

# LC: Speech by CS in presenting Government Minute in response to Report of Public Accounts Committee No. 74

Following is the speech (translated from Chinese) by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in presenting the Government Minute in response to the Report of the Public Accounts Committee No. 74 in the Legislative Council today (October 28):

President,

Laid on the table today is the Government Minute (GM) responding to Report No. 74 of the Public Accounts Committee (PAC) presented to the Legislative Council on July 15, 2020.

I welcome the Report of PAC and am deeply grateful for the time and efforts devoted by the Chairman, the Hon Abraham Shek, and Members of PAC on it. The Government accepts PAC's various recommendations and sets out in detail the specific responses of the relevant bureaux and departments in the GM. PAC conducted public hearings on the chapters on "Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)" and "Sports Federation & Olympic Committee of Hong Kong, China". I would like to highlight the key measures taken and progress made by the Government and relevant organisations in response to the recommendations.

Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)

First of all, effective management of the Arts and Sport Development Fund (Sports Portion) (ASDF) meets the principle of value for money and is conducive to the Government's work in taking forward the development of sports in Hong Kong. The Home Affairs Bureau (HAB) and the Leisure and Cultural Services Department (LCSD) have reviewed the ASDF's mechanism to provide funding for Hong Kong athletes to prepare for and participate in international games, revised the relevant guidelines, application forms and programme report templates, and implemented a series of enhancement measures. These include requiring applicants to set performance targets in their funding applications and report actual achievements, introducing a penalty for delay in the return of unspent balances, stipulating the requirement for auditors to certify grantees' compliance with the applicable procurement guidelines and Code of Conduct, as well as requesting the grantees to provide explanation in their programme reports for any significant variance between the approved and actual expenditures.

Regarding ASDF's funding support for hosting international sports events

in Hong Kong, HAB and LCSD have updated the application guidelines to require timely submission of programme reports by grantees, mandate auditors' certification on grantees' compliance with HAB and LCSD's guidelines, and require explanation for significant variances between approved and actual expenditures. LCSD has also improved the arrangement for on-site inspections of local international events to strengthen monitoring.

As regards ASDF's funding support to the Hong Kong Football Association (HKFA), HAB has urged HKFA to take effective measures to follow up on the recommendations of the Audit Commission (Audit) and PAC. At the recommendation of the Sports Commission (SC) and the Football Task Force (FTF), HAB has requested HKFA to submit an action plan on how it would address the issues identified by Audit and PAC and make improvements. To underline the importance of this action plan, HAB has made its timely submission a condition for the release of funding for supporting HKFA's implementation of its Vision 2025 Strategic Plan (V2025 Plan). HKFA has already submitted its action plan to HAB in September 2020 and put in place a range of improvement measures.

To improve the operation of the HKFA Board and Committees, the HKFA Board has reconstituted the Audit Committee in accordance with its terms of reference and put in place additional administrative measures to properly maintain agendas and minutes of the meetings of the HKFA Board and Committees, and to duly collect the completed first-tier declaration of interest forms from members. To further enhance the operation, the HKFA Board has resolved to conduct a review on its board and committee structure and the major areas of governance. The review is expected to be completed by June 2021.

In terms of funding allocation and monitoring by the Government, HAB will continue to closely monitor the performance of HKFA in using the funding support provided under ASDF for the development of football in Hong Kong. HAB has accepted the recommendations of SC and FTF to provide time-limited funding for three football seasons from 2020/21 to 2022/23 for HKFA's implementation of its V2025 Plan. The performance targets and indicators will be set out in the funding agreement between HAB and HKFA. To motivate HKFA from the financial aspect to make the expected improvements, HAB would consider reducing the funding amount or shortening the duration of funding should there be significant shortfalls in HKFA's fulfilment of performance targets/indicators. HAB will conduct a mid-term review of HKFA's performance in its implementation of the V2025 Plan by end-2022. Based on the review outcome, HAB will determine the funding arrangements for the remaining football seasons.

Sports Federation & Olympic Committee of Hong Kong, China

HAB has all along been working in close partnership with the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) to promote sports development in Hong Kong and providing recurrent subvention to SF&OC for the administration and programmes expenses for implementing various initiatives.

SF&OC has been actively following up on Audit's and PAC's recommendations relating to its operation and governance. To increase the transparency in the selection of athletes for participating in international multi-sports games, SF&OC is reviewing the selection procedure (including the review and appeal procedure) with reference to the best practices in the "Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development" drawn up by the Independent Commission Against Corruption as well as the overseas practices. SF&OC aims to complete the review by March 2021 and will then promulgate the revised procedure afterwards.

On governance front, SF&OC has adopted a new two-tier declaration mechanism with effect from July 1, 2020. It is also conducting a review on its committee structure, including the category and number of committees, their membership and frequency of meetings, with a view to enhancing the management of meetings and attendance of its Board and committees.

To enhance the governance of "national sports associations" (NSAs), HAB will be providing a time-limited funding of \$5 million per year for five years (from 2020-21 to 2024-25) to SF&OC for reviewing the operation and internal monitoring mechanism of all NSAs. In this regard, SF&OC has established a dedicated team to carry out the review. The major components of this review include the formulation of a code of governance, and an audit on the Articles of Association of all NSAs, composition of their executive boards and election mechanism, financial reporting and auditing mechanism, selection of athletes and appeal mechanism, etc. To set a good example, SF&OC will also conduct a review on its own operation and internal monitoring mechanism and make improvements as appropriate. HAB will closely monitor the progress of the review exercise.

The Government has all along attached great importance to the recommendations made by Audit and PAC. In response to the PAC's recommendations, the Financial Services and the Treasury Bureau has updated the related Financial Circular in September 2020, emphasising that bureaux, departments and the relevant public organisations should respond to audit reviews positively and constructively. They are also reminded to ask their representatives to be well prepared before attending PAC's public hearings to facilitate the smooth conduct of the hearings.

President, I would like to thank the Chairman and Members of PAC again for their guidance. The concerned bureaux and departments will strictly adhere to its responses in the GM to implement improvement measures as soon as possible.

Thank you, President.