THE HONG KONG COUNCIL OF SOCIAL SERVICE
Standing Committee on Sector and Capacity Development

Date　　：　21 September 2017 (Wednesday)
Time　　：　2:30pm-4:30pm
Venue　：　Room 1410, 14/F, Duke of Windsor Social Service Building,
　　　　　　15 Hennessy Road, Wanchai, Hong Kong

Present:

Mr KWOK Lit Tung (Chairperson)	Christian Family Service Centre
Ms Jenny CHOI	St. James Settlement
Mr CHUN Shing Chi	Life Workshop
Ms Irene LEUNG	The Salvation Army
Ms Annie LO	Hong Kong Family Welfare Society
Mr James WONG	Hong Kong People's Council on Housing Policy
Ms Rebecca WONG	Hong Kong Sheng Kung Hui Welfare Council Limited
Ms Yvonne YEUNG	Hong Kong Young Women's Christian Association

Apology:

Ms Noel YEUNG (Vic-Chairperson)	Kwun Tong Methodist Social Service
Mr Peter AU YEUNG	Heep Hong Society
Ms Susan CHAN	Evangelical Lutheran Church Social Service – Hong Kong
Ms Kathy WONG	Playright Children's Play Association

In attendance:

Mr Cliff CHOI	HKCSS
Ms CHEUNG Lai Wah	HKCSS
Ms Lois LAM	HKCSS
Mr Tony LEE	HKCSS
Ms Shirley KIANG	HKCSS
Mr Peter KWOK	HKCSS
Mr WK TAM	HKCSS
Ms Joyce WONG	HKCSS (recorder)

1. **Confirmation of the Agenda**

   The agenda of the meeting was confirmed.

2. **Confirmation of the Minutes of the Last Meeting held on 27 July 2017**

   Item 6.1 "This exploratory research aims at studying the contents of social service NGOs' annual reports, as well as finding the group practices of NGOs in different scales." was amended as "This exploratory research aims at studying the contents of social service NGOs' annual reports, as well as finding the good practices of NGOs in different scales."

   The minutes of the last meeting was confirmed after the above amendment.

3. **Matters Arising**

   3.1 Meeting / follow-up with Audit Commission

   Mr Cliff CHOI updated that an informal meeting with Audit Commission was held, at which HKCSS shared with the Commission the operation of the sector including Lump Sum Grant (LSG), role of board, and Best Practice Manuals. He noted that an invitation has been extended to Director of Audit to share with CEOs and board members of Agency Members the Commission's work. Mr KWOK Lit Tung suggested generating media featured stories on NGO operation such as flexibility enabled by LSG before the next round of release of Director of Audit's reports.

   3.2 Handling of non-complying agencies

   Ms CHEUNG Lai Wah reported that no objection had been received from former Agency Members (now with HKCSS membership terminated). Mr Cliff CHOI made note that different teams of HKCSS have different target groups, and that some teams still enroll non Agency Members in their programs as appropriate.

4. **Highlights of work units**

   Members noted the Progress Report and team heads have provided supplementary information and updates on the below items:

   4.1 Collective Implementation of Anti-Ransomware Solution

   Mr Tony LEE highlighted that even though ITRC was not notified of ransomware cyber-attacks suffered by NGOs, proactive preventive

solutions have been launched, with 3 NGOs confirmed joining the initiative, committing about a hundred licenses, and with pricing to be decided in October. Tenders of ransomware solutions are being requested, which will be screened by experts. The whole initiative that advocates internet security audit is expected to be completed by the year end.

4.2 Internet Learning Support Program
Ms Shirley KIANG supplemented that the original completion date of the Program was 31 August 2016, and has been extended to 31 August 2018 due to residual money available. The exit plan and a sustainable business model are being deliberated to enable the sustaining of existing internet services and computer purchase by installments.

4.3 Pursuit of Coverage of IT Expenses by SWDF / Regular and dedicated funding for IT
Upon Mr KWOK Lit Tung's enquiry about expanding Social Welfare Development Fund (SWDF)'s coverage to supporting IT expenses, Mr Tony LEE replied that ITRC submitted a consultation paper in 2014, the development of which Dr LAW Chi Kwong was involved. The Paper recommended setting up special funding for IT. In short, the pursuit is being followed up and under progress.

Mr Tony LEE added that the Lotteries Fund of Social Welfare Department (SWD) commissioned IBM to conduct a consultation on the use of IT by NGOs, the summary paper of which has been published. Key highlights include lagging behind of IT capability of NGOs including hardware, software, and human talent. The Hong Kong Jockey Club is researching on IT capability development direction of NGOs – it is emphasized that apart from IT, support for recurrent expenditure entailed by subsequent projects launched should be considered, as well as enhancement of efficiency possibly through economy of scale e.g. same demand from different agencies for a membership system.

4.4 NGO Governance Platform Project
Mr Cliff CHOI updated that, following the Seminar on "Effective Stakeholder Communication through Annual Report Disclosure" held on 3 August, requests have been received from Agency Members for resource related to annual report contents that informed the framework used in "Survey on

Information Disclosure in NGO Annual Reports".

Ms Yvonne YEUNG suggested strengthening HKCSS's engagement with The Hong Kong Institute of Certified Public Accountants (HKICPA) by seeking HKICPA's professional views on appropriate reserve size, cross subsidization and so on. Noting that the information on NGOs' reserve size is readily available with LegCo, Ms CHEUNG Lai Wah responded that HKICPA is ready to contribute to evaluating the use of finances and reserve sizes of NGOs, but more careful designing of the engagement process is needed if HKCSS and the sector are to look for standpoints of HKICPA in these areas. Mr KWOK Li Tung brought up again opportunities to invite CPAs to join NGO boards, which Ms CHEUNG Lai Wah noted is the ultimate goal of The Project.

Mr Cliff CHOI added that HKCSS has conducting a reserve size survey in mind, and that the information on the proportion of CPAs vs non-CPAs as NGO honorary treasurers is also unavailable.

Mr Tony LEE reported that ITRC is in collaboration with The Project for an IT governance consultation pilot program, targeting to serve about 10 NGOs. IT professionals such as CIOs and CTOs are being recruited as volunteers. In response to Ms Yvonne YEUNG's enquiry on solid deliverables of the program, Mr Tony LEE replied that a basic IT policy template introduced a decade ago will be revamped, for NGOs' adoption or adaptation.

5. **Highlights of work units**
   5.1 Advocacy for Lump Sum Grant System Reform
   Mr Cliff CHOI reported on the engagement exercise to be co-organized by 三會一方, with 徹底改革 as topic, and 專業發展及服務質素, 撥款基準, 人手編制, 員工保障及管員溝通, and 機構自主與政府監察 as the five main areas of concern. At Agency Heads' and ExCo meetings, concerns were raised on, first, NGO boards' participation in LSG reform; second, potential underrepresentation of management's perspective; three, use of reserve and transparency of financial situation.

A consultation for board has been scheduled for end October *(post-meeting note: the consultation for board has been rescheduled for 15 November).*

And exchange session for senior management is expected to be formed after the 9 consultations, which may cover core issues of LSG system and enhancement measures.

Mr Cliff CHOI further added that for HKCSS, the lines-to-take since a NGO's incident are that, first, the staff structure 人手編制 set out 18 years ago no longer serves to meet today's need; therefore, when NGOs hire additional staff to meet new needs in the society, they inevitably bear huge risks; second, barring at mid point in most cases means insufficient provision for staff and strains NGOs' human resource arrangements. Therefore, baseline subventions and notional staffing including recognition of seniority are two main areas to consider in LSG reform.

With regard to the publicity or promotion of the consultations co-organized by 三會一方, Ms CHEUNG Lai Wah made note that a press conference had been rescheduled to October, due to a NGO incident. Promotion targeting management was to commence the week after this meeting. Related consultation / discussion documents would be made available through facebook.

5.2 Promotion of Governance Health for NGOs

Mr Cliff CHOI updated that the very primitive plan was to promote governance health through conducting a governance health check for NGOs, upon the completion of which health check tools will be developed through localizing overseas materials readily available. This initiative was proposed by Ms Christine FANG, and is expected to be supported by herself, The University of Hong Kong, and GAME (Governance And Management for Excellence) for Public Benefit. A few years back, a similar exercise but at senior management level was conducted, supported by McKinsey, and participated by 7-8 NGOs.

Ms Lois LAM supplemented that the similar exercise conducted in the past used the tool provided by McKinsey without adaptation. It was already participated by board members, and still well received. It is possible that that survey already generated data useful for researching NGO governance health. Ms Yvonne YEUNG also added that McKinsey has on its website a set of Nonprofit board assessment questionnaire, which is self-assessment and free for download. YWCA has been using the

questionnaire for four years.

5.3 Evaluation of the 2nd executive leadership development program
Ms Lois LAM reported on the evaluation of the 2nd executive leadership development program, highlighting that trust has been built among participants, enabling their sharing case details which is the best received of all components of the program. She updated that two more sessions will be held as part of HKCSS Convention and Social Enterprise Summit.

Mr KWOK Lit Tung suggested exploring possibilities giving program graduates accreditation by linking up with universities. Noting that in the education sector, school principals and school board members are required to attend accredited courses, Ms Yvonne YEUNG suggested similar application in the social service sector. Committee members agree that despite the diversity and complexity of the sector, such a general leadership development program is useful, and conducive to knowledge generation in the field.

5.4 Progress on mainland's foreign NGO law
Mr Cliff CHOI updated that with regard to the new <境外非政府組織境內活動管理法>, so far 7 NGOs had successfully registered. Successfully registered NGOs have shared that, apart from communicating with the right governmental units, it is also useful to communicate with the Chinese police. Mr James WONG suggested getting the successfully registered NGOs to share with other NGOs their such experience.

5.5 Evaluation of Standing Committee's achievements and key direction in coming year
Noting this being the last meeting of this term of office, Mr KWOK Lit Tung expressed gratitude to all committee members, especially Ms Susan CHAN of Evangelical Lutheran Church Social Service – Hong Kong, Ms Annie LO of Hong Kong Family Welfare Society, Ms Kathy WONG of Playright Children's Play Association, and Mr James WONG Hong Kong People's Council on Housing Policy, Ms Yvonne YEUNG of Hong Kong Young Women's Christian Association, and Ms Noel YEUNG (Vic-Chairperson) Kwun Tong Methodist Social Service, who are completing their term. He also thanked HKCSS staff members for contributing to HKCSS's fruitful year.

Upon Mr KWOK Lit Tung's enquiry, Ms CHEUNG Lai Wah reported on the work done by Membership Liaison and Service team, encompassing Lump Sum Grant review consultation, follow-up matters related to sector finance and Lotteries Fund, and Project Star. Through Project Star alone, 30 programs have been organized, engaging 96 NGOs and recording their 1.98 times of participation on average, by staff of varying ranks and boards. There are two streams of services under Project Star: general and specialized. General covers topics of common concern such as legal compliance, HR management, service quality, and targets the enrollment of 30 NGOs in two years – so far 5 have enrolled. PolyU's Institute of Active Ageing and Hong Kong Social Workers Association are two of the project collaborators.

Mr CHUN Shing Chi opined that practical courses organized by HKCSS Institute and Project Star are very useful for smaller NGOs, such as writing annual report and financial report.

Revisiting retreat conclusions
Mr Cliff CHOI brought up the 3 core concerning agenda including「社會服務的科技現代化程度不足」,「業界欠缺議價能力」,「社聯過於聚焦於傳統服務(尤指主流的政府資助福利項目)」captured at the last committee retreat held in January 2017.

With regard to"過於聚焦於傳統服務", Mr KWOK Lit Tung opined that HKCSS had focused on innovation and new services in the past year. He suggested continue to ride the trend of innovation.

With regard to"業界欠缺議價能力", Mr KWOK Lit Tung said that there has been more communications within the sector, despite the potential "harm" caused by the NAAC incident, exemplified by HKCSS Institute's executive leadership development program, and 三會一方. The new SAR administration also seemed to have effected positive change for the sector, enabling better communications and negotiation power with the Government. Ms Rebecca WONG and Mr James WONG concurred, respectively quoting special scheme as an example, and emphasizing the importance of reattempting lobbying or bargaining with the government on a wide range of issues.

Mr CHUN Shing Chi acknowledged the usefulness and value to make conversations among 三會一方 despite its difficulty, and that any noise created around LSG makes a good opportunity for change. Ms Irene LEUNG agreed, highlighting the difficulty in making conversations and reaching consensus to jointly fight for the same thing, and yet difficult times possibly provide fertile soil for change.

Ms Rebecca WONG opined that HKCSS's GIES was valuable, and that it is fitting that HKCSS takes up the role as a sector advocator for the application of IT in services. Ms Jenny CHOI agreed that it may be easier for HKCSS (as a federation of NGO and a sector platform) than a single NGO to purchase suitable equipments from overseas. Ms Annie LO remarked that the promotion of use of IT in services is a right direction but it will take time to make progress.

Ms Lois LAM added that the topic of "業界欠缺議價能力"had been incorporated in the executive leadership development program. Mr KWOK Lit Tung concluded that the outlook is positive.

Mr James WONG observed that HKCSS has an increasingly higher portion of non-subvented NGOs, and, to maintain support for them, active effort has been laid such as through Caring Company Scheme to make HKCSS still highly relevant and resourceful. Mr Cliff CHOI responded that small NGOs contribute to HKCSS and the sector as a whole by bringing in new thinking, and are indeed valuable assets to the sector as a whole.

6. **A. O. B.**

   Funding Service Agreement requires that users (committee members) provide feedback on HKCSS's work once in 3 years. According to Ms CHEUNG Lai Wai, this year, it is planned that committee members will be requested to answer focused questions with regard to HKCSS's work development direction. Mr Cliff Choi proposed these three focused questions: first, HKCSS's role / relationship with the government; second, HKCSS's scope of concern, from traditional social service to new innovative "services" such as social housing; third, member diversity with regard to involvement and participation balance. Mr KWOK Lit Tung suggested using not open-end questions, but Y/N questions, for

respondents to confirm agreement with HKCSS's proposed development direction. He also noted that should the development direction be unclear, a focus group could be formed.

Ms Irene LEUNG opined that, in recent years, HKCSS has focused on advocacy, innovation and pioneering new services such as social enterprises, gerontechnology, and social housing, and less on traditional services. Nonetheless, having a stronger focus on traditional services is essential for negotiation with the government in terms of LSG reform (including the review of benchmark), service revamping and modernization.

7. **Date of first meeting of next term**
   16 November, 2017 (Thursday) at 2:30pm.