

# Briefing Session on Operational Guidelines on Funding and Service Agreement-related Activities and Cost Apportionment for NGOs

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Social Welfare Department

2 May 2023

## **Review Report on Enhancement of Lump Sum Grant Subvention System (July 2021)**

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Task Force for Review on Enhancement of Lump Sum Grant Subvention System (LSGSS) made **30** recommendations to enhance LSGSS under **five domains** -

- (1) Quality of welfare services
- (2) Staffing establishment, subvention benchmark and human resource management matters
- (3) Financial planning matters
- (4) Relevance of utilising Lump Sum Grant (LSG) subvention**
- (5) Accountability and corporate governance of NGOs

## **Recommendations made in the Review Report**

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### **(4) Relevance of Utilising LSG Subvention**

**15** Recommendation

Draw up criteria for delineating Funding and Service Agreement (FSA)-related activities and the maximum proportion of LSG used for FSA-related activities

**16** Recommendation

**Formulate operating guidelines for FSA-related activities**

## Recommendations made in the Review Report

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### (4) Relevance of Utilising LSG Subvention

#### 17 Recommendation

**Formulate guidelines on cost apportionment** to set out the cost apportionment arrangements, benchmarks and examples for the use of LSG subvention

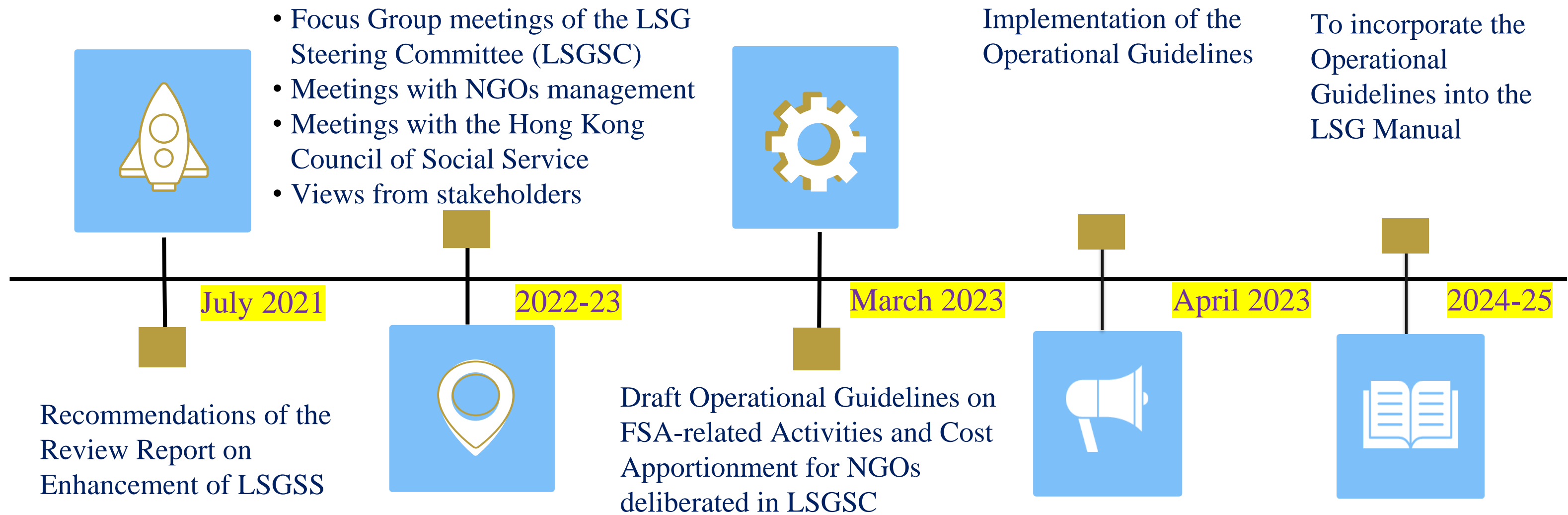
#### 18 Recommendation

NGOs should submit to SWD annual statement on FSA-related activities held, so as to report the proportion of the expenditure for such activities against LSG for an Agreement Service Unit (ASU)

#### 19 Recommendation

NGOs should consider the criteria for consulting/advising staff and service users on implementing FSA-related activities to enhance transparency

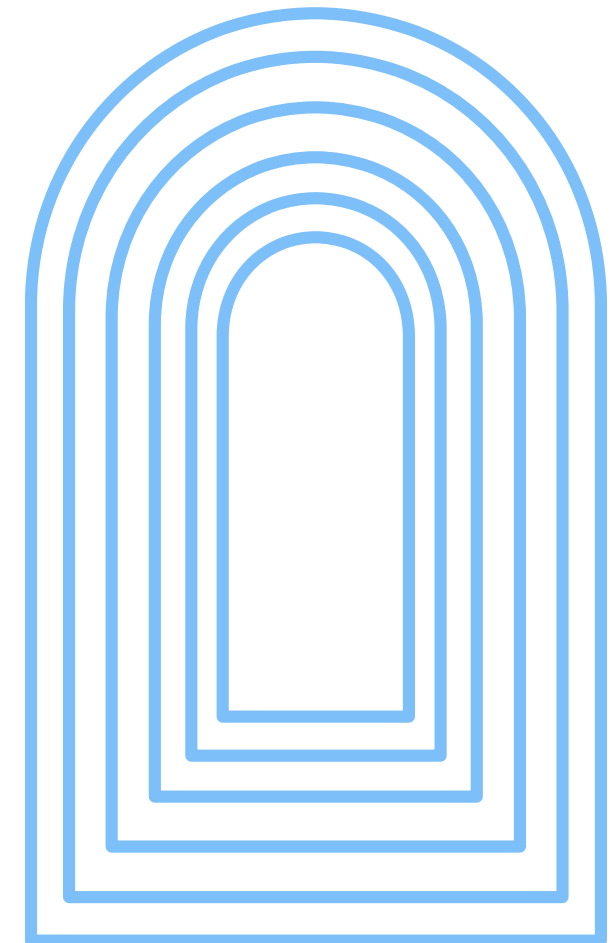
# Formulation of the Operational Guidelines on FSA-related Activities and Cost Apportionment for NGOs



**Formulation of the  
Operational  
Guidelines on  
FSA-related  
Activities and Cost  
Apportionment for  
NGOs**

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To facilitate NGOs to comply with the principles of prudent use of public funds for their intended purposes and no cross-subsidisation while optimising the flexibility of LSG



## Implementation of the Operational Guidelines on FSA-related Activities and Cost Apportionment for NGOs



NGOs should, based on the Operational Guidelines, review / adjust their relevant service and financial arrangement

Starting from 2024-25, NGOs have to submit the Schedule for FSA services / FSA-related activities supported by other funds / donations ([Annex 1](#) of the Operational Guidelines), as well as the Annual Statement ([Annex 2](#) of the Operational Guidelines), if any and applicable, to SWD