

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Finance Committee

Costing Policies for the Housing Authority

PURPOSE

This paper is to seek Members' approval to the Housing Authority's first set of Costing Policies and their implementation with immediate effect.

BACKGROUND

2. The need to establish a clear and comprehensive set of costing policies has been recognised for some time and has been included in the Finance Development Programme (FC 8/97) for several years. Although the demand for costing and management information has grown rapidly over the past few years it is expected to substantially increase further, due to demands for such information in program planning, monitoring, controlling and performance evaluation as identified under the Management Enhancement Programme and Financial Management Framework.

COSTING POLICIES

3. The objectives of the Costing Policies are -
- (a) to ensure that costing information and analysis to be included in Committee or Board Papers or to be used for internal or external evaluation and reporting are prepared on a consistent basis;

- (b) to ensure that all costing exercises are conducted and cost data are prepared in accordance with the generally accepted accounting and costing principles and practices; and
- (c) to make major cost elements more visible and to prompt analysis into cost drivers so that decisions based on these policies will assist in achieving the Authority's financial performance targets.

4. The HA Costing Policies will be reviewed on an ongoing basis to take into account any managerial and organisational changes of the Authority as well as the latest development of accounting and costing standards and concepts and any fine tuning required as a result of practical application.

FINANCIAL IMPLICATIONS

5. No financial implications will result from the implementation of these Costing Policies.

CONSULTATION

6. The Department has researched into best practices both locally and overseas in formulating the appropriate Costing Policies for the Authority.

7. The Director of Accounting Services has been consulted with copies to Secretary for the Treasury and Director of Audit and the relevant comments have been incorporated where appropriate.

IMPLEMENTATION

8. Subject to Members' approval, the Costing Policies will be incorporated into the Costing Manual which will be issued by the Finance & Accounting Branch of the Department, together with supporting financial instructions and procedures, for implementation with immediate effect, subject to such transitional arrangements as are necessary.

PUBLICITY

9. No publicity will be given on the contents of this paper.

RECOMMENDATIONS

10. It is recommended that Members' approval be given for the Housing Authority - Costing Policies at the **Annex**.

DISCUSSION

11. Members' advice and approval will be sought on the recommendations at paragraph 10 above at the meeting to be held on 29 May 1997.

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