

## **LCQ 6: Review of administrative management of statutory bodies**

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Following is a question by the Hon Tam Heung-man and a reply by the Secretary for Home Affairs, Dr Patrick Ho, in the Legislative Council today (Oct 19):

Question:

It has been reported that after loopholes were found in the administrative management of the Office of the Privacy Commissioner for Personal Data and the Equal Opportunities Commission, there has been grave concern about the administrative management of statutory bodies. In this connection, will the Government inform this Council whether:

- (a) it has plans to review the administrative management of statutory bodies, or request them to conduct reviews; if it has, of the details; if not, the reasons for that;
- (b) it has put forward policy proposals to any statutory bodies to improve their administrative management or conducted relevant researches; if it has, of the details; if not, the reasons for that; and
- (c) it will consider establishing an independent body or formulating relevant policies to assist statutory bodies in conducting internal audits at regular intervals; if it will, of the time for implementation and the relevant details; if not, the reasons for that?

Reply:

Madam President,

(a) The Home Affairs Bureau has been conducting a review on the role, functions and management of the public sector advisory and statutory bodies (ASBs) to enhance their representativeness, openness and efficiency, so that they can meet the needs of the community and new challenges. We have so far submitted 14 interim reports on the review to the Panel on Home Affairs of the Legislative Council, focusing on issues relating to the classification system, appointment system and operation of these ASBs. The issues discussed include rationalisation of the classification system, the principles of appointment of non-official members (the aims of which are to achieve a balanced gender composition, to enhance diversity of these bodies in terms of sectors and backgrounds and to maintain a healthy turnover of non-official members), and the operation of ASBs such as remuneration of non-official members, procedures for handling conflicts of interest

and transparency of the work of these bodies.

Through the review, we have established a set of guiding principles on ASBs, including the six-year rule, six-board rule, 25% gender benchmark, appointment on merit, equal opportunities, declaration of interest and transparency.

Under the above framework, reviews are conducted from time to time by policy bureaux according to their overall policies and the circumstances of the ASBs under their purview.

With regard to statutory bodies, since they are established by legislation, the Government should respect their independence. Review on their general administrative management should be conducted by the statutory bodies themselves.

However, to ensure the proper use of public funds, the Government should have an appropriate system of cost control and monitoring to oversee the spending of public money by statutory bodies, having regard to economy, efficiency and effectiveness in the delivery of public services and use of public funds.

(b) As mentioned in our reply to part (a), we have submitted 14 interim reports on the ongoing review of ASBs. We have completed the review on the role, functions and management of non-departmental public bodies (which include the Consumer Council, the Equal Opportunities Commission, the Hong Kong Arts Development Council and the Hong Kong Housing Authority, etc.). The review report points out that of all the non-departmental public bodies, only the Equal Opportunities Commission has an executive Chairman while the others have a part-time Chairman and a full-time Chief Executive Officer. In the report of the Independent Panel of Inquiry on the Incidents Relating to the Equal Opportunities Commission completed earlier, it has recommended to separate the current post of executive Chairperson into the two posts of non-executive Chairperson and Chief Executive Officer. In other words, the policy-making function should be exercised by a non-executive Chairman and part-time members while the executive function should be exercised by a full-time Chief Executive Officer. We consider that the recommendation is worth exploring and is seriously examining the proposal.

As for the ASBs in other categories, we will continue with the review on their roles, functions and management.

(c) Internal auditing generally refers to an organisation's monitoring of internal control, examination of financial and operating information, review on its procedural efficiency and effectiveness, as well as checks on the compliance of the organisation with the laws and regulations,

management policies and other requirements. As far as financial monitoring is concerned, most statutory bodies employ independent external auditors to audit their accounts. The Audit Commission also conducts audits on these organisations from time to time. Given that statutory bodies in Hong Kong vary substantially in scale and function, we are of the view that internal audit matters should be decided by these bodies according to their needs. As such, we do not consider it necessary to establish an independent body to assist statutory bodies in conducting internal audits at regular intervals.

Policy bureaux themselves could also decide whether it is necessary to draw up arrangements or policies on internal auditing for statutory bodies under their purview.

Thank you Madam President.

Ends/Wednesday, Oct 19, 2005

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