SERVICE PERFORMANCE MONITORING SYSTEM

PERFORMANCE ASSESSMENT MANUAL

Contents

Preface

The Service Performance Monitoring System (SPMS) was jointly developed by the Social Welfare Department (SWD) and Non-governmental Organisations (NGOs) providing subvented welfare services under the Lump Sum Grant Subvention System (LSGSS) in three phases between 1999-2000 and 2001-2002.   The SPMS is a major component of the LSGSS to enhance service quality and ensure the NGOs' accountability for the use of public funds.

In April 2003, the service performance assessment methods under the SPMS were enhanced to encourage service operators to take greater accountability for the performance of their service units under corporate governance, to enable early detection and intervention of problem performance under risk management, and to achieve cost-effectiveness in service performance monitoring through one-stop management.

There is a built-in quality assurance mechanism under the LSGSS to monitor the performance of subvented service units through regular reporting and random checking –

- ◆ annual reporting on self-assessment of Essential Service Requirements (ESRs), Service Quality Standards (SQSs), Output Standards and Outcome Standards (OSs/OCs) by service operators on their service units' performance with, if applicable, specific action plans on non-compliant area(s); and

- ◆ performance assessment visits to randomly selected service units for service operators every three years or on need basis; to new service units; and risk-based visits to service units with identified/suspected/potential problem areas in service performance.

Under the LSGSS, NGOs are given autonomy and flexibility to deploy resources and re-engineer their services to meet changing social needs.   By adopting the SPMS, enhanced measures are provided for service operators to identify areas for improvement through self-assessment to ensure the quality of services which are efficient, accountable for public funds, user-focused and result-oriented.

Social Welfare Department
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Chapter 1:   Service Performance Monitoring System

1.1   Purposes

Service performance monitoring is a shared accountability of both SWD, as a funder, and service operators to ensure that –

(a) service operators are responsible and accountable to their service users, SWD and the community for the proper and prudent use of public funds to deliver welfare services;

(b) service operators are providing quality social welfare services to service users; and

(c) service operators are pursuing service quality improvement in response to changing community needs.

1.2   Principles of Service Performance Monitoring

(a) The governing boards and management of NGOs/service operators shall be accountable for the performance of the subvented service units under their charge.

(b) The SPMS is constructive in the sense that –

   - it encourages critical scrutiny and prompt management at the earliest possible time of problem performance or less desirable situations probably leading to unsatisfactory performance; and

   - it encourages identification of opportunities for improvement in a particular service or across the board rather than merely identifying areas where the service operator does not comply with the agreement terms.

(c) The SPMS is transparent by which service performance is assessed on the basis of the agreements drawn up between SWD and service operators.

(d) Results of service performance assessment are based on sufficiency of evidence.

(e) The SPMS is cost-effective, i.e. assessment activities to be scheduled and conducted in a streamlined way as far as practicable so that the monitoring purposes can be fully and efficiently attained while keeping minimal disruption to the service operation.

1.3 Approaches to Monitoring

The SPMS should encourage corporate governance of NGOs, tackle quality issues effectively under risk management, and operate efficiently through an NGO-based approach.

(a) <u>Corporate Governance</u>

Providing services on public funds, service operators are facing an increasing transparency, public scrutiny and requirement of accountability from their service users as well as their staff, and from the public at large. With enhanced corporate governance, the government boards and management of NGOs/service operators are accountable for the performance of their service units, and report to SWD on assessment of the performance of their service units in accordance with the agreements. They should also ensure that public money is properly used for its designated purposes and pursue continuous service quality improvement.

(b) <u>Risk Management</u>

The crucial risk in service performance monitoring refers to unreliable governance of service operators, inadvertently or intentionally, that hampers mutual trust between the funder and service operators embodied in the monitoring mechanism. Unreliable governance of service operators may exhibit in fraudulent reporting, repeated occurrence of complaints against service delivery or agency administration, continued difficulties in making service quality improvement, etc. Under risk management, high priority would be accorded to the handling of problem performance or less desirable situations probably leading to unsatisfactory performance, which requires critical scrutiny, focused intervention and prompt management.

(c) NGO-based Management

Subvention allocation under the LSGSS is NGO-based while service performance monitoring takes into account the corporate governance of an NGO. Service performance assessment activities and analysis of service performance information is conducted on an NGO basis. Service performance assessment is to be conducted by an assessor of SWD who will examine the performance and issues relating to the service quality of a subvented service unit.

Chapter 2:   Performance Standards

2.1   Service Agreements

(a)   Funding and Service Agreements (FSAs) and Service Documents (SDs) are binding documents between SWD as a funder and the service operators.   SWD and service operators are required to observe the terms of agreements for different services as mutually agreed and laid down in any of these documents.

(b)   FSAs consist of the Generic Section and the Service-specific Section.   The Generic Section defines the nature of FSA, general obligations of SWD to service operators, and the role of SWD in overseeing the performance of the service operators through various monitoring methods.   The Service-specific Section sets out the service definitions for different services, the performance standards, the basis of subvention and any specific obligations of SWD to service operators.   For service units operated by SWD, SDs alike the framework of FSAs are used.

(c)   For some service projects, the agreements also include the Service Specifications and the service proposal submitted by service operators, giving more details about service policy, the basic set-up for service provision, the major service delivery process, the payment arrangement, etc.

(d)   Agreements shall remain in force during the period in which SWD funds the service.   At any time, it is open to the service operator or SWD to suggest a variation to the terms of the agreement, where appropriate and as confirmed by a written agreement between the two parties.

2.2   Service Performance Standards

Among all the agreement terms, there are performance standards which spell out concretely the service performance expected from the service operators in any or all of the following aspects –

(a)   ***Essential Service Requirements (ESRs)*** specify some basic features of the infrastructure for the service provision and they are set according to the type of service provided.   They may include staff qualifications, availability of appropriate equipment,

compliance with statutory requirements and/or service manuals, opening hours, etc.

(b) *Service Quality Standards (SQSs)* define the level of which, in terms of management and service provision, service units are expected to attain. The SQSs are developed according to four principles which set out the core values of welfare services. These four principles are:

- to clearly define the purposes and objectives of the service and make its mode of delivery transparent to the public;

- to manage resources effectively with flexibility, innovation and continuous quality improvement;

- to identify and respond to specific service users' needs; and

- to respect the rights of service users.

There are 16 SQSs, each of which is elaborated by a set of Criteria and Assessment Indicators. They are generic descriptions of the basic requirements so as to enable service operators to have appropriate methods tailor-made for a certain service type or a particular service unit in meeting the SQS requirements.

(c) *Output Standards (OSs)* are quantitative measures of the key activities related to the provision of a particular service. They are set according to the type of service provided. Examples of outputs include enrolment rates, number of registered members, achievement rate of individual care plans, hours of training per service user, average attendance per organised group, number of organised activities, etc.

(d) *Outcome Standards (OCs)* measure the effectiveness of the service. They are set according to the type of service provided and the data are collected through systematic use of specific measurement tools such as questionnaires or comparison between pre-test and post-test performance. OCs may refer to the satisfaction rate of service users with the services received or positive change of service users after receiving the services, e.g. enhanced parenting capability, improvement in support network, improved capability in managing family problem, etc.

2.3　Value-added Items

For some service units, service operators may initiate value-added items in their proposals.　These value-added items should be concrete or measurable.　They may be enhanced OSs/OCs, extra types of services, or an innovative mode of service delivery.　Service operators are required to materialise these value-added items and report deliverables as directed by SWD.

Chapter 3:   Service Performance Assessment Tools

Under the SPMS, the performance of service units is assessed by the following means –

3.1   Self-Assessment

Service operators are required to conduct self-assessments on the performance of their service units as to whether they meet the performance standards, including ESRs, SQSs, OSs/OCs, and whether improvements are required for meeting the performance standards. Service operators are required to submit an annual assessment report to SWD on the results of self-assessment conducted on their service units, indicating whether they comply with the performance standards.   If a service unit does not comply with any of the performance standards, the service operator must provide an action plan to show the step(s) it is taking to ensure the unit meets the requirement(s).   For details, please refer to Chapter 4.

3.2   Statistical Report

Service operators are required to submit statistical reports periodically on their service units' achievement at OSs/OCs and/or value-added items in a format prescribed by SWD.   Where the performance of a service unit falls below the agreed level within an agreed time frame, the service operator is required to provide an action plan for improvement. For details, please refer to Chapter 5.

3.3   Performance Assessment Visits

SWD assessors conduct performance assessment visits to assess the compliance of the service units against the terms of agreements, including ESRs and the implementation of SQSs.   For details, please refer to Chapters 6.

Chapter 4: Self-assessment of Performance Standards

4.1 Purpose of Self-assessment

Self-assessment is a built-in mechanism in SPMS and by which a service operator is required to examine and review regularly its service unit(s)' compliance with the performance standards as stipulated in the agreement(s), in order to identify areas of improvement for meeting the requirements as well as enhancing service quality.

4.2 Frequency and Approach

It is the responsibility of the service operators to ensure their service units' compliance with the concerned requirements. Being an internal management process, service operators may conduct self-assessment at any time to evaluate their service units' compliance and may adopt different approaches and processes of self-assessment. They may determine the frequency of self-assessment with regard to their operational needs. To achieve continuous service quality improvement, prompt action must be taken to rectify any non-compliance identified during self-assessment.

4.3 Self-assessment Tools

The tools developed for use in the self-assessment process, which are available on the SWD's website (www.info.gov.hk/swd), are as follows-

(a) for ESRs – Checklist and ESR Assessment Form;

(b) for SQSs – Implementation Handbook, Assessment Matrix and Self-assessment Checklist; and

(c) for action plan – Report on Action Plan.

4.4 Process for Self-assessment

The self-assessment process for service operators involve –

(a) collecting and reading all policies, procedures and records that relate to each of the ESRs and SQSs;

(b) checking compliance against the Checklist for ESRs and Self-assessment Checklist on 16 SQSs and the requirements of respective agreements; and

(c) formulating and implementing action plan for each of the non-compliant areas of any performance standards at the time of self-assessment.

4.5 Report to SWD

The service operator is required to submit to SWD an annual NGO-based Self-assessment Report, using the standard format prescribed by SWD every year. The Self-assessment Report must include all service units which have been operating for over one year at the submission time. It covers the implementation of ESR(s) and 16 SQSs and achievement of OSs/OCs in the service units concerned. For assurance of corporate governance, the Self-assessment Report shall be endorsed by the Chairperson of the Board/Management Committee or the Chief Executive Officer of NGOs or the District Social Welfare Officer/subject chief concerned for SWD service units.

4.6 Follow-up Actions on Non-Compliance

(a) In the event of non-compliance at the time of Self-assessment Report submission, the service operator concerned is required to submit an action plan(s) together with the NGO-based Self-assessment Report. Within the timeline agreed with SWD, service operator has to submit to SWD the action plan(s) and implement the action plan(s) accordingly.

(b) SWD will take into consideration the actions taken by the service operator concerned in submitting its Self-assessment Report as well as carrying out the action plan(s), if required, as part of the track record of its overall performance. Identification of continuous non-compliance or any doubt on the accuracy of the Self-assessment Report will be considered, among others, as risk factors for SWD to conduct performance assessment visits to concerned service units.

Chapter 5:   Assessment of Output and Outcome Standards

5.1   Service Statistics on Output Standards (OSs) and Outcome Standards (OCs)

A set of OSs/OCs with agreed levels of achievement is specified in the respective agreement for each type of services.   A service unit is required to submit service statistics relating to its output and outcome performance on a regular basis for the purpose of ongoing monitoring by SWD.   To serve this purpose, corresponding statistical forms for each service type are designed for service units to capture the related statistical data and report to SWD.

5.2   Regular Reporting on OSs/OCs

Service operators are responsible for a co-ordinated submission of the statistical forms of all its service units to SWD on regular basis as specified for each service type (mostly on quarterly basis and some on a monthly or half-yearly basis) following the announced submission mechanism.   The service operators should also ensure accuracy of the statistics and timely submission according to the prescribed timeline.

5.3   Monitoring on Variance

Service operators should exercise close monitoring on their output and outcome performance so that they may detect deficiencies and take timely action to make improvements.   They are required to monitor variance, if any, against the agreed levels of the OSs/OCs of their service units.   Service operators should take follow up actions accordingly for meeting the OSs/OCs at the end of the year.

5.4   Annual Assessment on OSs/OCs

At the end of every financial year, SWD should conduct an annual assessment on the output and outcome performance of service operators and follow up on under-performance, if any.   After the last submission of statistical form in April for the financial year ending on 31st March, service operators are required to submit action plans of any unmet OSs/OCs of their units with their annual NGO-based Self-assessment Report as mentioned in Chapter 4.

5.5   Follow-up on Under-performance

(a)   Based on the result of the annual assessment, for each of the unmet OSs/OCs without justifiable reasons, SWD including the Subventions Branch and concerned service branch(es) will closely monitor the service operators' implementation of appropriate action plans and keep in view of the progress afterwards.

(b)   Service operators are required to monitor closely their performance. If there is under-performance or suspected problem performance on OSs/OCs, SWD will consider initiating further assessment on the concerned units for an in-depth examination of the problem and taking more vigorous monitoring measures as appropriate.

Chapter 6:   Performance Assessment Visits

6.1   Types of Performance Assessment Visit

Performance assessment visits include (1) review visits (to existing service units by random selection or on need basis); (2) new service assessment visits (to new service units); and (3) risk-based visits (for service units with under-performance/non-compliance or identified/suspected/potential problem areas in service performance).

6.2   Scheduled or Unannounced Visits

Performance assessment visits at selected service units are service monitoring activities for assessing the performance of a service in accordance with the terms of agreement(s) between SWD and the service operator, which also provide opportunities to identify good practices and explore related issues on service performance so as to promote continuous improvement in service quality. Visits are usually conducted on a scheduled basis but unannounced visits are also arranged on a random selection or need basis.

6.3   Review Visits

Existing service units, i.e. units with at least one-year operation, are subject to review visits by random selection or on need basis. In principle, at least one service unit will be selected from every five units[1] of a service operator for the visits in a three-year cycle. Service operators are accountable for the service performance and required for annual self-assessment to examine regularly its service unit(s)' compliance with the performance standards as stipulated in the agreement(s). Through the mechanism of review visits, SWD reviews the performance compliance of the service units by random selection or on need basis.

6.4   New Service Assessment Visits

New service assessment visits are conducted to services with new mode of service delivery or service operators taking up services which are new to them to ensure that their service delivery is in compliance with the service requirements;

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[1] Starting from the Monitoring Cycle of 2022-25, the ratio of random selection is increased from "one-in-ten" to "one-in-five".

6.5 Risk-based Visits

6.5.1 Risk-based Visit is one of the means to assess and monitor the performance of service units.   It is a focused and purposeful visit to collect information, assess and monitor the performance of the service units with a view to assessing service units with under-performance/ non-compliance or with identified/ suspected/ potential problem areas in service performance.

6.5.2 Service units with identified/suspected/potential problem areas in service performance; non-compliance with ESRs/SQSs as reported in the SARs/as assessed during visits in the previous monitoring cycle may be visited, in order to collect information, initiate early intervention, or formulate action plan as required. Problem areas may include but not limited to doubtful submission of Self-assessment Report/statistical return, continuous non-compliance of performance standard(s), problem in drawing up or implementing action plans, service units having any special incidents, etc.

6.6 Assessed Scope and Yardsticks

The scope of performance assessment visits covers the implementation of ESRs, SQSs, and other aspects of performance of the service unit in accordance with the terms of the service agreements.   While the visit may take an overview of the SQS implementation, specific areas of service operation may be examined with reference to the latest development of the assessed service(s) as well as the track records of the service operator and the assessed unit.   For SQS assessment, the judgment of the unit's compliance with the assessed SQS or its criteria is made on the basic requirements as spelt out at the Assessment Indicators in the SQS Assessment Matrix, which are available on the SWD's website (www.info.gov.hk/swd).

6.7 Arrangement of Performance Assessment Visits

(a) Advance Notice for Scheduled Visits

The service operator and the officer-in-charge of the selected service unit is usually given an advance notice 5 weeks prior to the date of visit.   The assessor will confirm with the unit on the exact date of visit in one week after the date of notice.   The date of

performance assessment visit may be re-scheduled to an earlier date if necessary, subject to mutual agreement between the SWD's assessor and the service operator.

(b) Document Review

The assessor will conduct a document review at the service unit during the performance assessment visit as necessary. For scheduled visit, service operators will be required to submit documents relevant to service provision, including service records of SQS implementation, at least one week prior to the date of visit to facilitate the assessment. Late submission of documents will not alter the date of visit. However, it may lead to an extensive and detailed assessment at the service unit as the assessor has not been provided with necessary documents for a pre-visit preparation.

(c) Visits

One assessor is usually assigned for conducting a performance assessment visit, while more assessors may be assigned as and when necessary. Under normal circumstances, the visit will be completed within one day as far as possible.

6.8 Activities of a Performance Assessment Visit

During the performance assessment visit, the assessor conducts assessment through the following activities –

(a) observe the environment for service operation and practices in service delivery;
(b) review documents on SQSs and records pertinent to service operation;
(c) interview manager and frontline staff of the unit, and/or other key personnel of service operator;
(d) interview service users and/or their family members;
(e) meeting/contacts with other stakeholders concerned as appropriate; and
(f) other means of assessment as appropriate and according to the concerned service nature.

6.9 Findings and Report

(a) Compliance with the Agreement

Findings of the performance visits comprise issues of compliance with the agreement terms covered in the assessed areas. For any non-compliance, the officer-in-charge of the service unit will be given, during the visit, to know fully the reasons behind such findings. Within four weeks after the performance assessment visit, the service operator is required to report to SWD an action plan for the service unit to rectify non-compliance(s) within a reasonable timeframe. SWD will follow up on the progress of the action plan for which the service operator should produce sufficient evidence as advised.

(b) Good Practice and Opportunity for Further Progress

To promote continuous improvement, "good practices" and "opportunity for further progress" in SQS implementation, based on the information collected during the performance assessment visit, will be identified. Service operators should examine the area(s) for further improvement and introduce appropriate measures to enhance the identified area(s) although they are not required to submit any action plan to SWD.

(c) Visit Report

The Visit Report will be issued to the service operators within eight weeks after the visit. In case there is non-compliance area identified, the Visit Report will be issued to the service operators within two weeks after the visit. At the same time, the service operators are required to submit Action Plans for improvement measures within four weeks.

6.10 Review of Findings

(a) Quality Review

Prior to the issue of the Visit Report, the supervising officer of the assessor will review the findings to ascertain that the assessment result is objective and constructive.

(b) Disagreement and Appeal

In case the service operator holds a different view on the assessment result of the visit, it may submit review application to SWD within three months after the visit.

6.11 Follow-up Action and Use of Information

Findings collected through Performance Assessment Visits are taken as track records of the service operator, which form part of the assessment on the performance of its service unit(s).   For under-performance or non-compliance identified without justifiable reasons, the service operator will be required to follow up with the action plan applied on its service unit for improvement, the progress of which will be monitored by the Subventions Branch and the concerned service branch(es) of SWD.

Chapter 7: Service Quality Improvement

Besides ensuring compliance with the terms as stipulated in the service agreements, the SPMS strives for continuous service quality improvement in the welfare sector. Service improvement should be achieved through the concerted effort of service operators and SWD in following ways –

7.1 Self-improvement by Service Operators

The implementation of SQSs emphasises the transparency of information on service delivery, regular reviews, as well as receiving and responding to feedbacks from staff and service users. It drives service operators to self-improvement through staff/users involvement and periodic self-assessment of the performance of service units.

7.2 Good Practices and Opportunities for Further Progress

While good SQS practices as observed by SWD during Performance Assessment Visit recognise the endeavour of service operators, identification of the opportunities for further progress in SQS implementation is meant for on-going improvement of service quality. SWD would conduct sharing of good practices in SQS implementation as appropriate.

7.3 Review of Agreements

In parallel with the administration's need assessment and policy requirements, periodic review of the achievement at the OSs/OCs in a particular service would facilitate any adjustment, if appropriate, in the FSAs/SDs to meet the changing needs of the community.

7.4 Overall Appraisal of Quality Issues

To support the service operators in providing high quality services, SWD conducts year-round analysis of findings in the visits so as to identify opportunities for improvement in a particular service or services across the sector.

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