

The Hong Kong Council of Social Service

Written Feedback from Christine Fang on Framework for Best Practice Manual for NGOs (Research report Table 9.2)

Part 1 - Principle on setting Level one and Level two

- The change from input control to output control is the overriding parameter of the LSG Subvention System. NGOs, carefully guided by the Service Performance Monitoring System (SPMS), are promised to be given flexibility for conducting activities related to service management, service enhancement, staff remuneration commitment and public accountability. This fundamental principle of the LSG should be respected in the drafting of the BPM, which should refrain from proposing micro-management and one-size-fits-all measures.
- Practicality and enforceability should be considered seriously when selecting Level One items. Capacities and complexity of various NGOs should be taken into account.
- Since setting Level One as mandatory practices would be considered as a change to the contract terms under the LSG agreement, there should be formal procedures to ensure mutual agreement before adoption. Moreover, implementation of Level One practices might inevitably incur additional resources under certain circumstances. Such contextual factors should have been exhausted and closely examined before any practice could be identified as Level-One-worthy.
- The classification of Level one and Level two requirements should take into consideration the various sizes, historical background, and the established financial and human resource policy developed by NGOs in the past ten years.

Part 2 – Feedback on Framework

1. Financial Management

1.1 Management of Lump Sum Grant Reserve

Aspects	Principles	Strategies ¹ proposed by Consultancy Team	Position & Counter Proposal
Utilization of reserve	Compliance	<ul style="list-style-type: none"> - Ensure the reserve is gainfully and effectively used for intended purposes as stipulated by the SWD. 	<p><u>Level 1- Agree</u></p> <ul style="list-style-type: none"> - Ensure the reserve is “gainfully and effectively” used for intended purposes as stipulated by the SWD.
Optimal level of reserve	Cost-effectiveness	<ul style="list-style-type: none"> - Develop a planning and evaluation mechanism to determine the optimal level of reserve and monitor its level effectively, with a projection of 3-10 years. - The reserve should be separated into two accounts, with one for general reserve and another for commitments to current Snapshot Staff. 	<p><u>Level 2- Agree</u></p> <ul style="list-style-type: none"> - Develop a planning and evaluation mechanism to determine the level of reserve and monitor it effectively with a projection for an appropriate time period.
Financial status of reserve*	Transparency	<ul style="list-style-type: none"> - Use convenient, effective and timely channels to disseminate information to staff members. 	<p><u>Level 1- Agree</u></p> <ul style="list-style-type: none"> - Use “convenient, effective and timely” channels to disseminate information to staff members and the public.

NOTE: SWD to define the descriptions in parenthesis “...” , so to ensure the mandatory requirement is enforceable

¹ “Strategies” are extracted from the views of three stakeholder groups as collected from in-depth interviews (N=46) and survey questionnaires (N=249).

1.2 Use of Provident Fund (PF) Reserve for Non-Snapshot Staff

Aspect	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Usage of reserve*	Effectiveness	- Use reserve for non-Snapshot Staff for the designated purpose, whether as ordinary contributions to their PF, or as special contributions to reward staff with good performance, e.g. increase employer's contribution proportion or give a one-off contribution to the staff's PF account, so as to motivate staff and increase staff morale. The reserve level should be kept at a low level.	<u>Level 1- Agree</u> - Maximize the use of reserve for non-Snapshot Staff for the designated purpose, whether as ordinary contributions to their PF, or as special one-off contributions to reward staff with experience. <u>Note:</u> - NGOs should be allowed to transfer surplus funds from ORSO reserve to the MPF reserve so that they could be enabled to improve the package to staff.
Financial status of reserve*	Transparency	- Use convenient, effective and timely channels to disseminate information to staff members.	<u>Level 1 – Agree</u> - Use “convenient, effective and timely” channels to disseminate information to staff members.

NOTE: SWD to define the descriptions in parenthesis “...” , so to ensure the mandatory requirement is enforceable

2. Human Resource Management

2.1. Salary Package Policy and Administration

Aspects	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Remuneration	Fairness/equity	- Develop and implement a fair pay policy, to take into account fair recognition of work experience and good performance, and long term human	<u>Level 2 –Agree</u> - Develop and implement a “fair” human resource

		<p>resource development for the benefit of both the organization and the field at large.</p> <ul style="list-style-type: none"> - No matter adhering to GPS or delinked from GPS but performance linked, staff with good performance will receive equal or better pay as compared with those receiving salary according to GPS. - Remove the cap on salary at midpoint as maximum point so that good performer can be rewarded equitably. 	<p>policy, having due recognition of staff's work experience and good performance.</p> <ul style="list-style-type: none"> - Subject to the availability of funds and long term sustainability of the service, NGOs should not set the salary cap at mid-point or below, so that good performers can be rewarded equitably.
Salary adjustment*		<ul style="list-style-type: none"> - The whole sum for salary adjustment/back pay should be used for its designated purpose (for adjustment in cost of living). It should not be performance-linked. - Administer salary adjustment on a timely basis within the same financial year. - Administer salary adjustment to all staff under LSG regardless of their employment status. 	<p><u>Level 1 – Agree</u></p> <ul style="list-style-type: none"> - The whole sum for salary adjustment received from SWD should be used for its designated purpose to administer salary to all staff under LSG on a timely basis.
Pay policy*	Transparency	<ul style="list-style-type: none"> - Provide information about the staff structure, salary package including fringe benefits to staff members concerned. - Provide information about the criteria or requirements for each grade/band/rank. - Provide information about the rationale of salary adjustment and increment to staff members concerned. - Establish communication channels such as staff meetings, sharing sessions for feedback 	<p><u>Level 1 – Agree with condition to confine the disclosure as specified below</u></p> <ul style="list-style-type: none"> - Provide information about the staff salary structure with starting salary to staff members concerned. - Establish communication channels with staff for clarification and collection of feedback.

2.2. Administration of Time-defined Contracts

Aspects	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Administration of transfer and termination*	Fairness and effectiveness	<ul style="list-style-type: none"> - Give priority to non-lump sum grant staff for transfer to a post under LSG wherever possible. - Give priority to short-term contract staff for transfer to long-term contract; long-term contract staff to regular/permanent posts wherever possible. - Fill vacancies as soon as possible to minimize disruptions to services and/or operations. - Develop a fair and effective appraisal system for the above-mentioned purposes. - Inform concerned party of the decision at a reasonable and appropriate point of time. - Staff's work experience in related services/fields should be counted in their remuneration package. 	<p><u>Level 1 – Disagree, should be Level 2</u></p> <ul style="list-style-type: none"> - NGO should have a policy to handle applications from staff regarding internal post transfer to non time-limited positions. - NGOs should have a policy to inform concerned parties on contract renewal and termination. - Subject to funds being available, staff's work experience in related services/fields should be considered in their remuneration package. <p>Note: It was not fair nor feasible to give priority to non-LSG staff or short –term contract staff in their transfer to non-time limited posts as it would violate the ICAC guidelines and the Equal Opportunities Ordinance of HK.</p>
Decision-making	Compliance to rules and procedures	<ul style="list-style-type: none"> - Make human resource decisions according to rules and procedures that current and prospective staff are well informed of. - Ensure that panel members are free from conflicts of interest. - Establish an effective mechanism for checking and monitoring agency's compliance to rules and procedures in relation to human resource management and handling of staff complaints. 	<p><u>Level 2 – Agree</u></p> <ul style="list-style-type: none"> - Make human resource decisions according to rules and procedures that current and prospective staff are well informed of and ensure that decision makers are free from conflict of interest. - Establish an effective mechanism for checking and monitoring agency's compliance to rules and procedures in relation to human resource management and handling of staff complaints

3. Corporate Governance and Accountability

3.1 The Success of New Management Strategies

Aspects	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Increase mutual understanding and trust*	Accountability	<ul style="list-style-type: none"> - Build a regular reporting system so that the board knows and understands what the organization is going on. - Establish formal and informal channels of communication with staff members and service users. - Seek views from staff members and service users through regular meetings for improvement of services and other purposes. 	<p><u>Level 1 – Disagree, should be Level 2</u></p> <ul style="list-style-type: none"> - “Establish effective channels of communication” between the Board and Management, staff members and service users, so as to ensure that feedbacks on the organization’s functions and performance.
Collection of views*			

Term of office	Self-regulation	<ul style="list-style-type: none"> - Set a limit for term of office. 	<p><u>Object to put as Best Practice</u></p> <ul style="list-style-type: none"> - “The roles, responsibilities and membership of the Management Committee and/or the Board or other decision making bodies are clearly defined and documented”, <i>SQS 4.3 should suffice</i> - NGOs can take reference of the Efficiency Unit “Guide to Corporate Governance for Subvented Organizations” Chapter 2, Board Structure and Composition.
Board capacity*	Continual enhancement	<ul style="list-style-type: none"> - Sit in different committees to get more understanding of the organization. - Rotate posts in board and committees. - Hold retreat and evaluation meetings regularly. - Attend training sessions if necessary. 	<p><u>Object to put as Level 1- there is no one size fits all practices in enhancing Board capacity that can be set as mandatory</u></p> <ul style="list-style-type: none"> - NGOs can again take reference from Chapter 3, Board Operation and Effectiveness in “Guide to Corporate Governance for subvented Organizations” by Efficiency Unit.

3.2 Decision Making Process of Agency’s Important Management Issues

Aspects	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Delineation of roles and responsibilities between governing board and senior management *	Effectiveness	<ul style="list-style-type: none"> - Develop guidelines to state clearly the roles and responsibilities with examples for the governing board and senior management respectively. - Review the documents from time to time to meet the changing context of the social welfare sector. 	<p><u>Level 1 – Disagree, should be Level 2 since what are important management issues are ill defined</u></p> <ul style="list-style-type: none"> - Define and document the terms of reference of the Governing Board and the roles and responsibilities of Senior Management in the governance, management and accountability of LSG services and make the information accessible to all staff, service users and other interested parties (Reference SQS 4.2,4.3 adapted to organization level)
Important management issues*	Participation	<ul style="list-style-type: none"> - Collect views of the stakeholders on a regular basis and make known to them the schedule and channels. - Engage stakeholders concerned in the decision making process through regular meetings. - Provide user-friendly platforms for stakeholders to 	<p><u>Level 1 – Disagree, should be Level 2 since what are important management issues are ill defined</u></p> <p>“The <i>Organization</i> has policy and procedures for obtaining feedback from service users, staff and other interested parties on its performance and for</p>

		<p>express their views on their own initiatives like suggestion box, designated email addresses.</p> <ul style="list-style-type: none"> - Establish a procedure or process to review and respond to ideas, suggestions, feedbacks and perceptions of the stakeholders concerned. Examples might include regular activities, meetings and retreats. 	<p>responding to such feedback, and such policy and procedures are accessible to them.” (Reference SQS 6.2 adapted to organization level)</p>
Decision results*	Transparency	<ul style="list-style-type: none"> - Inform concerned stakeholders of the final decision as soon as possible. - Document decisions properly and timely including reasons for the decision made and make available such documents to concerned parties in a timely and easily-accessible manner. For example, regular newsletters to stakeholders might be published to report on key decisions and the rationales. 	<p><u>Level 1 – Disagree should be Level 2 since what are important management issues are ill defined</u></p> <ul style="list-style-type: none"> - “The <i>Organization</i> has policy and procedures to provide staff and service users with timely information about operations which affect the services received by them.”(Reference SQS 12.1 adapted to organization level) - “Periodical statistics and reports on the Organization’s performance are accessible to the public.” (Reference SQS 3.3 adapted to organization level)

3.3 Roles and Duties of Governing Board and Senior Management in Complaint Handling

Aspects	Principle	Strategies proposed by Consultancy Team	Position & Counter Proposal
Composition, duties and roles of panel at different level	Effectiveness , fairness and legitimacy	<ul style="list-style-type: none"> - Lay down a policy which states clearly who should be involved in different levels of complaint handling, and the roles and duties of each member at each level accordingly. - Ensure panel members at all levels are free from conflicts of interest. 	<p><u>Level 1 - Agree</u></p> <ul style="list-style-type: none"> - Lay down a policy which states clearly who should be involved in different and all levels of complaint handling, and the roles and duties of each member at each level accordingly. - Ensure all levels of complaint handling are free from conflicts of interest. - Ensure inter-phase with the Independent Complaint Handling Committee is made known to both complainant and complaine.
<i>“Panel composition and procedures” – to delete</i>	Compliance	<ul style="list-style-type: none"> - Follow the policy, procedures and composition strictly, with appropriate monitoring and appeal mechanism. - Seek a higher level approval when exception is deemed necessary. 	<p><u>Level 1 - Agree</u></p> <ul style="list-style-type: none"> - Follow the policy, procedures and composition strictly, with appropriate monitoring and appeal mechanism. - Ensure both complainant and complaine comply with the Independent Complaint Handling Committee procedures and requirement.