



香港社會服務聯會
The Hong Kong Council of Social Service

贊助人
行政長官 曾蔭權先生
PATRON

行政總裁
方敏生女士
CHIEF EXECUTIVE
Ms. Christine M. S. FANG

The Chief Executive the Hon. Donald TSANG Yam-kuen

By Fax 2838 0757 & By Post

14 March 2012

Mr. Lam Ka Tai
Assistant Director (Subventions)
Social Welfare Department
8/F, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Dear *Ka Tai,*

**Report No. 56 of the Director of Audit (Chapter 3)
Financial Thresholds for Funding Capital Expenditure by
Lump Sum Grant or Lump Sum Grant Reserve**

I refer to the letter from your Department dated January 18, 2012 (Ref.: SWD/S/109/1) to NGOs on the captioned, informing NGOs to follow new guidelines to elucidate minor/routine/marginal capital expenditure for using of LSG or LSG Reserve.

While the Council appreciates the Government's efforts in reviewing guidelines about minor/routine/marginal capital expenditure that could be charged to LSG, quite a number of NGOs in the Council are concerned with the implementation of such procedures. Needless to say, as close partners to the SWD, NGOs do have the expectation that engaging the sector's participation and effective communication are crucial factors to ensure smooth implementation of all guidelines.

To illustrate, there is a particular concern among NGOs on point (d) (iv) in the document, i.e. "SWD's advice has been sought in advance", because it seems to be contradictory to the rights and duty of the Management Board of NGOs as described in para 4 of LSG Circular No. 9/2003, "*while promoting NGOs' autonomy and flexibility, it is also the Department's responsibility to monitor NGOs' proper use of public resources and to assist NGOs in strengthening their corporate governance and accountability,NGOs should have put in place a proper mechanism for deployment of LSG reserve and that any decisions, relating to the deployment of LSG Reserve to meet special or major expenditure items, should be thoroughly discussed in the NGOs management Board, well justified and documented.*" Should that point in the new guidelines be interpreted as 'seeking approval from SWD' before taking actions, the sector would see the inconsistencies and difficulties in implementation and we urge the Department to clarify.

...../2



Given the ambiguity involved, many NGOs felt that there should be more dialogue to address issues of concern rather than the issuing of a top-down guideline to ensure the best outcome of implementation.

There is also the concern of some NGOs that could not apply for Lotteries Fund because of religious reasons. There is the need to find alternative resources of these NGOs cannot leverage on the use of the LSG Reserve in handling the capital expenditures.

To enhance better communication and nurture the trust between the Department and NGOs, I would like to suggest setting a work meeting between your goodself and the Core Group of our Council on LSG Review to exchange views and concerns on issues related to the afore-mentioned revision.

I hope your clarification and assurance will allay the concerns of NGOs and facilitate all to move forward in a pragmatic way.

I look forward to your early reply.

Yours sincerely,



Christine Fang
Chief Executive