



Extra Security Gisella Tan, aged 7

To Gisella, security is being surrounded by everything you need at home. What's even better is the added comfort of a very secure chair with eight legs to sit on when you want to settle down and rest.



Before the implementation of the MPF System, the MPFA focused on monitoring the service providers' preparatory work and processing new applications. After 1 December 2000, the emphasis of the MPFA's work shifted to enforcing the law, reviewing the administrative and operational issues of the MPF System and monitoring the compliance of the service providers on an ongoing basis. The various supporting services within the organization were geared towards the changing business needs of the MPFA.

Human Resources Management

Supporting Services

ESTABLISHMENT AND RECRUITMENT

As the MPFA settled into more regular patterns of work after the launch of the MPF System, a comprehensive review of the organization was conducted during the year to streamline the organizational structure and to improve operational efficiency. As a result of two rounds of organizational structure review, the organization has been down-sized from 327 to 292 positions. Meanwhile, an external consultant was commissioned to carry out a pay structure review.

Major recruitment exercises having been completed, recruitment activities during the year were mainly to seek replacement for staff members who have left and recruitment of 30 posts was carried out. The turnover rate of the organization during the year was 24.86%. The rate is largely due to the fact that the MPFA is still a very young organization and its business focus, in the early years of implementing MPF, has to shift more frequently than comparable but more mature bodies.

The Human Resources Information System was developed and implemented during the year to facilitate human resources administration.

ORGANIZATIONAL DEVELOPMENT AND TRAINING

In developing the culture of the organization, a series of strategic planning and team building workshops were organized in September and October 2001. The corporate vision, the core values and the top five strategies for the organization in the next few years were developed and formulated. The core values, namely, Commitment, Quality, Teamwork and Community Perspective, have become the guiding principles for staff in their decision making and behaviour at work. We have also started preparatory work to review the performance management system for the MPFA in 2002-03.

During the year, the MPFA organized various types of training programmes to develop staff and equip them with the necessary business skills. A total of 82 classes covering 26 training programmes/workshops were organized, with a total attendance of over 2 000. A list of major training classes and workshops conducted is at Appendix 13.

STAFF COMMUNICATION AND STAFF ACTIVITIES

To provide a forum for discussion and a channel for understanding the corporate direction, staff communication sessions were held to share with staff the strategic directions and the core values developed during the year. Staff communication was also kept up through regular management

meetings and through the publication of six issues of the Staff Newsletter *The Orchard*, eight issues of *Staff Express* and nine issues of *Staff Bulletin*, and the organization of nine topical briefing sessions.

The Staff Welfare Committee continued to plan and organize staff social activities. A total of eight events were organized during the year. Major activities included an autumn outing, movie evenings, a bowling competition and a Christmas Party. With the participation of all MPFA staff in the Dress Casual Day 2001, we were awarded the second Highest Participation Rate Award in the Companies & Organizations category. A Blood Donation Day was held on 20 March 2002, with a participation of 42 staff members.

General Administration

In early 2002, the inspectorate team moved from the office at Asia Standard Tower to the International Finance Centre. The entire organization has since been housed under one roof.

During the year, an exercise was carried out to ensure office security of the MPFA. Possible risks that the organization may encounter were defined, and the impact of the risks on various Divisions and Departments was identified. Recovery plans and business continuity plans to meet contingencies are now being developed.

Financial Control

In order to strengthen financial control, the MPFA enhanced the existing financial information system and the management information database for financial and management reporting purposes. The commitment module and the enhancement of the receipt module have been successfully implemented during the year.

The policies on procurement of goods and services for the organization have been reviewed. A Procurement Policies and Procedures Manual has been compiled to document the policies and procedures for procurement activities and to give guidance to staff in carrying out such activities.

A consultancy study was commissioned in the last financial year (2000-01) for identification of risks in the Financial Control and Treasury Departments' policies and procedures. The MPFA implemented appropriate checks and controls during the year in accordance with the recommendations of the study. Checks and controls within the Financial Control Department as well as those in core business operations, including cheque receipt and remittance advice functions for ORSO operations, have been put in place.

Treasury

Checks and controls were implemented under the treasury functions, including cross-department compliance checking and revised dealing limits. The investment strategies for the Capital Grant and the Compensation Fund were regularly reviewed, and the services and performance of the master custodian and the two external fund managers appointed to safe-keep and manage the MPFA's assets were closely monitored.

In previous years, the \$5 billion Capital Grant and the \$600 million Compensation Fund seed money were mainly deposited with the Hong Kong Monetary Authority. A small portion of the Capital Grant was also invested in the Tracker Fund. Towards the end of the last financial year, a bond portfolio was introduced for the Capital Grant via external fund management. During the reporting year, the bond portfolio of the Capital Grant was enlarged and a bond portfolio for the Compensation Fund was introduced via in-house investment management.

Information Technology

INFORMATION MANAGEMENT SYSTEM

The final phase of the Information Management System (IMS) was delivered in October 2001. The IMS facilitates the efficient processing of applications submitted by service providers for registration of MPF trustees, schemes, intermediaries and investment funds, and assists in the management and monitoring of enrolment and compliance.

A result of the hard work and collaboration between MPFA staff and the project contractor staff, the IMS also owes its smooth launch to the valuable advice and close monitoring of the IMS Committee. This Committee was headed personally by the Chairman and consisted of external information technology experts. The membership list of the IMS Committee is at Appendix 1. Having discharged its functions in full, the Committee was disbanded in March 2002.

The IMS has been enhanced during the year to enable submission of returns and other reports from trustees through dedicated electronic networks. Ancillary systems were developed to improve the efficiency of default contribution handling. After delivery of the entire IMS, an in-house IMS maintenance team was set up to acquire the skills and knowledge for maintaining the system. A post-implementation review of IMS has also started since early 2002 with a view to further refining the system.

In order to ensure business continuity in case of system failure and to contain associated operational risks, two disaster recovery drills had been conducted. In the drills, it had been demonstrated that the disaster recovery procedures could be performed satisfactorily with no major problem encountered.

OTHER INFORMATION TECHNOLOGY SYSTEMS

A number of information technology systems were developed in-house to facilitate the rendering of various supporting services. The Human Resources Information System (HRIS) was developed and implemented to assist in the discharge of human resources functions. The Investigation Handling System (IHS) was developed to ensure the security and efficiency of processing complaint case files and enforcement. The Executive Information Assistant (EIA) system was developed to facilitate the sharing of information among management staff.

Several systems were enhanced, including the Enquiries Handling System, the Complaints Handling System and the existing financial information system.

Corporate Affairs

The Management Board held eight meetings during the year, whereas MPF Schemes Advisory Committee and Industry Schemes Committee met two and four times respectively. The numbers of meetings held by the Administration Committee, Finance Committee and Guidelines Committee were three, six and two respectively during the year. The members of the Management Board and most members of the MPF Schemes Advisory Committee were reappointed in September 2001 for a further term of two years.

As a public body, the MPFA attaches great importance to complying with laws applicable to an organization, such as those relating to intellectual property, electronic transaction and personal data privacy. During the year, the MPFA followed closely the development of the related legislation and took steps to ensure compliance.

With the rapid growth in the volume of records of the organization, there is a pressing need to develop a set of policies for the management of documents and files. A study has been started during the year on the management of corporate records and will be extended to other types of records in the coming year.

In view of the continuous growth of its library collection and the development of research needs in the organization, the MPFA has acquired an automated library system in order to enhance the efficiency and effectiveness of library management and operation.



Management Review and Internal Audit

With the help of an external consultant, financial control and treasury operations have been reviewed. Internally, a total of six management reviews were conducted in a number of areas, including records management, procurement policies and procedures, and corruption risks in default contribution handling by the Complaints and Investigation Department, with a view to enhancing efficiency and effectiveness and reducing risk. Plans were in place to establish the internal audit function and conduct internal audits of financial control operations and treasury functions.

Legal Support

Since the launch of the MPF System in late 2000, the in-house Legal Department has been heavily engaged in supporting the MPFA's enforcement actions. It provided legal advice to MPFA's inspectors, and liaised closely with the Police and the Department of Justice in handling prosecution cases. It gave advice and contributed to each investigation report before it was dispatched to the Department of Justice for further action.

During the comprehensive review of the MPF legislation, in-house legal support was provided in the form of advice on the legal aspects of proposed legislative amendments.

The Legal Department also advised on all legal issues affecting the MPFA, including internal governance, employment and commercial issues.