

HONG KONG HOUSING AUTHORITY**Memorandum for the Finance Committee****Mid-term Review of Service Performance in 1998/99
- Finance And Accounting****PURPOSE**

This paper presents the mid-year review of the service plan of Finance and Accounting Branch (FAB) for 1998/99.

BACKGROUND

2. As part of the corporate planning process, Business Directors/Branch Heads are required to draw up business/service plans in respect of their core business/service areas for endorsement by the relevant committees. This is to ensure that a coherent and effective set of policies and programmes are put in place to achieve the Housing Authority's strategic and business objectives. The 1998/99 service plan of the Finance and Accounting Branch was noted by Members in December 1997 vide FC Paper No. 70/97. This mid-year review aims to brief Members on the progress in implementing the key initiatives outlined in the service plan.

PERFORMANCE REVIEW

3. During the last 12 months the Authority's finances have been impacted by the financial turmoil in the region and HK and the financial and property markets have experienced considerable volatility. However these factors have not seriously impacted upon the FAB's implementation of its service initiatives or in its day to day operations. Indeed the prudent management of the Authority's finances over the past years have assisted in the

successful financial operation of all the Authority's activities during these difficult times.

4. There were 28 key initiatives/actions identified in last year's Service Plan in pursuit of the service objectives and service areas. The summary of the achievements and progress so far is set out in **Annex A**, with no significant slippages to date. The major achievements and progress over the period are -

- (a) The devolution of operational finance functions was successfully implemented on 1 April 1998;
- (b) Financial Appraisal policies and processes were approved vide SPC 22/98 and incorporated in the Value Based Management Manual;
- (c) The management of the inhouse funds to meet operational requirements whilst generating a yield higher than the benchmark; and
- (d) The in-house trading portfolio was set up on 1 September 1998.

Each Section within FAB keeps a number of performance indicators and workload statistics, from these the key performance indicators have been summarised together with a performance commentary and are highlighted at **Annex B**.

FINANCIAL PERFORMANCE

5. The revised budget expenditure of FAB for 1998/99 is \$102 million (see **Annex C**), representing a 13% reduction from last year mainly reflecting the devolution.

6. As at 30 September 1998, the available funds under the control of the Authority was \$34.9 billion, of which \$30.7 billion was managed by the Department and \$4.2 billion was managed by fund managers (including the in-house portfolio). The performance of the Funds Management Account is shown at **Annex D**.

INFORMATION

7. This paper is issued for Members' information.

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