

FUNDING AND SERVICE AGREEMENT**GENERIC SECTIONS****(A) General Obligations of the Social Welfare Department (SWD)****(1) Introduction**

The SWD has a range of general obligations to Service Operators in the context in which it funds the provision of social welfare services. These obligations reflect -

- (a) SWD's role as sponsor of the provision of social welfare services on behalf of the Government with an overall responsibility to ensure that they are provided as efficiently and effectively as possible;
- (b) its responsibilities in relation to collecting, processing, analysing and disseminating information about service performance and basic data affecting service planning;
- (c) its responsibilities for the efficiency and effectiveness of the administration of the subvention system; and
- (d) its responsibilities for the provision of services in support of Service Operators.

2. The obligations set out in this section only cover the relationship between the department and the sector which relates to service provision. They do not, for example, cover aspects relating to service development.

3. These general obligations are expected to apply to all services.

(2) General Obligations

4. The SWD will meet the following obligations to Service Operators. They are recognised as affecting the ability of the Service Operators to meet the targets set out in the Service Performance Standards of the Funding and Service Agreement (FSA).

- (a) to make payment of subvention according to the notified timetable;
- (b) to process properly completed Lotteries Fund applications for funds for capital work (e.g. new equipment, renovations, etc.) within 8 weeks upon receipt of comments from relevant parties;
- (c) to notify outcome of funding application for capital work within 7 days of approval;
- (d) to release payment on reimbursement basis within 28 days upon receipt of completed claim forms together with supporting documents; and
- (e) to provide support to Service Operators (e.g. training and information) to enable them to meet the requirements specified in the FSA.

5. In addition, the SWD will meet the following obligations to Service Operators. In the normal course of events, not meeting these obligations is not expected to affect the ability of Service Operators to meet the targets set out in the Service Performance Standards of the FSA.

- (a) to explore and secure the necessary resources to meet the agreed levels of support;
- (b) to provide information to service unit(s) on statutory requirements executed by the SWD;
- (c) to provide advice on best practice of the FSA requirements;
- (d) to provide aggregated data on the performance of Service Operators as a whole and specific feedback to individual Service Operators on their own performance;
- (e) to facilitate access to relevant staff development and in-service training courses and to inform Service Operators of the courses available where appropriate;
- (f) to respond to complaints, suggestions or requests for information in a timely manner; and
- (g) to assist in the promotion of social welfare services.

(B) Performance Monitoring

(3) Statistical Reporting

6. Service Operators should submit statistics relating to service performance of their service unit(s) to the SWD on a quarterly basis, unless otherwise specified. The responsibility rests with Service Operators to ensure that their reported statistics are both accurate and timely. Service Operators should process and monitor the statistics to produce information about the performance of individual service unit(s) and of their service as a whole in the Service Performance Management Information System and observe all relevant submission dates as required by the SWD.

7. Service Operators should retain the documents on which they base the completion of their statistical return for a minimum of three years. Such documents should be kept in sufficient detail to enable verification of the accuracy of the return to be carried out as part of the service performance assessment and be made available to the SWD on request.

(4) Financial Reporting and Audit

8. Service Operators should send information about the financial performance of their service unit(s) to the SWD in accordance with the prevailing Lump Sum Grant Subvention (LSGS) Manual¹.

¹ Regarding services on Conventional Mode, information about the financial performance of the service unit(s) should be sent to the SWD in accordance with the Guide to Social Welfare Subventions. The required type of information, format of the return and the frequency of submission depend on the basis of subvention.

9. The accuracy of the financial statistics returned to the SWD by Service Operators should be confirmed by their external auditors during the annual audit process.

10. In addition, the SWD will carry out regular subvention inspections in accordance with the guidelines stipulated in the prevailing LSGS Manual².

11. As a condition of subvention, Service Operators should, upon request, provide the Director of Audit or his staff access to all documentation relating to use of the public money made available for the delivery or enhancement of services.

(5) Self-Assessment and Internal Service Audit

12. Service Operators should perform self-assessment and internal service audit as stipulated in the prevailing LSGS Manual. The responsibility rests with Service Operators to ensure that their reported statistics and other reporting are both accurate and timely.

13. The SWD will provide Service Operators with guidelines on the processes to be followed in undertaking a self-assessment. The objective of which is to undertake an assessment as close as possible to the performance review of the SWD.

14. The SWD will draw up a timetable of self-assessments for Service Operators. Service Operators should submit self-assessment reports as required.

15. Service Operators should retain the documentation on which they base their self-assessment for a minimum of three years. The documentation should be in sufficient detail to enable a reviewer to understand the reasons for the conclusions which have been reached as well as verification of the accuracy of the return to be carried out as part of the service performance assessment and be made available to the SWD on request.

(6) Performance Review

16. Service Operators are subject to periodic external assessment, including performance review of the SWD. The objective is to examine the performance of their service unit(s) in the context of the terms of the FSA and other relevant requirements, and to assess the performance of their service unit(s) in meeting the Service Quality Standards (SQSs). Assessors appointed by the SWD will undertake the assessments.

17. After each assessment, the SWD and the service unit concerned will agree on action plans on how it may improve its service quality. The frequency of these action plans will be primarily determined by the SWD on the basis of the outcome of the previous assessment. Service units which deliver high performance will have their

² Regarding services on Conventional Mode, the SWD will carry out regular subvention inspections to the relevant service unit(s). Any anomalies in practice will be reported to the management of the Service Operator together with recommendations for rectification and improvement.

action plans exempted from reviews or reviewed less frequently.

18. In examining compliance with the SQSs of the service unit concerned, Service Operators will be asked to cooperate with the assessors, to set up relevant meeting(s) in advance and to respond to requests for information and for access to, including but not limited to -

- (a) files and documentation;
- (b) administrative support (e.g. access to interview room, photocopier and telephone);
- (c) staff responsible for the performance review;
- (d) senior management staff and/or board members;
- (e) management and other staff; and
- (f) service users and/or their families.

The Service Operator should make available the information on which they based their most recent self-assessment.

19. The assessors will keep the Service Operator informed of progress during the course of the assessment. At the conclusion of the assessment, the emerging findings will be made known to the Service Operator in sufficient detail for the Service Operator to understand the reasoning behind the assessor's view. The Service Operator can make representations on the findings of the assessor before the outcome of the assessment is finalised. The objective, so far as possible, is to avoid any difference of opinion between the Service Operator and the assessor on the outcome of the assessment.

(7) Evaluation Studies

20. From time to time the SWD may, in consultation with NGOs, undertake evaluation studies of various aspects of the delivery of social welfare services. Such studies will be in-depth, one-off examinations of specific issues. They may relate to a specified number of -

- (a) service units;
- (b) services;
- (c) Service Operators;
- (d) modes of service delivery; or
- (e) programmes.

21. In all cases, information will be provided in advance about the reasons why the study is to be undertaken, the study objectives and their terms of reference, the names of the members of the study team, the time scale of the exercise and the means of making representations to the study team. The findings and the recommendations of the evaluation study will be made available to the service unit(s) involved before finalisation and may, at the discretion of the SWD, be made public. Service Operators should cooperate fully with the evaluation study team in the provision of access to files and documentation, and to staff, service users and management.

(C) Role of the SWD in overseeing the performance of Service Operators

22. The SWD has an obligation to recognise (and, as necessary, take action) where the public funded social welfare Service Operators deliver performance which -

- (a) either is notably in excess of the expectations of the FSA; or
- (b) falls short or is at variance with those expectations.

23. In the event that the delivery of a service unit is found not to be compliant with the terms of the FSA, follow up actions should be implemented in accordance with the prevailing LSGS Manual. In general, the first step will normally be to establish the reason for the non-compliance. This may involve both the SWD and the Service Operator. Once this has been established, the next step will be to agree on the process which the Service Operator need to follow to enable the service unit to achieve compliance with the terms of the FSA. This will involve drawing up a plan identifying objectives, key milestones and time scales for completion. The role of the SWD will be to support the efforts of the Service Operator in the steps which are being taken.

24. While the aim is to reach agreement between the Service Operator and the SWD on the plan to be followed, as the guardian of the public interest, the SWD needs to be satisfied that the required improvement in performance is efficient and effective.

25. Where the level of performance of a Service Operator is unacceptable, the SWD will take suitable steps to require service delivery to be brought into line with the terms of the FSA. In these circumstances, the process which will be followed is as follows -

Step 1 The Service Operator will be informed in writing that the SWD is considering taking action. The reasons for the SWD's decision will be explained and the steps which are being considered will be described.

Step 2 The Service Operator will be given a reasonable period to suggest reasons why the SWD should not proceed as it proposes.

Step 3 In the light of any comments which the Service Operator may make, the SWD will decide on the action, if any, which it proposes to take. It will inform the Service Operator, which will be given a reasonable period to indicate whether it wishes the SWD's decision to be submitted to the Review Board for review.

Step 4 If the Service Operator requests for a review of the decision, the request will be passed to the Chairman of the Review Board who will indicate the date the review will take place.

Step 5 In advance of the review hearing, the SWD will be invited to make a short written submission setting out its understanding of the issue, the position which it has adopted and the action it proposes to take. A copy of the submission will be sent to the Service Operator.

Step 6 The Service Operator will be given the opportunity and reasonable time to make its own submission, which should set out its own position and, in particular, describe the grounds on which it has requested the review.

Step 7 At the review hearing both sides will be given the opportunity to make oral presentations to the Review Board and will be invited to answer questions put by the members of the Board.

26. In the light of the submission, the oral presentations and the discussion, the Review Board will reach its view. In respect of the issues which are the subject of the appeal, it will be open to the Review Board to offer a view on whether the specific practices of the Service Operator comply with the provisions of the FSA, including the SQSs.

27. The decision of the Review Board will be binding upon both the SWD and the Service Operator as far as the outcome of the assessment is concerned. The decision should be communicated to the SWD and the Service Operator as soon as possible after the meeting.

(D) Administration

28. This FSA will remain in force during the period in which the SWD subvents the service.

29. At any time it is open to the Service Operator(s) to suggest a variation to the terms of the FSA in respect of a service or a service unit, where appropriate. Such suggestions should be made in writing to the Assistant Director (Subventions) of the SWD. The SWD will reply within a reasonable period setting out the action which it proposes to take.

30. It is similarly open to the SWD to decide, after due discussion with the Service Operator, to vary the terms of the FSA.