It was not entirely clear whether or not the meeting of 13 September 2018 was an informal one. In particular, matters were considered (see para. 3(c) above), and the Board was informed that the meeting was the first meeting of the Panel (see para. 4 above).

Source: Audit analysis of SF&OC records

Governance issues

4.16 Audit considers that to enhance transparency and accountability, SF&OC needs to review the need for regularising any practices of holding informal Board/committee meetings.

Audit recommendations

- 4.17 Audit has *recommended* that the Executive Director, SF&OC should:
- (a) review the frequency of meetings of individual committees to ensure that the functions of the Board/committees are effectively carried out;
 - (b) having regard to the review, help individual committees set an appropriate frequency of meetings where necessary;
 - (c) ascertain the reasons for the decrease in rates of attendance at meetings of the Board and at meetings of individual committees, and take measures to improve attendance at meetings;
 - (d) ascertain the reasons for the non-attendance of individual members at meetings, and step up efforts to encourage members to attend meetings; and
 - (e) review the need for regularising any practices of holding informal meetings for the Board/committees.

Response from SF&OC

- 4.18 The President of SF&OC has said that SF&OC:
- (a) accepts the audit recommendations; and
 - (b) will review the meeting frequency and will take measures to improve the attendance rate, where appropriate.

Management of potential conflicts of interest

4.19 SF&OC has laid down requirements on the management of potential conflicts of interest (Note 32). The key requirements are:

- (a) **The Board.** Any Officer who is in any way having an interest in any arrangements of SF&OC:
 - (i) shall declare the nature of his/her interest at the earliest possible instance; and
 - (ii) shall not take part in any discussion or vote on the arrangements; and
- (b) **Committees.** When a committee chairperson/vice-chairperson/member is involved in scenarios of potential conflicts of interest of a discussion item:

Note 32: *The requirements are laid down in various documents of SF&OC, namely, “Articles of Association”, “Summary of handling possible conflict of interest scenarios” and “SF&OC Code of Conduct”.*

Governance issues

- (i) the committee is required to make rulings on the interest (e.g. if the member may speak or vote on the matter — Note 33); and
- (ii) all deliberations and justifications for the decisions made and follow-up actions (e.g. stop circulating meeting papers to the member concerned) must be properly documented.

Need to expedite implementation of an enhancement practice

4.20 Against the requirements (see para. 4.19), SF&OC has adopted practices to facilitate declaring interests. According to SF&OC:

- (a) committee chairpersons/vice-chairpersons/members are advised to verbally make declarations of interest at suitable junctures of meetings. These verbal declarations would be recorded in minutes of the meetings; and

Note 33: *If the interest of the committee chairperson/vice-chairperson/member (i.e. interested person) involves an organisation relating to the discussion item, the actions to be taken are:*

- (a) *where the interested person is an elected officer of the organisation (i.e. holding a post through election within the organisation), the interested person:*
 - (i) *should withdraw from the meeting if he/she is the committee chairperson; or*
 - (ii) *may speak only in the capacity as a representative of the organisation and is not allowed to vote if he/she is the committee vice-chairperson or member;*
- (b) *where the interested person is an honorary post holder of the organisation, he/she may speak only in the capacity as a representative of the organisation and is not allowed to vote;*
- (c) *where the interested person is a current or potential sponsor/service provider of the organisation, he/she should withdraw from the meeting; and*
- (d) *for scenarios other than (a) to (c) above, the committee should decide whether the interested person should be allowed to continue joining the meeting.*

- (b) to enhance corporate governance, a “declaration of interest form” (i.e. declaration form) has been introduced since January 2013 in addition to the practice in (a) above:
 - (i) when it is expected to have a decision-making process in a meeting, declaration forms will be provided at the start of the meeting. Attendees should fill in their connections with any organisations relating to the matters being discussed; and
 - (ii) the use of declaration forms (i.e. the enhancement practice) will be implemented gradually at committees which have power over selection (e.g. of athletes to participate in international multi-sports games) and financial matters.

4.21 Audit noted that:

- (a) as at the end of January 2020 (7 years had elapsed since the introduction of the enhancement practice), only 5 of the 29 committees (Note 34) had implemented the enhancement practice; and
- (b) while the enhancement practice would be implemented at individual committees (see para. 4.20(b)(ii)), it was not intended for implementation at the Board.

4.22 The Board could exercise all the powers of SF&OC (see para. 1.10). In Audit’s view, it was not entirely satisfactory that the Board was not covered by the enhancement practice. For the 29 committees, it is doubtful that any of them can be totally isolated from selection and financial matters. The implementation of the enhancement practice at only 5 of the 29 committees seemed to be slow.

Note 34: *The 5 committees were: Festival of Sport Organizing Committee, Hong Kong Sports Stars Awards Judging Panel, Hong Kong Sports Stars Awards Organizing Committee, International Multi-Sports Games Selection Committee and Membership Affairs Committee.*

Governance issues

4.23 Audit considers that the SF&OC needs to consider extending the enhancement practice to cover the Board, and expedite the implementation of the enhancement practice at individual committees.

Room for improvement in implementing new measures

4.24 During the course of audit, SF&OC informed Audit that new measures had been taken to further facilitate declaring interests and enhancing corporate governance:

- (a) ***The Board.*** Since 2016, at the time of appointment of Officers of SF&OC, the appointees were required to:
 - (i) declare their interests; and
 - (ii) sign the “Conflict of interest disclosure and confidentiality statement”. By the statement, the appointees undertook to disclose any potential or actual conflicts of interest, and to keep matters of the SF&OC confidential as necessary; and
- (b) ***Committees.*** The new measures (see (a) above) had been progressively adopted among committees.

4.25 Audit noted that, as at the end of January 2020:

- (a) of the 29 committees, only 3 (i.e. Hong Kong Athletes Career and Education Programme Committee, HKADC and Membership Affairs Committee) had adopted the new measures; and
- (b) since 30 March 2017 (the date of incorporation of SF&OC), the 3 committees (see (a) above) had required a total of 47 appointees to sign the “Conflict of interest disclosure and confidentiality statement”. Of the 47 statements required to be signed, SF&OC was unable to locate 1 signed statement for Audit’s examination.

4.26 In Audit's view, there is room for more committees to adopt the new measures. Regarding the "Conflict of interest disclosure and confidentiality statement" which could not be located, there is a need to improve the keeping of records on management of conflicts of interest.

4.27 Audit considers that SF&OC needs to expedite the adoption of the new measures among committees. SF&OC also needs to look into the case where the "Conflict of interest disclosure and confidentiality statement" was missing, and take remedial actions as necessary.

Need to record rulings and related deliberations

4.28 The examination of records of meetings of the Board and the 3 committees (see para. 4.15) also revealed that, in the period 30 March 2017 to 31 December 2019, interests were declared in 8 meetings (involving the Board and 2 committees). In 4 committee meetings, rulings on the declared interests as well as the deliberations related to the rulings were not documented, contrary to the requirement mentioned in paragraph 4.19(b)(ii).

4.29 Audit considers that SF&OC needs to take measures to ensure that committees document in minutes the rulings on interests declared at meetings as well as the deliberations related to the rulings.

Audit recommendations

- 4.30 **Audit has recommended that the Executive Director, SF&OC should:**
- (a) **consider extending the enhancement practice on declaration of interests to cover the Board, and expedite the implementation of the enhancement practice at individual committees;**
 - (b) **expedite the adoption of the new measures to further facilitate declaring interests (see para. 4.24) among committees;**

Governance issues

- (c) **look into the case where the “Conflict of interest disclosure and confidentiality statement” was missing, and take remedial actions as necessary; and**
- (d) **take measures to ensure that committees document in minutes the rulings on interests declared at meetings as well as the deliberations related to the rulings.**

Response from SF&OC

4.31 The President of SF&OC has said that SF&OC:

- (a) accepts the audit recommendations; and
- (b) has endeavoured to formulate a set of comprehensive policy on declaration of interests and disclosure on potential conflicts of interest and confidentiality, where appropriate.

**List of National Sports Associations
(29 February 2020)**

1. China Hong Kong Mountaineering and Climbing Union Limited
- *2. Chinese Young Men's Christian Association of Hong Kong
3. Cricket Hong Kong Limited
4. Handball Association of Hong Kong, China Limited
- *5. Health Qigong Association of Hong Kong, China Limited
6. Hong Kong Amateur Athletic Association Limited
7. Hong Kong Amateur Swimming Association
8. Hong Kong Archery Association
- *9. Hong Kong Association of Sports Medicine and Sports Science Limited
- *10. Hong Kong Automobile Association
11. Hong Kong Badminton Association Limited
12. Hong Kong Basketball Association Limited
13. Hong Kong Billiard Sports Control Council Company Limited
14. Hong Kong Boxing Association Limited
15. Hong Kong Canoe Union Limited
16. Hong Kong China Bodybuilding and Fitness Association
17. Hong Kong China Dragon Boat Association
18. Hong Kong China Korfball Association
19. Hong Kong, China Gateball Association Company Limited
20. Hong Kong, China Rowing Association
- *21. Hong Kong Chinese Chess Association
22. Hong Kong Chinese Martial Arts Dragon and Lion Dance Association Limited
- *23. Hong Kong Contract Bridge Association Limited
24. Hong Kong DanceSport Association Limited
25. Hong Kong Equestrian Federation
26. Hong Kong Federation of Roller Sports Limited
27. Hong Kong Fencing Association
- *28. Hong Kong Go Association Limited
29. Hong Kong Golf Association Limited
30. Hong Kong Ice Hockey Association Limited
31. Hong Kong Kart Club Limited
32. Hong Kong Kendo Association Limited
- *33. Hong Kong Lacrosse Association Limited
34. Hong Kong Lawn Bowls Association
- *35. Hong Kong Little League Limited
- *36. Hong Kong Miniature Football Association Limited
37. Hong Kong Muay Thai Association Limited
38. Hong Kong Netball Association Limited
- *39. Hong Kong Paragliding Association
40. Hong Kong Paralympic Committee & Sports Association for the Physically Disabled

Appendix A

(Cont'd)

(Note 6 to Table 1 in para. 1.3
and paras. 1.9 and 2.3(a) refer)

41. Hong Kong Rugby Union
42. Hong Kong Sailing Federation
43. Hong Kong Schools Sports Federation
44. Hong Kong Shooting Association
45. Hong Kong Shuttlecock Association Limited
46. Hong Kong Skating Union Limited
47. Hong Kong Softball Association
48. Hong Kong Sports Association for Persons with Intellectual Disability
49. Hong Kong Squash
50. Hong Kong Table Tennis Association
51. Hong Kong Taekwondo Association Limited
52. Hong Kong Tennis Association Limited
53. Hong Kong Tenpin Bowling Congress Limited
54. Hong Kong Triathlon Association Limited
- *55. Hong Kong Tug-of-War Association Limited
- *56. Hong Kong Ultimate Players Association
57. Hong Kong Underwater Association Limited
58. Hong Kong Water Ski Association Limited
- *59. Hong Kong Woodball Association Limited
60. Hong Kong Wushu Union Limited
61. Orienteering Association of Hong Kong Limited
- *62. Physical Fitness Association of Hong Kong, China Limited
- *63. Ski Association of Hong Kong, China Limited
- *64. South China Athletic Association
65. The Cycling Association of Hong Kong, China Limited
66. The Gymnastics Association of Hong Kong, China
- *67. The Hong Kong Aviation Club Limited
68. The Hong Kong Baseball Association Limited
69. The Hong Kong Football Association Limited
70. The Hong Kong Hockey Association
71. The Hong Kong Life Saving Society
- *72. The Hong Kong Society for the Deaf
73. The Hong Kong Weightlifting and Powerlifting Association Limited
74. The Judo Association of Hong Kong, China
75. The Karatedo Federation of Hong Kong, China Limited
76. The University Sports Federation of Hong Kong, China Limited
- *77. Victoria Recreation Club
78. Volleyball Association of Hong Kong, China Limited
79. Windsurfing Association of Hong Kong

Source: LCSD and SF&OC records

Remarks: * denotes NSAs not subvented by block grant of LCSD's Sports Subvention Scheme. All the above 79 NSAs are members of SF&OC (see Note 6 to Table 1 in para. 1.3).

**Objects of SF&OC
(2017)**

1. To promote the interests of sports in Hong Kong
2. To form and stimulate public opinions in favour of the provision of proper and better facilities for the practice of all sports in Hong Kong
3. To reconcile or arbitrate in any differences which may arise between NSAs or groups therein
4. To coordinate all local sports organisations in the promotion of “Sport for All” and to encourage every citizen to engage in daily participation in physical activities to promote public health
5. To affiliate with any worldwide or regional organisations dedicated to the promotion of international competitions
6. To foster the spirit of the Olympic Games, which is friendship between peoples by means of sport
7. To promote cultural and educational programmes relating to the Olympic Movement in Hong Kong through the establishment of an Olympic Academy and an Olympic Museum
8. To develop, promote and protect the Olympic Movement in Hong Kong in accordance with the Olympic Charter, and to ensure the observance of the Olympic Charter in Hong Kong, China
9. To promote the diffusion of Olympism in the teaching of physical education and sport in schools and universities
10. To undertake the organisation of international multi-sports competitions
11. To promote Hong Kong’s participation in all multi-sports games patronised by the IOC

Appendix B
(Cont'd)
(para. 1.7 refers)

12. To participate in actions to promote peace and to promote gender equality in sport
13. To support and encourage the promotion of sports ethics for educational purposes
14. To encourage and support measures relating to the medical care and health of athletes
15. To fight against the use in sports of substances and procedures prohibited by the IOC and International Federations governing sports and to adopt and implement the World Anti-Doping Code, thereby ensuring that the Federation's anti-doping policies and rules, membership and/or funding requirements and results management procedures conform with the World Anti-Doping Code and respect all the roles and responsibilities for NOCs that are listed within the World Anti-Doping Code
16. To demonstrate a responsible concern for environmental issues
17. To undertake action against any form of discrimination on the grounds of race, religion, politics, sex or otherwise in sport
18. To undertake action against any form of violence in sport
19. To work to maintain harmonious and cooperative relations with appropriate governmental bodies
20. To help train sports administrators
21. To approve the selection and to control Hong Kong's representation in all Olympic Games, Asian Games and all other international, continental and regional multi-sports games patronised by the IOC
22. To acquire and take over all or any part of the assets and liabilities of the unincorporated body known as "Sports Federation & Olympic Committee of Hong Kong, China"
23. To do all such other lawful things as are incidental or conducive to the attainment of the above objects

Source: SF&OC's Articles of Association

Committees of SF&OC
(31 December 2019)

Committee	Function
1. Administration and Personnel Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan in administration and personnel management • Review internal guidelines and policies in a timely manner
2. Athletes Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan in promoting the welfare of Hong Kong athletes • Represent rights and interests of athletes and make related recommendations
3. Doping Control Panel	<ul style="list-style-type: none"> • Conduct results management on Adverse Analytical Finding and other potential Anti-Doping Rule Violations • Conduct provisional hearings and suspensions if appropriate
4. Editorial Board of Hong Kong Olympic Voice	<ul style="list-style-type: none"> • Decide content of “Olympic Voice of Hong Kong” for each issue
5. Election Committee (non-standing committee)	<ul style="list-style-type: none"> • Formed for each Election of Officers in accordance with SF&OC’s By-Laws for overseeing the nomination and election process
6. Festival of Sport Organizing Committee	<ul style="list-style-type: none"> • Formulate strategic plan in organising the annual Festival of Sport • Decide on allocation of funding to all applicant NSAs • Oversee actual implementation of the events
7. Finance Committee	<ul style="list-style-type: none"> • Review overall budget • Formulate overall strategic investment plan
8. Hong Kong Athletes Career and Education Programme Committee	<ul style="list-style-type: none"> • Understand the genuine needs of elite athletes on education, career and life skills • Improve the content of the programme to prepare elite athletes for their post-athletic options upon retirement • Improve criteria for vetting applications • Monitor budget allocation

Appendix C
(Cont'd)
(paras. 1.11 and 4.2 refer)

Committee	Function
9. Hong Kong Anti-Doping Appeal Panel	<ul style="list-style-type: none"> • Hear and determine all issues arising from any matter which is appealed to it pursuant to the anti-doping rules in accordance with latest guideline provided by the World Anti-Doping Agency
10. Hong Kong Anti-Doping Committee	<ul style="list-style-type: none"> • Implement Anti-Doping Programme in Hong Kong • Oversee evolution and improvement of anti-doping policy and rules
11. Hong Kong Anti-Doping Disciplinary Panel	<ul style="list-style-type: none"> • Conduct hearing after receiving notification of possible anti-doping violations from the Doping Control Panel
12. Hong Kong Olympic Academy	<ul style="list-style-type: none"> • Formulate policy in planning and organising Olympic courses and education courses in Hong Kong • Monitor implementation of SF&OC education programme • Maintain contact with Education Bureau for promotion of Olympism
13. Hong Kong Sports Stars Awards Judging Panel	<ul style="list-style-type: none"> • Judge the results of the awards according to the rules and regulations
14. Hong Kong Sports Stars Awards Organizing Committee	<ul style="list-style-type: none"> • Formulate strategic plan for the awards • Vet the nomination provided by NSAs
15. International Multi-Sports Games Appeal Panel	<ul style="list-style-type: none"> • Hear and determine all issues arising from any matter which is appealed to it pursuant to the international multi-sports games
16. International Multi-Sports Games Selection Committee (non-standing committee)	<ul style="list-style-type: none"> • Formed for each international multi-sports games in accordance with SF&OC's Articles of Association for the formation of Hong Kong, China Delegation to participate in the respective Games
17. Investment Sub-Committee	<ul style="list-style-type: none"> • Review the investment assets and give advice to the Finance Committee

Appendix C
(Cont'd)
(paras. 1.11 and 4.2 refer)

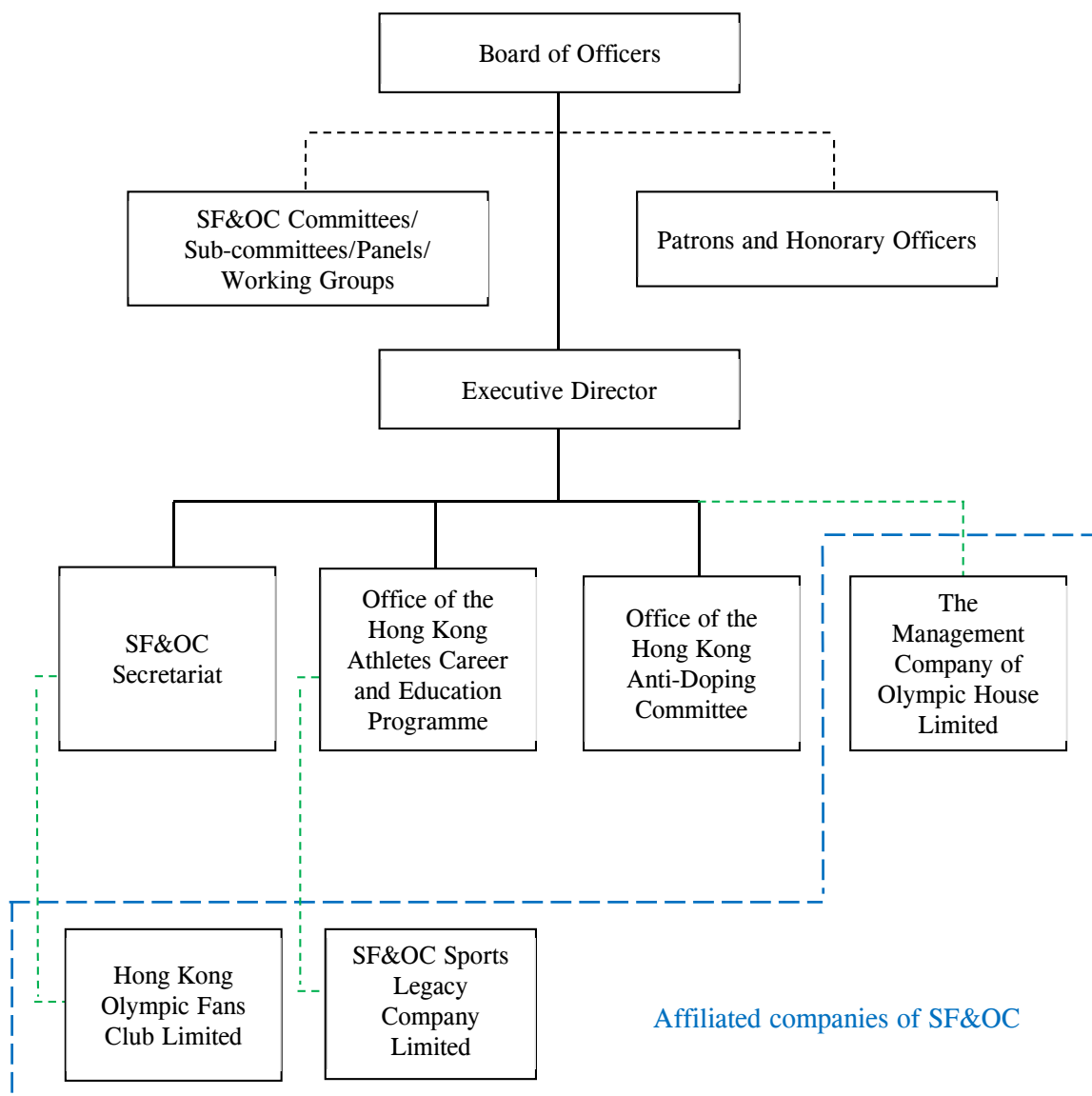
Committee	Function
18. Membership Affairs Appeal Panel	<ul style="list-style-type: none"> • Hear and determine all issues arising from appeals pursuant to SF&OC's Articles of Association
19. Membership Affairs Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan for SF&OC membership system and in vetting membership of applicant organisations • Check and vet membership applications and membership upgrading • Propose any suspension or termination of membership • Deal with any infringements of the Articles of Association, IOC Code of Conduct, and to reconcile or arbitrate in any differences arising between NSAs or groups
20. Olympic Day Organizing Committee	<ul style="list-style-type: none"> • Formulate strategic plan in organising the Olympic Day • Oversee actual implementation of the events
21. Olympic House Management Committee	<ul style="list-style-type: none"> • Advise MCOHL on policies of the daily operation and proper spending of the government subvention • Make available the facilities and services of Olympic House for use by the public
22. Public Relations and Corporate Communication Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan on public relations matters • Assign spokesman on different SF&OC issues
23. Strategic Management Committee	<ul style="list-style-type: none"> • Formulate overall management plan in the formation of various committees/sub-committees • Propose membership composition, tenure and terms of reference of each committee/sub-committee • Formulate medium and long term plan for SF&OC • Regularly review the Articles of Association and to recommend appropriate amendments
24. Therapeutic Use Exemption Panel	<ul style="list-style-type: none"> • Receive applications from national athletes of Hong Kong • Grant exemption, as appropriate, in accordance with the latest guideline provided by the World Anti-Doping Agency

Appendix C
(Cont'd)
(paras. 1.11 and 4.2 refer)

Committee	Function
25. Venues and Facilities Development Advisory Panel	<ul style="list-style-type: none"> • Keep close liaison with the Government on development of sports infrastructure and facilities • Consult officials of SF&OC and NSAs the development and implementation of sports infrastructure and facilities
26. Women and Sports Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan in promoting public interest and support for women to participate in sports
27. Working Group on Policy Review of the Private Recreational Leases	<ul style="list-style-type: none"> • Keep close liaison with the Government on the policy review of the private recreational leases • Keep close liaison with NSAs and private sports clubs on the policy review
28. Working Group on Review of Staff Employment Package	<ul style="list-style-type: none"> • Review staff employment package and staff contract • Make recommendations for retention of staff
29. Youth Committee	<ul style="list-style-type: none"> • Formulate overall strategic plan in arousing public interest for youth to participate in sport

Source: SF&OC records

**SF&OC:
Organisation chart
(31 December 2019)**



Legend: — denotes direct reporting to the management of SF&OC
 - - - denotes advisory roles of the parties
 - - - denotes direct reporting of affiliated companies to the management of SF&OC

Source: SF&OC records

**List of subvented programmes
under the subvention agreements between the Government and
SF&OC and between the Government and MCOHL
(2018-19)**

**Approved programmes under the agreement between the
Government and SF&OC**

SF&OC
Secretariat

- To promote the interest of sports in Hong Kong
- To coordinate local sports organisations in the promotion of “Sport of All”
- To play the role of NOC in Hong Kong
- To carry out other objects in accordance with its Constitution/Articles

The Office of
HKACEP

- To promote HKACEP to related NSAs and their respective athletes
- To provide support to serving and retired athletes in respect of education, career development and life skills training
- To provide consultation services, scholarships, vocational training, language courses, job placement programmes and other specific forms of support to these athletes

The Office of
HKADC

- To promote a doping-free environment for sports in Hong Kong
- To ensure that Hong Kong’s Anti-Doping Rules are in full compliance with the World Anti-Doping Code and the relevant international regulations
- To implement anti-doping education and testing programmes

**Approved programmes under the agreement between the
Government and MCOHL**

- MCOHL
- To provide office accommodation and related services to the organisations at a reasonable cost that are affiliated to and recommended by SF&OC at the Olympic House in accordance with the laws of the Hong Kong Special Administrative Region
 - To provide building management services including cleansing, security to sub-tenants and hirers of the Olympic House to the reasonable satisfaction of the Management Committee
 - To provide office supporting services including IDD, photocopying, fax, bulk mailing, meeting room facilities and car parking to sub-tenants and hirers of the Olympic House to the reasonable satisfaction of the Management Committee
 - To provide maintenance services to the structure, building services and fire safety installations of the Olympic House to the reasonable satisfaction of the Management Committee

Source: SF&OC records

Appendix F
(paras. 3.19(a), 3.20(a)(iv)
and 3.24 refer)

**Performance indicators stipulated in the subvention agreements
between the Government and SF&OC and
between the Government and MCOHL
(2014-15 to 2018-19)**

	Performance indicator	2014-15	2015-16	2016-17	2017-18	2018-19
The SF&OC Secretariat						
1.	Attending education programmes organised by the International Sports Organisations (e.g. IOC)	4 sessions	4 sessions	4 sessions	4 sessions	4 sessions
2.	Attending international conferences	3 sessions	3 sessions	3 sessions	N.A.	N.A.
3.	Holding council meetings, annual and other general meetings for association members/committee members	5 meetings	5 meetings	13 meetings	12 meetings	12 meetings
4.	Holding SF&OC committees meetings	8 meetings	8 meetings			
5.	Publicising newsletters and the annual report	N.A.	N.A.	5 issues	4 issues	4 issues
The Office of HKACEP						
1.	Education • Providing online integrated English course, language enhancement course and scholarships	163 athletes	133 athletes	133 athletes	133 athletes	133 athletes
2.	Career • Providing job placement and internships	21 athletes	22 athletes	22 athletes	25 athletes	25 athletes
3.	Life skills • Implementing the Ambassador Programme, life skill training and mentorship programme	155 athletes	170 athletes	200 athletes	200 athletes	228 athletes
4.	Consultation service • Providing career orientation and counselling	70 athletes	130 athletes	150 athletes	150 athletes	150 athletes
5.	Athletes' educational promotions • Organising promotional activities (e.g. seminars/workshops on education and career development)	A total of 1,600 athletes and participants	300 athletes and 3,800 participants	300 athletes and 3,800 participants	300 athletes and 3,800 participants	300 athletes and 3,800 participants

Appendix F
(Cont'd)
(paras. 3.19(a), 3.20(a)(iv)
and 3.24 refer)

	Performance indicator	2014-15	2015-16	2016-17	2017-18	2018-19
The Office of HKADC						
1.	Education <ul style="list-style-type: none"> • Conducting education sessions • Producing education materials • Publishing posters • Creating an educational video and an online platform • Organising international conferences 	20 17 items N.A. 9 items 1	22 18 items 5 items N.A. N.A.	23 19 items N.A. N.A. N.A.	23 19 items N.A. N.A. N.A.	24 19 items N.A. N.A. N.A.
2.	Testing <ul style="list-style-type: none"> • Conducting anti-doping tests • Monitoring whereabouts submission from athletes 	377 tests 256 athletes	404 tests 260 athletes	331 tests 265 athletes	344 tests 316 athletes	502 tests 313 athletes
3.	Producing annual reports on anti-doping activities	39 reports	39 reports	40 reports	40 reports	32 reports
4.	Revising Anti-Doping Rules	2 sets	N.A.	N.A.	N.A.	N.A.
5.	Attending international conference or training courses	3 sessions	2 sessions	2 sessions	2 sessions	2 sessions
MCOHL						
1.	Having an income from hiring out the meeting facilities	\$1,458,000	\$1,458,000	\$1,458,000	\$1,510,000	\$1,501,000
2.	Having an income from hiring out the carparking facilities	\$840,000	\$900,000	\$1,020,000	\$1,248,000	\$1,440,000
3.	Attaining a usage rate of meeting room facilities (out of 49,275 room-hours)	32%	32%	32%	32%	32%
4.	Attaining a usage rate of the carpark (out of 464,280 carpark-hours)	40%	40%	40%	40%	40%
5.	Convening one Management Committee meeting annually	1 meeting	1 meeting	1 meeting	1 meeting	1 meeting
6.	Making available the meeting rooms for the use of tenants	At least 12,000 room-hours	At least 12,000 room-hours	At least 12,000 room-hours	At least 12,000 room-hours	At least 12,000 room-hours

Source: SF&OC and MCOHL records

**Meetings held by the Board/committees of SF&OC
(30 March 2017 to 31 December 2019)**

Board/committees	2017	2018	2019	Total
	(since 30 March)	(No.)		
<i>Board</i>	4	4	5	13
<i>Committees</i>				
1. Administration and Personnel Committee	1	0	0	1
2. Athletes Committee	0	0	1	1
3. Doping Control Panel	0	0	0	0
4. Editorial Board of Hong Kong Olympic Voice	0	0	0	0
5. Election Committee	N.A. (Note 1)	1	N.A. (Note 1)	1
6. Festival of Sport Organizing Committee	1	1	2	4
7. Finance Committee	1	0	0	1
8. Hong Kong Athletes Career and Education Programme Committee	2	3	3	8
9. Hong Kong Anti-Doping Appeal Panel	0	0	0	0
10. Hong Kong Anti-Doping Committee	1	2	2	5
11. Hong Kong Anti-Doping Disciplinary Panel	0	0	0	0
12. Hong Kong Olympic Academy	0	0	0	0
13. Hong Kong Sports Stars Awards Judging Panel	0	1	1	2
14. Hong Kong Sports Stars Awards Organizing Committee	1	2	2	5
15. International Multi-Sports Games Appeal Panel	0	0	0	0

Appendix G
(Cont'd)
(para. 4.5 refers)

Board/committees	2017 (since 30 March)	2018	2019	Total
	(No.)			
16. International Multi-Sports Games Selection Committee	1	1	0	2
17. Investment Sub-Committee	N.A. (Note 2)	1	2	3
18. Membership Affairs Appeal Panel	0	0	0	0
19. Membership Affairs Committee	2	2	2	6
20. Olympic Day Organizing Committee	1	2	1	4
21. Olympic House Management Committee	0	0	0	0
22. Public Relations and Corporate Communication Committee	0	0	0	0
23. Strategic Management Committee	0	0	0	0
24. Therapeutic Use Exemption Panel	0	0	0	0
25. Venues and Facilities Development Advisory Panel	0	0	0	0
26. Women and Sports Committee	0	0	0	0
27. Working Group on Policy Review of the Private Recreational Leases	N.A. (Note 2)	1	0	1
28. Working Group on Review of Staff Employment Package	N.A. (Note 2)	2	1	3
29. Youth Committee	0	0	0	0
Total	15	23	22	60

Source: *Audit analysis of SF&OC records*

Note 1: *The Election Committee is established for each election of Officers. During the period, the committee was formed once for the election in 2018.*

Note 2: *The committees were set up in 2018.*

**Attendance rates of the Board/committees of SF&OC
(30 March 2017 to 31 December 2019)**

Board/committees	No. of members	Attendance rates (Note)			
		2017 (since 30 March)	2018	2019	Average
Board	15	83%	73%	76%	77%
Committees					
1. Administration & Personnel Committee	9	78%	—	—	78%
2. Athletes Committee	10	—	—	60%	60%
3. Election Committee	3	—	100%	—	100%
4. Festival of Sport Organizing Committee	12 to 14	58%	69%	64%	64%
5. Finance Committee	9	78%	—	—	78%
6. Hong Kong Athletes Career and Education Programme Committee	14 or 15	60%	62%	62%	62%
7. Hong Kong Anti-Doping Committee	11	91%	82%	73%	80%
8. Hong Kong Sports Stars Awards Judging Panel	8 or 9	—	100%	75%	88%
9. Hong Kong Sports Stars Awards Organizing Committee	8	63%	63%	69%	65%
10. International Multi-Sports Games Selection Committee	9 or 15	89%	93%	—	91%
11. Investment Sub-committee	10	—	70%	75%	73%
12. Membership Affairs Committee	8 to 11	65%	56%	91%	71%
13. Olympic Day Organizing Committee	10 or 11	40%	45%	82%	53%
14. Working Group on Policy Review of the Private Recreational Leases	8	—	75%	—	75%
15. Working Group on Review of Staff Employment Package	13 or 14	—	96%	100%	98%

Source: *Audit analysis of SF&OC records*

Note: *For each year, the attendance rate of the Board or any committee was calculated by taking the average of the attendance rates of its individual meetings held in the year.*

Acronyms and abbreviations

ASDF	Arts and Sport Development Fund (Sports Portion)
Audit	Audit Commission
BPR	“Best Practice Reference for Governance of National Sports Associations — Towards Excellence in Sports Professional Development”
DCOs	Doping control officers
FSTB	Financial Services and the Treasury Bureau
HAB	Home Affairs Bureau
HKACEP	Hong Kong Athletes Career and Education Programme
HKADC	Hong Kong Anti-Doping Committee
HKSI	Hong Kong Sports Institute Limited
ICAC	Independent Commission Against Corruption
IOC	International Olympic Committee
LCSD	Leisure and Cultural Services Department
MCOHL	Management Company of Olympic House Limited
NOC	National Olympic Committee
NSAs	National Sports Associations
SF&OC	Sports Federation & Olympic Committee of Hong Kong, China