

Chapter 1 : Funding and Service Agreement

Funding and Service Agreement

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What is FSA services, FSA-related activities and non-FSA services

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Funding and Service Agreement

FSA services

Services or activities meeting the

- (i) purpose and objectives;
- (ii) service nature;
- (iii) service contents; and
- (iv) service targets

of an FSA are regarded as FSA services.

FSA-related activities

Services or activities not specified in FSA but having the :

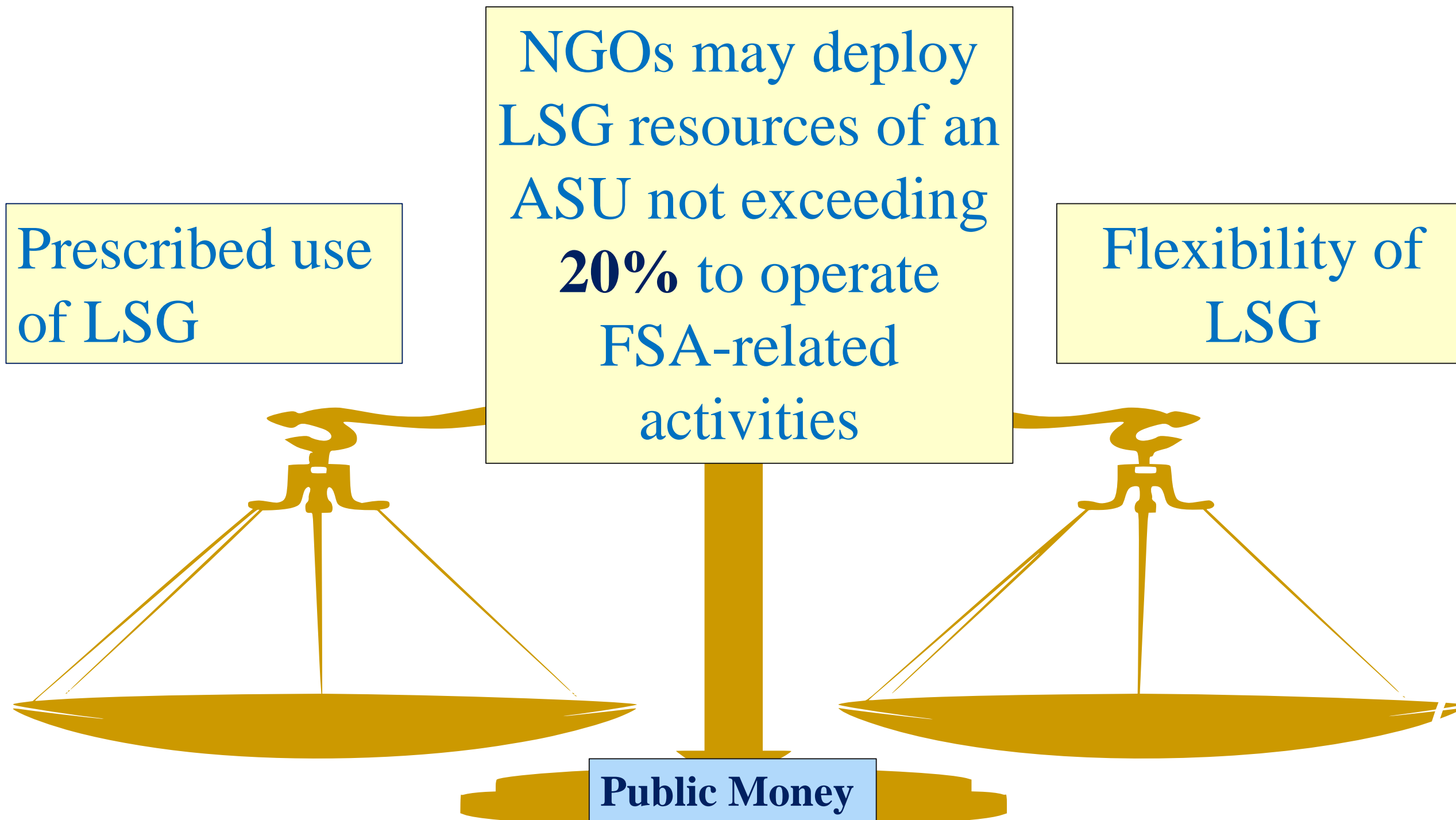
- (i) **same** purpose and objectives of the FSA;
- (ii) **same** service nature of the FSA;
- (iii) the service contents **in line** with the FSA; and
- (iv) the service targets **in line** with the FSA,

are regarded as FSA-related activities

Non-FSA services

The self-financing services or projects or social enterprises that are not subsidised by the Social Welfare Department (SWD) and outside the scope of FSAs

FSA-related Activities



FSA-related activities

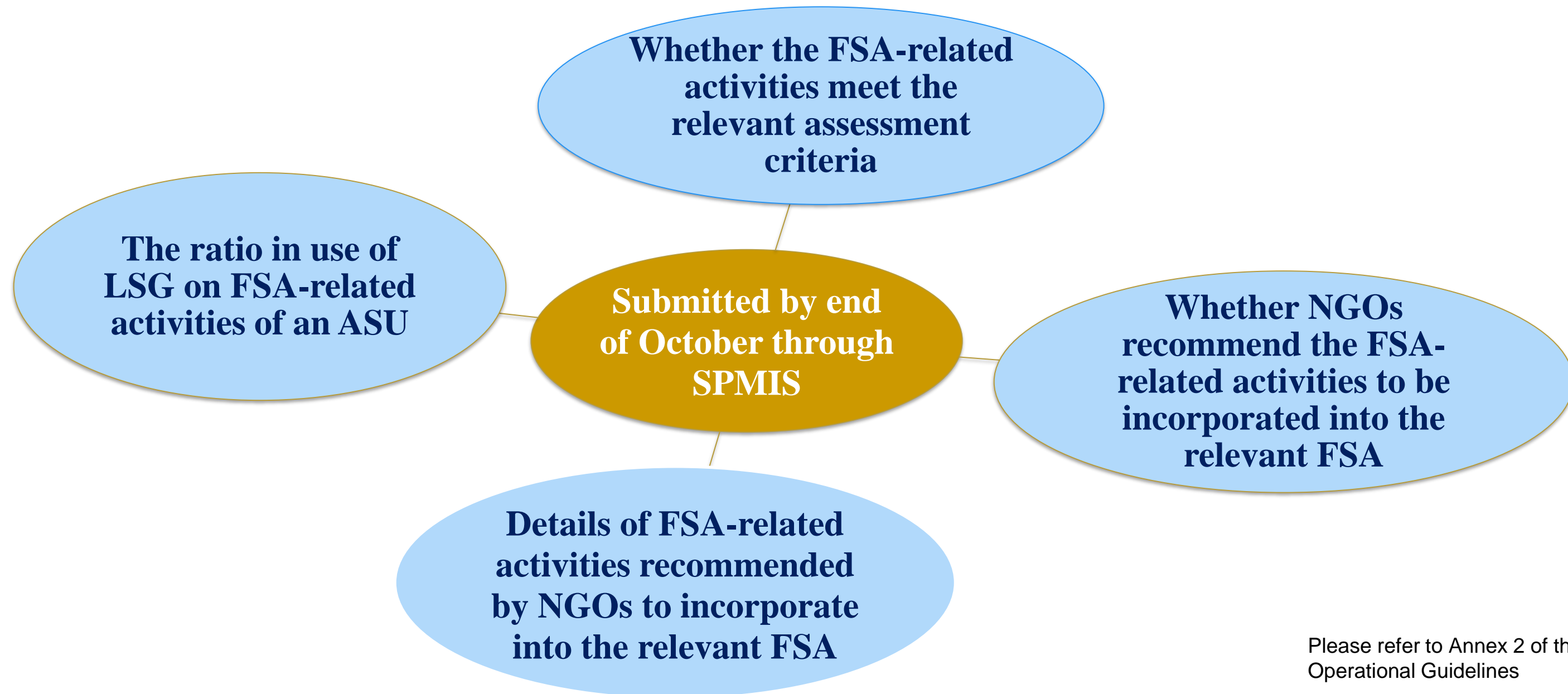
Handling of different ratio in use of LSG on FSA-related activities of an ASU

<ul style="list-style-type: none">(i) Purpose and objective same as relevant FSA;(ii) Service nature same as relevant FSA;(iii) Service contents in line with relevant FSA; and(iv) Service targets in line with relevant FSA	10% or less
<p>The above (i) to (iv) and</p> <ul style="list-style-type: none">(v) Governing board / management committee should discuss assess its impact on services, staff and service users;(vi) Frontline staff and service users must be consulted according to established mechanism; and(vii) Prior consent sought from the relevant service branch of SWD	More than 10%
NGOs should bear those cost of exceeding 20% with its own resources	More than 20%

Financial Arrangement for FSA Services/ FSA-related Activities Supported by Other Funds

To report in the Annual Financial Report (AFR)	Not to report in the AFR
<ul style="list-style-type: none"> • Relevant income and expenditure are included into the LSG account 	<ul style="list-style-type: none"> • Apportionment of cost is required if LSG resources are deployed on these activities <p style="text-align: right; font-size: small;">Please refer to paragraphs 1.4.3, 1.4.4, 1.5.10 and Annex 1 of the Operational Guidelines</p>
<ul style="list-style-type: none"> • Complete Annex 1 attaching to AFR 	
<ul style="list-style-type: none"> • Unspent balance to be returned to the funder should be borne by the NGO's own resources 	

Annual Statement on FSA-related Activities



Shared Use of Resources

**Subvented
services of
SWD**

**Subsidised
services of
SWD**

(including programmes initiated
or co-ordinated by SWD)

ASUs within or across NGOs

Please refer to paragraph 1.6 of the
Operational Guidelines

Donations

LSG

✓ Some donated items (e.g. computers, vehicles, washing machines, etc.) may incur related operating expenses which may be charged to LSG, on condition that they are solely used for FSA/FSA-related services

✗ SWD will not be responsible for replacement or replenishment of the donated items

✗ SWD will not provide any additional subvention for meeting the recurrent expenses incurred by the donated items

- Donations in cash or any income generated from the donated items shall be treated as Other Income and included into AFR
- Donated items will not bring any adverse effects to the service operation or financial difficulty of the NGO concerned

Please refer to paragraph 1.7 of the Operational Guidelines

FSA- related Activities

**Four
assessment
criteria**

Common language, consistent and objective

**Financial
reporting**

NGOs decide whether or not to include the income and expenditure of the FSA services/FSA-related activities supported by other funds into the AFR

**Annual
Statement**

NGOs decide whether or not to recommend the FSA-related activities be incorporated into the concerned FSA after assessment

**Synergetic
use of
resources**

Unless otherwise specified, resources of subvented and subsidised services of SWD may be shared

**Arrangement
of donations**

Recurrent expenses incurred by donated items may be charged to LSG



Thank you