

# SUPPORT FOR SELF-RELIANCE SCHEME

## Executive Summary

1. The Comprehensive Social Security Assistance (CSSA) Scheme is administered by the Social Welfare Department (SWD). It provides cash assistance to people who cannot support themselves financially. In 2014-15, CSSA payments made by the SWD totalled \$20.7 billion, \$1.2 billion of which were related to unemployment cases. To encourage and assist employable CSSA recipients to secure employment and achieve self-reliance, the SWD has since June 1999 implemented the Support for Self-reliance (SFS) Scheme. Before January 2013, the SFS Scheme included various employment assistance programmes. In January 2013, the SWD integrated the various employment assistance programmes into an Integrated Employment Assistance Programme for Self-reliance (IEAPS). The IEAPS provides four categories of services to employable CSSA recipients, namely, Ordinary Employment Assistance Services for unemployed persons (Category I services), Strengthened Employment Assistance Services for selected recipients of Category I services (Category II services), New Dawn Project Services for single parents and child carers (Category III services), and Special Training and Enhancement Programme for unemployed youths (Category IV services). Currently, 26 non-governmental organisations (NGOs) operate 41 projects under the IEAPS to provide these services, with each project serving specified districts. The cost of commissioning the NGOs was about \$95 million a year. The Audit Commission (Audit) has recently conducted a review of the SWD's administration of the SFS Scheme.

### **Monitoring and reporting on achievement of Scheme objectives**

2. *Monitoring achievement of Scheme objectives.* In reporting the effectiveness of the SFS Scheme to the Legislative Council (LegCo) in 2001, the Government indicated that the CSSA unemployment caseload was the target of the Scheme. There had been a downward trend in CSSA unemployment cases since 2003. However, there were still 17,505 CSSA unemployment cases as at June 2015, representing about three times the 6,074 cases as at June 1995. The SWD should continue to monitor the number of unemployment cases. For evaluation of IEAPS projects, the SWD has built in a monitoring mechanism. The SFS Scheme participants' job-securing rate and off-CSSA-net rate are two useful indicators. There are merits in closely monitoring the two rates. In particular,

## Executive Summary

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Audit findings revealed lower job-securing rate and off-CSSA-net rate in some IEAPS projects (see para. 9 below). Audit also noted that, for evaluating the effectiveness of the SFS Scheme, there were a number of limitations in the SWD's computer information system, rendering it difficult for the SWD to conduct comprehensive data analysis of the profile of Scheme participants (paras. 2.2 to 2.13).

3. ***Need for regular performance reporting.*** The SWD has set performance requirements (e.g. minimum job-securing rates) on each category of services under the IEAPS. The effective operation of the Scheme helps reduce public expenditure on CSSA. However, the SWD has not released the performance targets or indicators for the services to report on the overall performance of the Scheme (para. 2.17).

4. ***Need to ensure a proper basis for assessing and reporting performance.*** In March 2015, in respect of questions raised in the LegCo Finance Committee's examination of the 2015-16 Estimates, the SWD provided data on the job-securing rate and off-CSSA-net-rate of 30,997 CSSA recipients who newly joined the IEAPS during January 2013 to December 2014. Audit noted that there were some other 20,000 CSSA recipients who had been enrolled in the previous programmes and were transferred to receive employment assistance under the IEAPS when it commenced in January 2013. The SWD should have included them in the total number of IEAPS participants in order to properly assess and report the performance of the IEAPS under the SFS Scheme (paras. 2.18 to 2.20).

### **Commissioning non-governmental organisations to provide employment assistance services**

5. ***Commissioning the same NGOs to operate the extended IEAPS.*** The contracts for 41 IEAPS projects covering the period January 2013 to March 2015 were awarded to 26 NGOs using the "quality-based allocation system". Under the system, the SWD invited NGOs to operate the IEAPS projects at fixed contract sums. It received 105 project proposals from 32 NGOs, and selected 41 project proposals from 26 NGOs for awarding contracts. In January 2015, the SWD invited the same 26 NGOs to continue running the IEAPS projects till March 2017. Contracts for the extended IEAPS were subsequently awarded to the 26 NGOs.

## Executive Summary

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There were no records indicating that the SWD had evaluated the overall performance of the 26 NGOs in a comprehensive manner before inviting them. Audit findings also revealed relatively poorer performance of some NGOs (see para. 9 below) (paras. 3.4, 3.6 and 3.7).

6. *Unused service capacity for Category I and III services.* The IEAPS contracts specified the required service capacity (in terms of the number of service recipients) for each project. From January 2013 to March 2015, only 61% of the total service capacity of Category I services and 70% of that of Category III services were used. According to the contracts, the SWD may require NGOs to provide additional services if the number of service recipients is under 90% of the service capacity. However, the SWD had not adequately done so (paras. 3.14, 3.16 and 3.20).

### Provision of employment assistance services

7. *Projects not meeting contract requirements.* Classroom training and work exposure services are two key components of Strengthened Employment Assistance Services (Category II services) for selected unemployed persons (e.g. those with low employability due to low motivation). The IEAPS contracts specified the total number of classroom training hours and work exposure service sessions required to be provided by NGOs. Audit noted that, for the 41 projects in January 2013 to March 2015, the total shortfall for classroom training was 10,716 hours (6% of total requirement) and that for work exposure services was 151,188 sessions (23% of total requirement). It is important that the provision of Category II services is maximised to help enhance the employability of the largest possible number of unemployed CSSA recipients (paras. 4.3 to 4.5 and 4.11).

8. *Need to enhance actions to address the risk of abuse.* From a review of 90 cases, Audit noted a number of occasions on which service recipients had been exempted from attending activities of service programmes because they had claimed that they were taking up casual employment on the same day. However, there were no records indicating that the SWD or the NGOs had considered the risk of abuse and taken action to verify such claims. Audit also noted incidents of insufficient evidence used to support exemption for reasons other than casual employment (e.g. not providing sick leave certificates in accordance with the requirement) (paras. 4.15 and 4.17).

## Executive Summary

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### Monitoring and evaluating project performance

9. *Some projects had lower job-securing rates.* Audit noted that during January 2013 to March 2015, some projects did not meet the performance requirements specified in the IEAPS contracts. In particular, four projects in Category I and II services had job-securing rates less than 15%, compared with the required minimum of 20% (for Category I services) specified in the IEAPS contracts. Moreover, four projects in Category III services had job-securing rates less than 20%, compared with the required minimum of 40%. Notwithstanding the poorer performance of some projects, all the NGOs were commissioned by the SWD to continue operating their projects after expiry of the original IEAPS contracts (see para. 5 above) (para. 5.6).

10. *Non-compliance with SWD procedural guidelines.* Audit examination of the files and records of three IEAPS projects revealed instances of non-compliance with the SWD procedural guidelines (e.g. service recipients did not attend at least two work exposure service sessions per week as required). The non-compliance could reduce the effectiveness of the IEAPS (paras. 5.12 and 5.13).

### Audit recommendations

11. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Director of Social Welfare should:**

#### *Monitoring and reporting on achievement of Scheme objectives*

- (a) **continue to monitor the number of CSSA unemployment cases and IEAPS participants' job-securing rate and off-CSSA-net rate (para. 2.15(a));**
- (b) **explore ways to conduct regular analysis of the profile of SFS Scheme participants more efficiently for evaluating the Scheme effectiveness (para. 2.15(b));**
- (c) **report the performance targets and indicators for the SFS Scheme, and review the proper basis for assessing and reporting performance of the IEAPS (para. 2.22);**

## Executive Summary

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### *Commissioning NGOs to provide employment assistance services*

- (d) **commission NGOs to provide welfare services on a competitive basis, taking into account NGOs' past performance (para. 3.10);**
- (e) **critically review the methodology for setting service capacity for IEAPS contracts, and put any unused capacity to gainful use (para. 3.23(a) and (b));**

### *Provision of employment assistance services*

- (f) **take effective measures to help NGOs meet the requirements on classroom training hours and work exposure service sessions as specified in the contracts, and tighten the monitoring of their provision of these services (para. 4.12(a) and (c));**
- (g) **take measures to ensure that staff of the SWD and the NGOs adequately verify service recipients' justifications for not attending activities under the IEAPS having regard to the risk of abuse (para. 4.21(a));**

### *Monitoring and evaluating project performance*

- (h) **pay particular attention to IEAPS projects having relatively poorer performance, ascertain the underlying reasons and take appropriate measures to improve their performance (para. 5.10(b)); and**
- (i) **regularly remind NGOs of the need to comply with the SWD procedural guidelines and conduct more sample checks on compliance (para. 5.14).**

## Response from the Government

12. The Director of Social Welfare agrees with the audit recommendations.