

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));

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- (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

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- (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.