

HONG KONG HOUSING AUTHORITY

Memorandum for the Finance Committee

Mid-year Review of Service Performance in 2000/01 Finance and Accounting

PURPOSE

This paper presents the mid-year review of the service performance of the Finance and Accounting Branch (FAB) in 2000/01.

BACKGROUND

2. As part of the corporate planning process, Heads of Branches will draw up Business/Service Plans in respect of their core businesses/services for the coming financial year. This is to ensure that a coherent and effective set of policies and programmes will be put in place to achieve the Housing Authority's strategic objectives. The 2000/01 Service Plan for the FAB was approved by Members in November 1999 vide Paper No. FC 60/99. This mid-year review advises Members of the progress in implementing the key initiatives outlined in the 2000/01 Service Plan.

3. The service objectives of FAB for 2000/01 are shown at **Annex A**.

PERFORMANCE REVIEW

4. A total of 27 initiatives were identified in the 2000/01 Service Plan.

5. The overall performance is as follows –

Initiatives being implemented			
Action Completed	On-going/ On Schedule	Behind Schedule	Total
7 (26 %)	15 (56 %)	5 (18 %)	27 (100%)

— A detailed report on the progress of individual initiatives is at **Annex B**.

The major achievements include –

- (a) Successfully completed the 1999/2000 annual accounts for audit within 3 months after the end of financial year, one month ahead of previous year.
- (b) Implemented a centralized filing system and streamlined the workflow of the General Registry.
- (c) Streamlined the funds management procedures after the implementation of IQS Phase II with reduction in staff requirement identified.
- (d) Completed the review of tender processing procedures with target for shortened lead time identified.
- (e) Completed the performance review of suppliers registered under HQ Supplies Section with deletions of suppliers who had poor response to tender invitations.
- (f) Completed a customer/user satisfaction survey on system support services with above target satisfactory level at 96.4%.

6. The proposal for implementing a service based costing and management system will be submitted later in the financial year when the PA Consultancy's recommendations are available. The post devolution review of the Supplies Section and the feasibility study for procurement by electronic means were slightly delayed due to other work engagements. The implementation of the Budgeting and Forecasting Information System is behind schedule because the consultants underestimated the large data size and complex

user requirements and consequently the system performance is unsatisfactory. Lastly, the enhancement of the HA Payroll System was delayed due to slippage in the progress of system development by the Treasury. FAB will endeavour to accomplish these behind schedule initiatives according to their revised targets.

Key Performance Indicators (KPIs)

7. The KPIs and performance commentary are summarized at **Annex C** and are highlighted below –

KPI	Target	Position as at 30 September 2000
1. Yield on main portfolio	Achieve or outperform benchmark as set by FC	The main portfolio consistently outperformed the benchmark.
2. FAB costs of Corporate Support as % of Functional (& Direct) Staff Costs	Reduce the rate by 5% in 2000/01	Achieved a reduction of 30% due to savings under EPP and identification of functional costs for direct charging.
3. Timely completion of Annual Accounts	June 2000 for 1999/2000 Accounts	Achieved
4. Lead time in delivery of stores to users	on average within 5 working days	Achieved with all delivery within 5 working days.

FINANCIAL PERFORMANCE

8. Up to 30 September 2000, the total recurrent expenditure and capital expenditure of FAB were \$44.5 million and \$1.5 million respectively. An updated financial position of FAB is at **Annex D**.

9. As at 30 September 2000, the available funds under the control of the Authority was \$10.3 billion, of which \$5.3 billion was managed by the

Department and \$5.0 billion was managed by fund managers (including the in-house trading portfolios). The performance of the Authority's Funds is shown at **Annex E**.

INFORMATION

10. This paper is issued for Members' information.

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