

CHAPTER 10

Security Bureau Social Welfare Department

**Provision of humanitarian assistance to
non-refoulement claimants
by the Social Welfare Department**

**Audit Commission
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This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

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PROVISION OF HUMANITARIAN ASSISTANCE TO NON-REFOULEMENT CLAIMANTS BY THE SOCIAL WELFARE DEPARTMENT

Contents

	Paragraph
EXECUTIVE SUMMARY	
PART 1: INTRODUCTION	1.1 – 1.13
Audit review	1.14
General response from the Government	1.15 – 1.16
Acknowledgement	1.17
PART 2: PROVISION OF HUMANITARIAN ASSISTANCE UNDER THE SERVICE CONTRACT	2.1 – 2.4
Service reporting by the service contractor	2.5 – 2.9
Audit recommendations	2.10
Response from the Government	2.11
Monitoring of the service contractor’s performance by the Social Welfare Department	2.12 – 2.25
Audit recommendations	2.26
Response from the Government	2.27

	Paragraph
Case management by the service contractor	2.28 – 2.38
Audit recommendations	2.39
Response from the Government	2.40
PART 3: PROVISION OF HUMANITARIAN ASSISTANCE UNDER THE FOOD CONTRACT	3.1 – 3.5
Service reporting by the food and service contractors	3.6 – 3.15
Audit recommendations	3.16
Response from the Government	3.17
Monitoring of the food contractor’s performance by the Social Welfare Department	3.18 – 3.26
Audit recommendations	3.27
Response from the Government	3.28
Administration of the use of electronic tokens	3.29 – 3.40
Audit recommendations	3.41
Response from the Government	3.42
PART 4: OTHER ADMINISTRATIVE ISSUES	4.1
Contract management issues	4.2 – 4.10
Audit recommendations	4.11
Response from the Government	4.12
Level of assistance	4.13 – 4.15
Audit recommendation	4.16
Response from the Government	4.17

Appendices	Page
A : Social Welfare Department: Organisation chart (extract) (31 March 2020)	62
B : Types of performance reports submitted by contractors (2019-20)	63 – 64
C : Acronyms and abbreviations	65

PROVISION OF HUMANITARIAN ASSISTANCE TO NON-REFOULEMENT CLAIMANTS BY THE SOCIAL WELFARE DEPARTMENT

Executive Summary

1. The Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), an international human rights instrument treaty under the purview of the United Nations, has been applied to Hong Kong since 1992. Article 3 of CAT provides that no State Party shall expel, return or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture. An illegal immigrant (i.e. a foreigner who smuggled himself into Hong Kong, or a visitor who overstayed his limit of stay allowed by the Immigration Department (ImmD) or who was refused entry by ImmD upon arrival in Hong Kong) who makes a claim for non-refoulement protection in Hong Kong against torture risk or on all other applicable grounds cannot be removed unless his claim is withdrawn or has been finally determined as unsubstantiated. Hereinafter such persons are referred to as non-refoulement claimants (NRCs).

2. According to the Security Bureau (SB), on humanitarian grounds, the Government offers assistance, on a case-by-case basis, to meet the basic needs of NRCs during their stay in Hong Kong, regardless of the status of their applications/claims (e.g. whether their applications/claims have been rejected). The assistance is to provide support to prevent NRCs from being destitute during their presence in Hong Kong while at the same time not creating a magnet effect which could have serious implications on the long-term sustainability of such assistance and the immigration control of Hong Kong.

3. The Social Welfare Department (SWD) has been charged with the responsibility to provide humanitarian assistance to NRCs since November 2004, with an aim to offer assistance to NRCs who are deprived of basic needs during their presence in Hong Kong on humanitarian grounds. Since 2006, SWD has engaged contractors to provide humanitarian assistance to NRCs. As at 31 March 2020, the number of NRCs receiving humanitarian assistance was 10,711. In 2019-20, SWD

Executive Summary

expenditure on humanitarian assistance was \$477 million. According to SWD, the types and level of assistance are assessed on a case-by-case basis, based on the NRCs' vulnerabilities (e.g. individual needs and health conditions) and family size. The types and standard rates of humanitarian assistance in 2020-21 include, for example, monthly rent of \$1,500 per adult and \$750 per child, and monthly food assistance of \$1,200 per NRC.

4. Currently, through open tendering, SWD has commissioned:
 - (a) a non-governmental organisation (NGO) for the service contract for the provision of humanitarian assistance (e.g. rent and transportation) other than food assistance to NRCs (the NGO is hereinafter referred to as the service contractor). The current service contract covers the 2-year period from 1 February 2019 to 31 January 2021 with a total contract sum of \$342 million; and
 - (b) a local supermarket chain for the food contract for the provision of food to NRCs (the supermarket chain is hereinafter referred to as the food contractor). NRCs can buy food at the food contractor's food outlets by using an electronic token (e-token) distributed by the service contractor. The current food contract covers the period from 1 June 2019 to 31 July 2021 with a contract sum of \$252 million.
5. The Family and Child Welfare Branch of SWD is responsible for the day-to-day administration of the provision of humanitarian assistance to NRCs. The Audit Commission (Audit) has recently conducted a review of the provision of humanitarian assistance to NRCs by SWD (an NRC receiving humanitarian assistance provided by SWD is hereinafter referred to as a service user).

Provision of humanitarian assistance under the service contract

6. *Service reporting by the service contractor.* Audit noted the following issues:
 - (a) *Need to improve timeliness in submission of reports and statements.* Audit examined the submission of reports and statements by the service contractor

Executive Summary

to SWD for the period 1 February 2017 to 31 March 2020 and noted that there were delays in submission of the reports and statements. For example, in the review period, the delays in submission of half-yearly statements ranged from 78 to 418 days (para. 2.6); and

- (b) ***Reporting requirements not facilitating performance monitoring.*** In the period 1 February 2017 to 31 March 2020, the monthly service statistics reports submitted by the service contractor to SWD only indicated the number of cases taken up within 3 working days, 4 to 10 working days or more than 10 working days. Accordingly, SWD could not ascertain from the monthly service statistics reports the number of certain non-compliant cases (e.g. cases not taken up within the required time frame of 7 working days for regular cases in the period 1 February 2019 to 31 March 2020) (para. 2.8).

7. ***Monitoring of the service contractor's performance by SWD.*** SWD has issued guidelines to its staff for monitoring the contractor's compliance with the service contract requirements. Audit examined the monitoring work conducted by SWD for the period 1 February 2017 to 31 March 2020 (paras. 2.12 and 2.13) and noted the following issues:

- (a) ***Scope for improvement in conducting spot checks on service users receiving rent assistance.*** According to the service contract, the service contractor should conduct monthly spot checks on 5% of the total number of service users receiving rent assistance in that month. Audit found that in January 2020, the service contractor conducted visits to 156 (5.5%) service users receiving rent assistance in the Hong Kong, Kowloon and Islands (excluding Kowloon City and Yau Tsim Mong) region. However, of the 156 visits, 74 (47%) were unsuccessful attempts (paras. 2.14 and 2.15); and
- (b) ***Scope for improvement in document review at offices of the service contractor.*** According to SWD's guidelines, SWD staff should visit the service contractor's offices, preferably unannounced, at least once within the contract period to conduct document review in order to evaluate the service contractor's performance under the service contract. Audit examined the records of the document review completed by SWD for the visits conducted in December 2019 and June 2020 (paras. 2.17 and 2.19) and noted the following:

Executive Summary

- (i) ***Need to expand coverage of cases selected for document review.*** Before a visit, SWD staff would request the service contractor to provide a list of cases covering 10 categories (e.g. new and re-activated cases) and randomly select cases to be inspected. However, the 10 categories of cases requested by SWD only covered a portion of service users in a region (paras. 2.18 and 2.20); and
- (ii) ***Inadequate guidelines on sampling.*** According to the checklist for the conduct of document review by SWD, when visiting the service contractor's offices, SWD staff should review 10 areas (for example, in respect of provision of accommodation and food to the service users). Audit noted that some of the 10 areas to be examined according to SWD's checklist were not covered by the case examination conducted in the two visits (paras. 2.17 and 2.21).

8. ***Case management by the service contractor.*** Audit noted the following issues:

- (a) ***Need to ensure new cases are always taken up in a timely manner.*** Audit examined the monthly service statistics reports in the period 1 February 2017 to 31 March 2020 and found that, contrary to the contract requirements, the time taken from the date of referral for provision of assistance by the service contractor was more than 10 working days in 106 (6%) cases and 6 (1%) cases for the period 1 February 2017 to 31 January 2019 and the period 1 February 2019 to 31 March 2020 respectively (para. 2.29);
- (b) ***Room for improvement in providing assistance to service users who have access to external resources and support.*** Audit examined the cases selected for examination during the visits conducted by SWD in December 2019 and June 2020 and found room for improvement in conducting the vulnerability and needs assessment by the service contractor. For example, in two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$800 and \$1,200 respectively. Upon enquiry by the service contractor in the vulnerability and needs assessment, the service users refused to disclose the source of financial support (para. 2.32); and

Executive Summary

- (c) *Need to strengthen controls on rental deposits.* Audit examination of the monthly rental deposit reports found that rental deposit forfeited by the landlords amounted to \$9.7 million (involving 4,027 forfeitures) and \$1.9 million (involving 860 forfeitures) in the period 1 February 2017 to 31 January 2019 and the period 1 February 2019 to 31 March 2020 respectively. In a number of cases, the forfeiture of rental deposits could have been prevented if controls had been strengthened (e.g. by reminding the service users concerned not to move out from the premises without the requisite notification) (para. 2.36).

Provision of humanitarian assistance under the food contract

9. *Service reporting by the food and service contractors.* Audit noted the following issues:

- (a) *Need to improve timeliness in submission of reports by the food contractor.* Audit examined the submission of reports by the food contractor to SWD for the period 1 February 2017 to 31 March 2020 and found delays in submission of monthly reports by the food contractor, ranging from 1 day to 9 days (paras. 3.7 and 3.8);
- (b) *Need to review the performance reporting requirements under the food contract.* According to the food contract, the food contractor is required to submit to SWD:
 - (i) effective from 1 June 2019, a list of halal foods by items monthly (and every two months according to another clause in the food contract). Upon Audit's enquiry, SWD informed Audit that the food contractor should only be required to submit the list of halal foods every two months, instead of each month (paras. 3.6(a)(v) and 3.10); and
 - (ii) statements for every two months (i.e. bi-monthly statements) showing the total monthly invoice value, cumulative total contract price and contract balance. Upon Audit's enquiry, SWD informed Audit that as the relevant information in the bi-monthly statements had been obtained in the invoices submitted by the food contractor

Executive Summary

each month, therefore the food contractor was not required to submit the bi-monthly statements (paras. 3.6(d) and 3.11); and

- (c) ***Need for the service contractor to perform checking on the food contractor's monthly reports in a timely manner.*** As specified under the service contract, the service contractor is required to check and certify correct the monthly statistical reports submitted by the food contractor for SWD to arrange payment directly to the food contractor. Audit examined the submission of monthly certification reports by the service contractor for the period 1 February 2017 to 31 March 2020 and found delays in submission of the monthly certification reports by the service contractor, ranging from 1 working day to 28 working days (paras. 3.13 and 3.14).
10. ***Monitoring of the food contractor's performance by SWD.*** According to the guidelines "Protocol for contract monitoring on the supply of food by electronic purchase to SWD" (the Protocol) issued by SWD in August 2019, on-site visit to five designated food outlets should be unannounced and conducted by SWD per contract period and the food outlets to be inspected are selected randomly by a computerised system (para. 3.19). Audit noted the following issues:
- (a) ***Outlets covered in on-site visits not selected in compliance with guidelines.*** Audit examined the on-site visits conducted by SWD on 13 December 2019 and 19 June 2020 and found that of eight food outlets visited by SWD staff, five were not selected by the computer program (paras. 3.20 and 3.21); and
- (b) ***Room for refinement to the selection criteria.*** Audit noted that as at 31 December 2019, districts with more than 20% of service users residing included Yau Tsim Mong, Sham Shui Po and Yuen Long. In light of the geographical distribution of service users, SWD should consider refining the criteria for selecting food outlets of the food contractor for conducting on-site visits to increase coverage of districts with high proportion of service users residing therein (paras. 3.22 and 3.23).
11. ***Administration of the use of e-tokens.*** Starting from March 2018, sanctions are imposed on service users who misuse or abuse the use of food assistance, e.g. bulk purchases of non-staple food (It is expected that the e-token should mainly be used to purchase staple food. Therefore, using the e-token to make a single purchase of non-staple food exceeding a specified amount is regarded as one of the

Executive Summary

misuses of e-tokens by the service users) (Note 12 to para. 3.5(c) and para. 3.30). Audit noted the following issues:

- (a) ***Need to review the effectiveness of sanctions imposed on service users.*** Audit examined 15 cases with sanctions imposed on service users for their misuse of e-tokens during the period from 1 February 2019 to 31 March 2020. In 9 cases, there were repeated misuse of e-tokens by the service users, with the number of sanctions previously imposed on them ranging from 2 to 9 each (para. 3.32);
 - (b) ***Need to sanction service users in a timely manner.*** In the 15 cases mentioned in (a) above, 7 cases were related to bulk purchases of non-staple food made by service users. The sanctions were imposed 1 to 3 months (averaging 2.4 months) after the misuse events (para. 3.34); and
 - (c) ***Need to consider establishing a referral mechanism for suspected misuse cases identified by SWD.*** Audit examined SWD's checking results on bulk purchases of non-staple food in the period from 1 February 2019 to 31 March 2020 and found that SWD identified 2,380 e-tokens with suspected bulk purchases of non-staple food. However, there was no documentary evidence showing that SWD had referred such suspected misuse cases to the service contractor for investigation. During the same period, based on the sample checking of e-tokens conducted by the service contractor, the contractor imposed 7 sanctions on service users using e-tokens to make bulk purchases of non-staple food (paras. 3.29 and 3.36).
12. ***Need to keep in view negative balances in e-tokens and devise a solution to address the issue.*** According to SWD, cases of negative balances of e-tokens (i.e. the amount spent by the service user using the e-token exceeded its face value) were noted in September 2019. While the food contractor had performed enhancement to the computer system to minimise the recurrence in September 2019, there were still occasional cases of negative balances in the period from October 2019 to April 2020 (8 cases ranging from -\$12.9 to -\$507.8) (paras. 3.39 and 3.40).

Executive Summary

Other administrative issues

13. *Need for clarification on the definition of service users for calculating the administrative cost.* Starting from 2017, the contract sum under the service contract with the service contractor comprises two components: (a) assistance paid to service users, including rent, travelling expenses and other basic necessities. The amount is reimbursed to the service contractor at half-monthly intervals based on the expenditure reported by the service contractor in the half-monthly expenditure reports; and (b) administrative cost for administering and delivering the different types of assistance to NRCs. The amount is calculated by multiplying the number of service users at month end by the agreed monthly unit rate under the contract. The number of service users is based on the number of service users reported by the service contractor to SWD in the monthly master list of service users as at the last day of each month (para. 4.2).

14. Audit examined the master list of service users for March 2020 submitted by the service contractor to SWD, and found that of 10,711 service users stated in the master list, 14 service users did not receive humanitarian assistance in March 2020. Of these 14 service users, 3 had obtained similar services to the services under the service contract from other sources in this month. According to the service contract, for those service users who have obtained services from other sources similar to those under the service contract, the service contractor should immediately cease to provide services under the service contract (i.e. provision of assistance and casework services) to them (paras. 4.4 to 4.6).

15. *Need for continued efforts to enhance competition in tendering for the service contract.* The service contractor has been engaged in the provision of humanitarian assistance since 2006. In each tender exercise, only one tenderer submitted a tender, which was conforming. Audit noted that tenderers' experience had been stated as an essential requirement in the tender documents. This might have hindered other organisations to participate in tendering. In this connection, Audit noted that according to Financial Circular No. 2/2019 entitled "Pro-innovation Government Procurement", to encourage competition in procurement and minimise entry barriers, as a general rule, tenderers' experience should not be set as an essential requirement (paras. 4.8 to 4.10).

Executive Summary

16. *Need to continue to review the level of assistance.* Audit noted that the existing level of humanitarian assistance to NRCs was last revised in February 2014. Upon enquiry, SWD informed Audit in September 2020 that SWD, in consultation with SB, would conduct review on the level of assistance as and when appropriate, taking into consideration a basket of factors including whether the assistance would create a magnet effect which might have serious implications on the overall sustainability and immigration control, as well as the price level of the assistance items, etc. (para. 4.15).

Audit recommendations

17. **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:**

Provision of humanitarian assistance under the service contract

- (a) **step up efforts to ensure that the service contractor submits reports and statements in a timely manner in accordance with the service contract and review the reporting requirements to ensure that they facilitate monitoring of the service contractor's performance (para. 2.10);**
- (b) **request the service contractor to provide in the monthly statistics reports figures showing separately the number of successful and unsuccessful attempts in conducting spot checks on service users receiving rent assistance, and review the requirements on the service contractor to conduct spot checks (para. 2.26(a) and (b));**
- (c) **select samples from more categories of cases (i.e. not limited to the current 10 categories) in conducting document reviews of the service contractor (para. 2.26(c));**
- (d) **stipulate in the guidelines the need to select cases covering all the 10 areas to be examined in accordance with the checklist for document review (para. 2.26(d));**

Executive Summary

- (e) **request the service contractor to report the reasons for delays in providing services to service users and take improvement measures to ensure that new cases are always taken up within the time frame as required in the service contract (para. 2.39(a));**
- (f) **issue more guidelines to the service contractor for handling cases with financial support provided to the service users from other sources in performing the vulnerability and needs assessment and explore measures to strengthen controls on assistance provided in the form of paying rental deposits for service users (para. 2.39(b) and (c));**

Provision of humanitarian assistance under the food contract

- (g) **remind the food contractor to submit monthly reports in a timely manner in accordance with the food contract and improve accuracy of the monthly statistical reports (para. 3.16(a));**
- (h) **review the reporting requirements regarding the list of halal foods by items and bi-monthly statements and, based on the review results, communicate the requirements to the food contractor and SWD staff (para. 3.16(b));**
- (i) **remind the service contractor to conduct the verification of the monthly statistical reports submitted by the food contractor and issue the monthly certification reports in a timely manner (para. 3.16(c));**
- (j) **ensure that SWD staff conduct on-site visits to food outlets of the food contractor in accordance with the Protocol and consider refining the criteria for selecting food outlets for conducting on-site visits to increase coverage of districts with high proportion of service users residing therein (para. 3.27(a) and (b));**
- (k) **keep in view the effectiveness of the sanctions imposed on service users who have misused e-tokens (in particular those who have repeatedly done so) and remind the service contractor to make greater efforts to impose sanctions on service users in a timely manner (para. 3.41(a) and (b));**

Executive Summary

- (l) **consider establishing a mechanism for SWD to refer cases of suspected misuse of e-tokens to the service contractor for further investigation and imposition of sanctions if necessary, and the need to increase the number of samples selected by the service contractor for investigating into cases of suspected abuse of e-tokens (para. 3.41(c) and (d));**
- (m) **in view of increasing number of suspected cases of bulk purchases of non-staple food identified by SWD, explore the feasibility of implementing controls to prevent such purchases (para. 3.41(e));**
- (n) **keep in view the severity of the issue arising from negative balances in e-tokens, and request the food contractor to devise an effective solution to address the issue (para. 3.41(f));**

Other administrative issues

- (o) **provide clarification on the definition of service users for the purpose of calculating the administrative cost payable to the service contractor and provide more guidelines to the service contractor in this regard (para. 4.11(a));**
- (p) **consider not specifying tenderers' experience as an essential requirement with a view to encouraging tender competition in future tender exercises for the service contract (para. 4.11(b)); and**
- (q) **in consultation with SB, continue to review the level of assistance to NRCs as and when appropriate to ensure that the Government meets the aim of providing the assistance (para. 4.16).**

Response from the Government

18. The Secretary for Security and the Director of Social Welfare agree with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 The Security Bureau (SB) is responsible for the Government's security-related policies, including the maintenance of law and order and exercising immigration control. According to SB, foreigners who smuggled themselves into Hong Kong, and visitors who overstayed their limit of stay allowed by the Immigration Department (ImmD) or who were refused entry by ImmD upon arrival in Hong Kong (collectively referred to as illegal immigrants) are liable to be removed from Hong Kong in accordance with the Immigration Ordinance (Cap. 115).

1.3 The Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), an international human rights instrument treaty under the purview of the United Nations, has been applied to Hong Kong since 1992. Article 3 of CAT provides that no State Party shall expel, return or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture. An illegal immigrant who makes a claim for non-refoulement protection in Hong Kong against torture risk (a torture claim) or on all other applicable grounds (Note 1) (hereinafter such persons are referred to as non-refoulement claimants (NRCs)) cannot be removed unless his claim is withdrawn or has been finally determined as unsubstantiated.

Note 1: *Apart from torture claims made under Article 3 of CAT, a non-refoulement claim may also be made on the following grounds:*

- (a) *“torture or cruel, inhuman, or degrading treatment or punishment” under Article 3 of Section 8 of the Hong Kong Bill of Rights Ordinance (Cap. 383);*
- (b) *“being arbitrarily deprived of one’s life” as referred to in Article 2 of Section 8 of the Hong Kong Bill of Rights Ordinance; and*
- (c) *“persecution”, drawing reference to the non-refoulement principle set out under Article 33 of the 1951 Convention relating to the Status of Refugees. The Convention is a legal document defining who is a refugee, their rights and the legal obligations of states and was adopted by the United Nations in 1951. The Convention does not apply to Hong Kong.*

Introduction

1.4 On the other hand, NRCs whose claims have been substantiated would have their removal withheld until their claimed risk ceased to exist, while in parallel their cases would be referred to the United Nations High Commissioner for Refugees (UNHCR) as appropriate for consideration of recognition as “refugee” and arrangement of resettlement to a third country.

1.5 Pursuant to a court ruling in 2004, in which the Court of Final Appeal held that high standards of fairness must be demanded in the determination of torture claims, ImmD introduced an administrative screening mechanism for torture claims made under Article 3 of CAT. Thereafter, there were a number of key developments in the Government’s handling of claims, including the following:

- (a) the Immigration (Amendment) Ordinance 2012, which came into operation in December 2012, provided for a statutory process for making and determining torture claims, including how a torture claim is made, the time limit for a claimant to return the torture claim form, the requirements for ImmD to arrange screening interviews and issue written notices of decision, etc. It also provided that a claimant who was aggrieved by the decision might lodge an appeal, which would be handled by a statutory Torture Claims Appeal Board (TCAB — Note 2);

Note 2: *It is an independent statutory body established under the Immigration Ordinance on 3 December 2012. TCAB hears and determines appeals made and applications for revocation decisions about torture claims under the Ordinance. As at September 2020, TCAB comprised a Chairperson, 6 Deputy Chairpersons and 86 members. The members were appointed by the Chief Executive of the Hong Kong Special Administrative Region under the Ordinance. The members include former judges or magistrates, as well as overseas and local experts with relevant experience.*

- (b) in March 2014, ImmD commenced the Unified Screening Mechanism (USM — Note 3), under which ImmD would assess non-refoulement claims on all applicable grounds (see Note 1 to para. 1.3) in one go; and
- (c) in 2016, the Government commenced a comprehensive review of the strategy of handling non-refoulement claims, focusing on:
 - (i) preventing potential NRCs from entering Hong Kong (e.g. working with the Mainland authorities to combat illegal immigration and implementing a pre-arrival registration requirement for Indian visitors as most of the Indian NRCs were overstayers in Hong Kong who arrived as visa-free visitors);
 - (ii) expediting the screening procedures for pending claims, shortening the screening time per claim, and expediting the handling of appeals;
 - (iii) expediting repatriation of NRCs whose claims have been rejected; and
 - (iv) enhancing detention policies and stepping up law enforcement (e.g. instituting prosecution against NRCs who take up illegal employment and the relevant employers).

1.6 According to SB, various measures implemented from the 2016 strategy review have yielded positive results, and the numbers of illegal immigrants and NRCs have dropped significantly since 2016. In 2018-19, the Government has also proposed a number of amendments to the Immigration Ordinance in order to further improve the procedures of screening non-refoulement claims and handling appeals, as well as to strengthen ImmD's capabilities in respect of enforcement, removal and detention. The proposed amendments included preventing delay tactics of NRCs, facilitating removal and strengthening detention, etc. The Government consulted the Legislative Council (LegCo) Panel on Security on the proposed amendments in July 2018 and January 2019, and will introduce the amendment bill into LegCo shortly.

Note 3: *According to ImmD, the commencement of USM does not affect the Government's firm policy of not determining the refugee status of or granting asylum to anyone. For refugees who were recognised by UNHCR before commencement of USM, UNHCR will continue to provide international protection to them in accordance with its mandate.*

Introduction

Government's policy on provision of humanitarian assistance to NRCs

1.7 According to SB, on humanitarian grounds, the Government offers assistance, on a case-by-case basis, to meet the basic needs of NRCs during their stay in Hong Kong, regardless of the status of their applications/claims (e.g. whether their applications/claims have been rejected, or they are considering whether to lodge an appeal/judicial review, or they have lodged an appeal/judicial review, etc.). The assistance is to provide support to prevent NRCs from being destitute during their presence in Hong Kong while at the same time not creating a magnet effect which could have serious implications on the long-term sustainability of such assistance and the immigration control of Hong Kong.

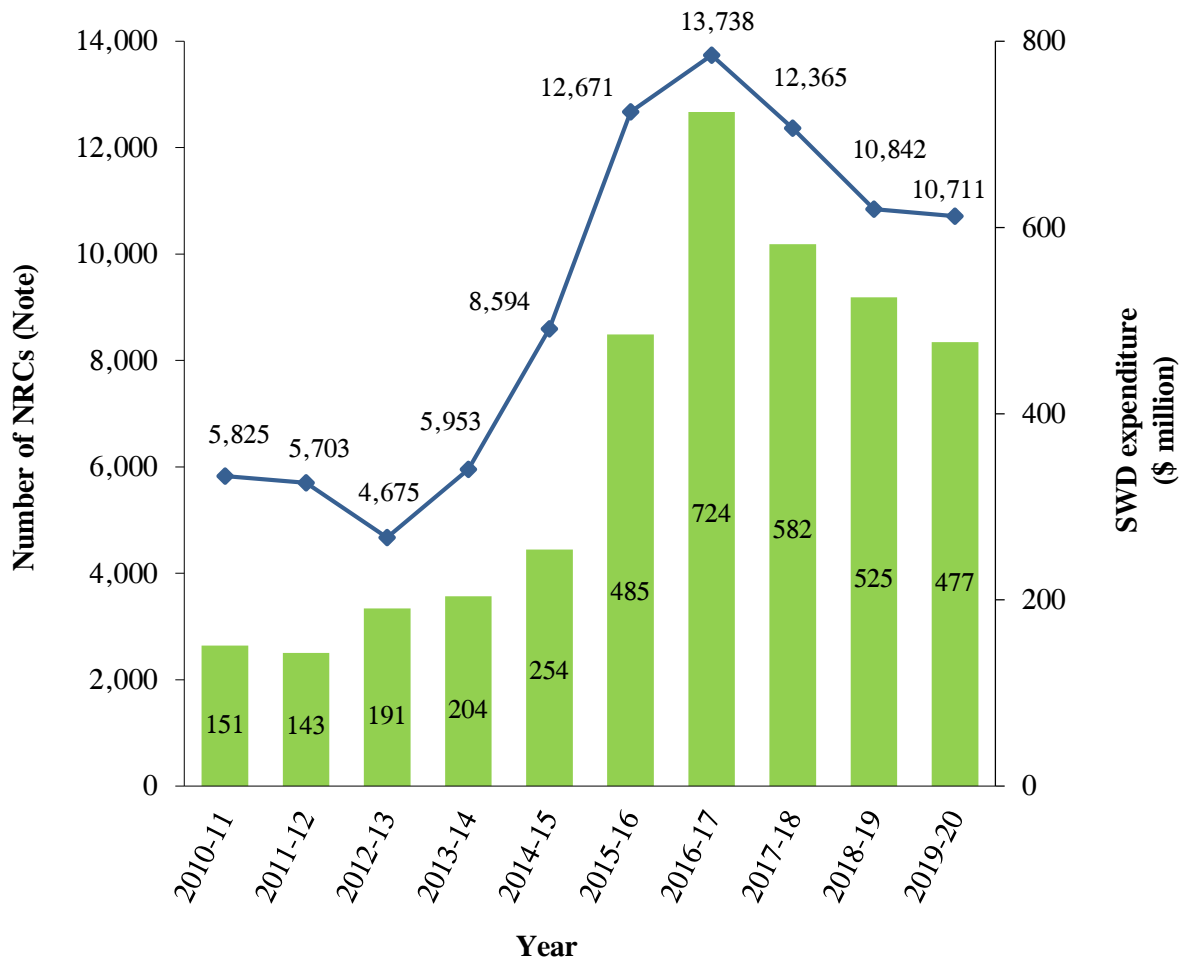
1.8 The Social Welfare Department (SWD) has been charged with the responsibility to provide humanitarian assistance to NRCs since November 2004, with an aim to offer assistance to NRCs who are deprived of basic needs during their presence in Hong Kong on humanitarian grounds. Since 2006, SWD has engaged contractors to provide the humanitarian assistance service to NRCs (see para. 1.11).

Number of NRCs receiving humanitarian assistance

1.9 Figure 1 shows the number of NRCs receiving humanitarian assistance and SWD expenditure on humanitarian assistance for the period from 2010-11 to 2019-20. Table 1 shows the movement in the cases of NRCs receiving humanitarian assistance for the same period.

Figure 1

Number of NRCs receiving humanitarian assistance and SWD expenditure on humanitarian assistance (2010-11 to 2019-20)



Legend: —◆— Number of NRCs
 █ SWD expenditure

Source: SWD records

Note: The number of NRCs represents the position at end of year.

Table 1

**Movement in the cases of NRCs receiving humanitarian assistance
(2010-11 to 2019-20)**

Year	No. of cases				
	Beginning of year (a)	New (b)	Reactivated (c) (Note 1)	Terminated (d) (Note 2)	End of year (e) = (a) + (b) + (c) - (d)
2010-11	5,258	1,657		1,090	5,825
2011-12	5,825	1,022		1,144	5,703
2012-13	5,703	978		2,006	4,675
2013-14	4,675	2,302		1,024	5,953
2014-15	5,953	4,009		1,368	8,594
2015-16	8,594	7,056		2,979	12,671
2016-17	12,671	2,668	7,603	9,204	13,738
2017-18	13,738	1,014	1,458	3,845	12,365
2018-19	12,365	614	1,196	3,333	10,842
2019-20	10,842	751	1,179	2,061	10,711

Source: Audit analysis of SWD records

Note 1: NRCs, with humanitarian assistance temporarily suspended for reasons such as detention (e.g. arrested for committing offences) or hospitalisation, are eligible to reactivate the provision of services after discharge.

Note 2: The provision of humanitarian assistance for NRCs may be terminated for various reasons, e.g. death of NRCs, detention of NRCs, resettlement of NRCs to other countries or voluntary withdrawal from assistance by NRCs.

Note 3: SWD did not have separate figures for “new” and “reactivated” NRCs for the period 2010-11 to 2015-16.

Types and level of assistance

1.10 According to SWD, the types and level of assistance are assessed on a case-by-case basis, based on the NRCs' vulnerabilities (e.g. individual needs and health conditions) and family size. The amount and scope of assistance will be reviewed monthly by SWD's contractor (see para. 1.11(a)). Table 2 shows the types and standard rates of assistance in 2020-21.

Table 2
Types and standard rates of humanitarian assistance
(2020-21)

Item	Type of humanitarian assistance (Note 1)	Standard rate (Note 2)
1	Rent	Monthly: \$1,500 per adult and \$750 per child
2	Rental deposit	\$3,000 or an amount equivalent to two months of rent, whichever is the less
3	Property agent fee	\$750 or an amount equivalent to the rent for half a month, whichever is the less
4	Utilities (i.e. electricity, gas and water)	Monthly: \$300
5	Transportation (e.g. for travelling to ImmD)	Monthly: ranging from \$200 to \$420
6	Other basic necessities (e.g. shampoo, soap, toilet papers, etc.)	Monthly: provided in-kind to NRCs
7	Food	Monthly: \$1,200

Source: SWD records

Note 1: Food in-kind may also be provided by SWD's contractor to NRCs in need.

Note 2: NRCs with extra needs (e.g. additional transportation allowances for NRCs requiring frequent medical treatment at public hospitals) may provide justifications and documentary proof to SWD's contractor for consideration on a case-by-case basis. The additional amount over the standard rate shown in the Table is referred to as extra assistance.

Remarks: Counselling service (e.g. providing crisis intervention, ongoing case management and conducting home visits) and shelters are also provided by SWD's contractor for NRCs.

Introduction

Engagement of contractors

1.11 Since 2006, SWD has engaged contractors to provide humanitarian assistance to NRCs. Prior to May 2015, all types of assistance were covered in one contract. In May 2015, the contract was split into three contracts by service region. From February 2017, the provision of food assistance (i.e. Item 7 in Table 2 in para. 1.10) has been separated from other types of assistance (i.e. Items 1 to 6 in Table 2 in para. 1.10). One contract was awarded for the provision of food (hereinafter referred to as the food contract) and three contracts by service region were awarded for other types of assistance (hereinafter collectively referred to as the service contract). Currently, through open tendering, SWD has commissioned:

- (a) a non-governmental organisation (NGO) for the service contract (the NGO is hereinafter referred to as the service contractor). Upon case referral by SWD, the service contractor is required to assign a caseworker for each NRC for intake and needs identification, counselling, advice, provision of crisis intervention, ongoing case management and referrals to external support. The current service contract covers the 2-year period from 1 February 2019 to 31 January 2021 with a total contract sum of \$342 million (Note 4); and
- (b) a local supermarket chain for the food contract (the supermarket chain is hereinafter referred to as the food contractor). NRCs can buy food (Note 5) at the food contractor's food outlets by using an electronic token (e-token) distributed by the service contractor. The current food contract covers the period from 1 June 2019 to 31 July 2021 with a contract sum of \$252 million (Note 6 and Note to Table 9 in para. 3.3).

Note 4: *The actual amount of contract payment is based on the actual number of NRCs receiving humanitarian assistance and the amount of assistance provided to each NRC on a case-by-case basis. In addition, the Government shall be entitled to extend the contracts for a further period of up to 2 years before their expiry.*

Note 5: *According to SWD, NRCs can buy food including but not limited to dry ration, meat, fruit, vegetables and halal food commonly available in local markets with more than 21,000 choices of food items.*

Note 6: *The actual amount of contract payment is based on the actual value of food procured by NRCs within the contract period.*

Monitoring by SWD

1.12 The Family and Child Welfare Branch of SWD, headed by an Assistant Director, is responsible for the day-to-day administration of the provision of humanitarian assistance to NRCs. As at 31 March 2020, six staff under the Family and Child Welfare Branch, including a Chief Social Work Officer, a Senior Social Work Officer, a Social Work Officer, an Assistant Social Work Officer and 2 Contract Executive Assistants, were responsible for monitoring the contracts for the provision of humanitarian assistance to NRCs. These staff, except the Assistant Social Work Officer, have other duties (e.g. family services and child development services, short-term food assistance, family life education service and services for street sleepers). An extract of the organisation chart of SWD (as at 31 March 2020) is shown at Appendix A.

1.13 According to the service contract and the food contract, the contractors are required to submit performance reports to SWD on a regular basis. At the same time, SWD will review the performance reports submitted by the contractors and conduct review visits to the service centres or food outlets within the contract periods.

Audit review

1.14 In March 2020, the Audit Commission (Audit) commenced a review of the provision of humanitarian assistance to NRCs by SWD. The audit review has focused on the following areas:

- (a) provision of humanitarian assistance under the service contract (PART 2);
- (b) provision of humanitarian assistance under the food contract (PART 3); and
- (c) other administrative issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government

1.15 The Secretary for Security welcomes Audit's review. He has said that SB will closely monitor the implementation of the audit recommendations.

1.16 The Director of Social Welfare welcomes Audit's review and agrees with the audit recommendations. He has said that:

- (a) since 2006, the provision of humanitarian assistance to NRCs has increased 5.8-fold from 1,900 users to over 11,000 users. Apart from the immense increase in quantity, there has also been dynamic evolvement in terms of service components, requirements and mode of delivery. To achieve better value for money, SWD has separated the service contract into three service contracts and one food contract in order to attract more potential bidders and thus enhance the competitiveness. Upon invitation through open tender, only one conforming tender was submitted for all three service contracts; and
- (b) over the years, SWD has implemented and monitored such a large scale of service with the same minimal manpower resources. Despite so, SWD still seeks improvement continuously to ensure financial control and service monitoring. SWD agrees with the recommendations made by Audit and is prepared to carry out the improvement measures.

Acknowledgement

1.17 During the audit review, in light of the outbreak of coronavirus disease (COVID-19), the Government had implemented various special work arrangements and targeted measures for government employees, including working from home. Audit would like to acknowledge with gratitude the full cooperation of the staff of SB and SWD during the course of the audit review amid the COVID-19 epidemic.

PART 2: PROVISION OF HUMANITARIAN ASSISTANCE UNDER THE SERVICE CONTRACT

2.1 This PART examines the provision of humanitarian assistance under the service contract, focusing on:

- (a) service reporting by the service contractor (paras. 2.5 to 2.11);
- (b) monitoring of the service contractor's performance by SWD (paras. 2.12 to 2.27); and
- (c) case management by the service contractor (paras. 2.28 to 2.40).

Background

2.2 When an NRC approaches SWD for the provision of humanitarian assistance, SWD staff would confirm his immigration status and his status of non-refoulement claim by checking relevant documents (e.g. recognizance forms issued by ImmD (Note 7), documents issued by UNHCR verifying the holder is a mandated refugee, etc.) or verifying with ImmD when necessary. If the non-refoulement claim status is established, SWD would issue an intake form and a covering memo for case referral to the service contractor.

2.3 Upon case referral by SWD, the service contractor is required to assign a caseworker for each NRC for intake and needs identification, counselling, advice, provision of crisis intervention, ongoing case management and referrals to external support (see para. 1.11(a)). Regarding the provision of humanitarian assistance to NRCs, under the service contract, the service contractor is required to:

Note 7: *When a person lodges a non-refoulement claim, ImmD will issue a recognizance form ("Form No. 8") under section 36(1) of the Immigration Ordinance to that person for him to temporarily stay in Hong Kong.*

Provision of humanitarian assistance under the service contract

- (a) interview the NRC to assess his needs, including the availability of his own resources and the resources available to him from other sources. The amount and types of assistance will then be determined based on the assessment by the service contractor (an NRC receiving humanitarian assistance provided by SWD is hereinafter referred to as a service user);
- (b) arrange interviews with the service user thereafter monthly to reassess his needs and adjust the amount and types of assistance provided if necessary; and
- (c) withhold the assistance to the service user if he fails to visit the office (Note 8) of the service contractor for reassessment of his eligibility for service by the caseworkers on a monthly basis.

2.4 Table 3 shows the amount of assistance provided to service users in the period from 1 February 2017 to 31 March 2020.

Note 8: *The service contractor has three offices serving service users which cover the following regions: Kowloon City and Yau Tsim Mong (KCYTM), Hong Kong, Kowloon and Islands (excluding Kowloon City and Yau Tsim Mong) (HKKI) and the New Territories (NT). According to SWD, the geographical coverage of the three offices was designed to even out the number of service users served in each region.*

Provision of humanitarian assistance under the service contract

Table 3

**Amount of assistance provided to service users
under the service contract
(1 February 2017 to 31 March 2020)**

Type of assistance	1.2.2017 to 31.3.2018 (14 months) (Note 1)	1.4.2018 to 31.1.2019 (10 months) (Note 1)	1.2.2019 to 31.3.2020 (14 months) (Note 1)
	(\$)		
Rent	254,609,740	160,757,644	206,409,666
Property agent fee	1,369,100	603,613	678,071
Utilities	50,598,140	32,149,085	41,848,683
Transportation	39,509,588	24,725,260	32,347,480
In-kind food (Note 2)	14,514,330	462,630	508,187
Other basic necessities (e.g. toiletries, including toothbrushes, toilet paper and razors) (Note 2)	4,914,801	4,516,191	5,045,400
Others (e.g. clothing and medical items)	353,096	342,875	651,364
Total	365,868,795	223,557,298	287,488,851

Source: The service contractor's audited financial statements

Note 1: The average numbers of service users at the last day of each month were 13,215 (for the period 1.2.2017 to 31.3.2018), 11,571 (for the period 1.4.2018 to 31.1.2019) and 10,689 (for the period 1.2.2019 to 31.3.2020).

Note 2: In-kind food and other basic necessities are provided to some service users, e.g. expectant mothers and new-born babies of service users. In February 2017 (i.e. before food assistance via the e-tokens was introduced on 1 March 2017), in-kind food in the form of supermarket cash coupons and food cards were issued to service users by the service contractor.

Remarks: The current service contract covers the period from 1 February 2019 to 31 January 2021 and the previous one from 1 February 2017 to 31 January 2019.

Service reporting by the service contractor

2.5 According to the service contract, for contract monitoring purpose, the service contractor shall submit to SWD:

- (a) half-monthly expenditure reports on or before the 20th and 5th day of each month showing the amount of assistance paid in the period from 1st to 15th of the month and 16th to the end of the preceding month respectively. Based on the half-monthly expenditure reports, SWD shall pay the service contractor not later than 1st and 16th day of each month;
- (b) monthly reports, on or before the 10th day of each month, comprising:
 - (i) monthly service statistics reports;
 - (ii) monthly financial reports; and
 - (iii) monthly rental deposit reports;
- (c) half-yearly statements audited by an external auditor within 2 months after the end of every 6-month period starting from the commencement date of the contract, or 2 months after the expiry or sooner termination of the contract; and
- (d) audited financial statements within 4 months during the contract period commencing on 1 April of each year and ending on 31 March of the following year, both dates inclusive, or after expiry or sooner termination of the service contract. The first audited financial statements cover the period from the commencement date of the contract to the upcoming 31 March (if the period is less than 6 months, then up to 31 March of the following year). The final audited financial statements cover the period from 1 April of the year up to the expiry date of the contract.

Details of reports submitted by the service contractor to SWD are set out at Appendix B.

Provision of humanitarian assistance under the service contract

Need to improve timeliness in submission of reports and statements

2.6 Audit examined the submission of reports and statements by the service contractor for the period 1 February 2017 to 31 March 2020 and noted that there were delays in submission of the reports and statements, as follows:

- (a) ***Half-monthly reports.*** The delays in submission of half-monthly expenditure reports ranged from 1 to 13 days (see Table 4);

Table 4

Submission of half-monthly expenditure reports by the service contractor (1 February 2017 to 31 March 2020)

Contract period	No. of half-monthly expenditure reports		Delay
	Submitted	Late submission	
1 February 2017 to 31 January 2019	48	22 (46%)	1 to 13 days (average: 3 days)
1 February 2019 to 31 January 2021 (up to 31 March 2020)	28	2 (7%)	1 to 5 days (average: 3 days)

Source: Audit analysis of SWD records

Provision of humanitarian assistance under the service contract

- (b) *Monthly reports.* The delays in submission of monthly reports ranged from 1 to 324 days (see Table 5);

Table 5

**Submission of monthly service statistics reports, financial reports
and rental deposit reports by the service contractor
(1 February 2017 to 31 March 2020)**

Contract period	Monthly service statistics reports		Monthly financial reports		Monthly rental deposit reports	
	No. of reports					
	Submitted	Late submission	Submitted	Late submission	Submitted	Late submission
1 February 2017 to 31 January 2019	24	23 (96%)	24	24 (100%)	24	4 (17%)
1 February 2019 to 31 January 2021 (up to 31 March 2020)	14	0 (0%)	14	14 (100%)	14	7 (50%)
Delay (Note)	2 to 129 days (average: 20 days)		18 to 324 days (average: 127 days)		1 to 66 days (average: 23 days)	

Source: Audit analysis of SWD records

Note: According to SWD, delay in submission was most serious in the period February 2017 to September 2018, mainly due to:

- (a) a system error encountered by the service contractor in this period. The service contractor completed the enhancement in October 2018; and
- (b) a change in the format of the monthly financial reports requested by SWD in early 2018.

Provision of humanitarian assistance under the service contract

- (c) **Half-yearly statements.** The delays in submission of half-yearly statements ranged from 78 to 418 days (see Table 6); and

Table 6

Submission of half-yearly statements by the service contractor (1 February 2017 to 31 March 2020)

Contract period	No. of half-yearly statements		Delay
	Submitted	Late submission	
1 February 2017 to 31 January 2019	4	4 (100%)	214 to 418 days (average: 316 days)
1 February 2019 to 31 January 2021 (up to 31 March 2020)	2	2 (100%)	78 to 227 days (average: 153 days)

Source: *Audit analysis of SWD records*

- (d) **Audited financial statements.** The delays in submission of audited financial statements ranged from 66 to 175 days (see Table 7).

Table 7

Submission of audited financial statements by the service contractor (1 February 2017 to 31 March 2020)

Contract period	No. of audited financial statements		Delay
	Submitted	Late submission	
1 February 2017 to 31 January 2019	2	2 (100%)	66 to 175 days (average: 121 days)
1 February 2019 to 31 January 2021 (up to 31 March 2020)	1	0 (0%)	Nil

Source: *Audit analysis of SWD records*

Provision of humanitarian assistance under the service contract

2.7 Timely submission of reports and statements by the service contractor is essential to facilitate performance monitoring by SWD. In particular, late submission of audited financial statements would result in late return of the balance of rental deposits to SWD (Note 9). In Audit's view, SWD should step up efforts to ensure that the service contractor submits reports and statements in a timely manner in accordance with the service contract.

Reporting requirements not facilitating performance monitoring

2.8 According to the current and the previous service contracts, the service contractor should provide services to a service user within a specific time frame as follows:

- (a) for the contract period 1 February 2017 to 31 January 2019, within 2 working days and 10 working days from date of receipt of referral/request for urgent cases (i.e. vulnerable and needy cases) and regular cases respectively; and
- (b) for the contract period 1 February 2019 to 31 January 2021, within 3 working days and 7 working days from date of receipt of referral/request for urgent cases and regular cases respectively.

However, Audit noted that in the period 1 February 2017 to 31 March 2020, the monthly service statistics reports submitted by the service contractor only indicated the number of cases taken up within 3 working days, 4 to 10 working days or more

Note 9: *The balance of rental deposits comprises:*

- (a) *money advanced by SWD to the service contractor for paying rental deposits for service users (one of the assistance items — see Table 2 to para. 1.10) not used up at the end of the contract period; and*
- (b) *rental deposits refunded from landlords.*

Upon expiry of a service contract, the outgoing contractor is required to refund the balance to SWD within one month after the submission of the audited financial statements. For example, for the service contract ended in January 2019, the audited financial statements were submitted to SWD on 22 November 2019 (i.e. late submission for more than 5 months), and the balance of rental deposit of \$10.2 million was returned to SWD on 18 December 2019, which was more than 10 months after the expiry of the contract.

Provision of humanitarian assistance under the service contract

than 10 working days. Accordingly, SWD could not ascertain from the monthly service statistics reports the number of certain non-compliant cases (e.g. cases not taken up within 2 working days for urgent cases in the period 1 February 2017 to 31 January 2019 and within 7 working days for regular cases in the period 1 February 2019 to 31 March 2020).

2.9 In Audit's view, SWD should review the reporting requirements to ensure that they facilitate monitoring of the service contractor's performance.

Audit recommendations

2.10 **Audit has recommended that the Director of Social Welfare should:**

- (a) **step up efforts to ensure that the service contractor submits reports and statements in a timely manner in accordance with the service contract; and**
- (b) **review the reporting requirements to ensure that they facilitate monitoring of the service contractor's performance.**

Response from the Government

2.11 The Director of Social Welfare agrees with the audit recommendations. He has said that:

- (a) SWD will issue reminders to the service contractor to ensure submission of reports and statements in a timely manner; and
- (b) SWD has modified the monthly service statistics report to accurately capture the service contractor's compliance with the time frame to complete the assessment and render service to eligible service users. The new form has been adopted starting from October 2020.

Monitoring of the service contractor's performance by the Social Welfare Department

2.12 SWD has issued guidelines to its staff for monitoring the contractor's compliance with the service contract requirements. The monitoring work of SWD includes:

- (a) examination of reports and statements submitted by the service contractor;
- (b) examination of the documented service policies, operational guidelines, assessment procedures and supporting documents relevant to service provision, e.g. minutes of meetings and written records;
- (c) conduct of document review at the offices of the service contractor; and
- (d) investigation of complaints from service users direct to SWD or through the service contractor or other agencies.

2.13 Audit examined the monitoring work conducted by SWD for the period 1 February 2017 to 31 March 2020 and found room for improvement (see paras. 2.14 to 2.25).

Scope for improvement in conducting spot checks on service users receiving rent assistance

2.14 According to the service contract, the service contractor should conduct monthly spot checks on 5% of the total number of service users receiving rent assistance in that month in order to ascertain the safety and hygiene condition of the premises and detect any suspected fraudulent cases.

2.15 Audit examined the monthly service statistics report prepared by the service contractor on the HKKI region in January 2020, and found that of 2,843 service users receiving rent assistance in the HKKI region, the caseworkers of the service contractor conducted visits to 156 (5.5%) service users. However, of the 156 visits, 74 (47%) were unsuccessful attempts (i.e. the service users were not at home).

Provision of humanitarian assistance under the service contract

2.16 In Audit's view, to ensure that spot checks achieve the objective to ascertain the safety and hygiene condition of the premises and detect any suspected fraudulent cases, SWD should request the service contractor to provide in the monthly statistics reports figures showing separately the number of successful and unsuccessful attempts in conducting spot checks. SWD should also review the spot check requirements, including the required follow-up procedures on unsuccessful attempts and whether only successful attempts should be counted towards meeting the 5% requirement.

Scope for improvement in document review at offices of the service contractor

2.17 According to SWD's guidelines, SWD staff should visit the service contractor's offices, preferably unannounced, at least once within the contract period to conduct document review in order to evaluate the service contractor's performance under the service contract. According to the checklist for the conduct of document review by SWD, when visiting the service contractor's offices, SWD staff should review the following 10 areas to assess whether the service contractor's performance meets the requirements:

- (a) case assessment and implementation plan (e.g. meeting the time frame of case assessment and following the case review mechanism on monthly basis);
- (b) accommodation (e.g. arranging payment of rent and utilities and arranging recovery of rental deposit);
- (c) food including in-kind food and e-tokens (e.g. implementing measures to ensure proper use of e-tokens and monitoring the distribution of in-kind food or e-tokens);
- (d) transportation (e.g. verifying the needs of service users for providing transportation assistance for their regular trips);
- (e) clothing and other basic necessities (e.g. arranging clothing to cater for the needs of service users);
- (f) community resources and support (e.g. soliciting community resources and support on difference types of assistances);

Provision of humanitarian assistance under the service contract

- (g) customer feedback (e.g. collecting complaints from service users and other related parties);
- (h) computerised system (e.g. maintaining a computerised case checking system to avoid duplicated provision of service and compiling updated service statistics);
- (i) administrative arrangements (e.g. following guidelines on procurement to ensure fair and competitive procurement and maintaining a system for open and fair procedures for staff recruitment procedure); and
- (j) probity clause (e.g. maintaining a code of conduct for staff commitment).

2.18 According to SWD, before a visit, the Assistant Social Work Officer would request the service contractor to provide a list of cases covering 10 categories (Note 10) and randomly select cases to be inspected. During the visit, the Assistant Social Work Officer would inspect the case files of the selected cases to assess the performance of the service contractor. After the visit, the Assistant Social Work Officer would record the result in a checklist and submit the checklist to the Social Work Officer for endorsement.

2.19 For the service contract ending 31 January 2021, SWD staff visited the service contractor's office serving NT region in December 2019 and that serving HKKI region in June 2020. Audit examined the checklists and the records of the document review completed by SWD and found room for improvement in the document review process as set out in paragraphs 2.20 and 2.21.

2.20 ***Need to expand coverage of cases selected for document review.*** As stated in paragraph 2.18, SWD only requested the service contractor to provide a list of 10 categories of cases. Audit examined the list of cases handled by the offices for NT region and HKKI region and found that:

Note 10: *The 10 categories of cases included child abuse cases in need of the residential care service, special cases for service users with mental and physical problem, and new and re-activated cases since the commencement of the contract.*

Provision of humanitarian assistance under the service contract

- (a) in the visit to the office for NT region in December 2019, of 2,923 service users in December 2019, the service contractor provided a list of 215 cases under the 10 categories. Among these 215 cases, SWD staff selected 17 cases; and
- (b) in the visit to the office for HKKI region in June 2020, of 3,337 service users in June 2020, the service contractor provided a list of 824 cases under the 10 categories. Among these 824 cases, SWD staff selected 18 cases. In addition, the staff randomly selected another 5 cases not included in the 824 cases.

The objective of document review is to examine the performance of the service contractor. However, the 10 categories of cases requested by SWD only covered a portion of service users (7.4% ($215 \div 2,923 \times 100\%$) and 24.7% ($824 \div 3,337 \times 100\%$) of service users in NT region and HKKI region respectively at the time of conducting document review). In Audit's view, in addition to the 10 categories of cases, SWD should also select samples from other cases in conducting document reviews in order that the contractor's performance can be adequately assessed. For example, since the circumstances of service users may change over time (e.g. two service users got married or service users received financial support from friends or religious organisations), the monthly reassessment (see para. 2.3(b)) of the needs of service users in such cases should also be an area of concern.

2.21 ***Inadequate guidelines on sampling.*** Audit noted that some of the 10 areas to be examined according to SWD's checklist (see para. 2.17) were not covered by the case examination conducted in the two visits (see para. 2.19). In both visits, SWD staff did not select cases for examining the service contractor's handling of suspected cases of fraudulent uses of accommodation, rental payment, rental deposit and property agent fee (i.e. the area for examination mentioned in para. 2.17(b)). In Audit's view, SWD should stipulate in the guidelines the need to select cases covering all of the 10 areas to be examined in accordance with the checklist for document review.

Room for improvement in recording public complaints and enquiries

2.22 According to General Circular No. 24/2016 entitled "Complaints Handling Mechanism" issued by the Director of Administration in December 2016, a complaint is defined as an expression of dissatisfaction by the public with a public policy or

Provision of humanitarian assistance under the service contract

service, or the way in which a policy is implemented or service is delivered, including staff attitude, irrespective of the complaint channel used. As far as possible, all written and verbal complaints should be recorded consistently in a central complaints register.

2.23 According to SWD's guidelines (see para. 2.12), the monitoring work of SWD includes investigation of complaints from service users direct to SWD or through the service contractor or other agencies. All complaints should be promptly and properly investigated and analysed with feedback given to the service contractor. In June 2020, SWD informed Audit that as recorded in the SWD complaints register, SWD only received 1 complaint and 139 enquiries in the period 1 February 2017 to 31 March 2020.

2.24 Audit examination of the 67 enquiries received by SWD in the period 1 February 2019 to 31 March 2020 found that 7 should have been classified as complaints:

- (a) 2 were complaints lodged against the service contractor's caseworkers; and
- (b) 5 related to expression of dissatisfaction by 2 service users with the services provided by the service contractor, e.g. the decision made by the service contractor on the amount of assistance provided to the service users, and the limited variety of halal food provided in food outlets by the food contractor.

In late September 2020, SWD informed Audit that 6 of these 7 cases (i.e. except 1 case in (b) above) had been classified as complaints but had not been properly recorded in the complaints register due to stringent manpower.

2.25 In accordance with General Circular No. 24/2016, an expression of dissatisfaction by the public with the way in which service is delivered should be classified as complaints. SWD should have investigated and analysed these complaints and provided feedback to the service contractor. In Audit's view, SWD should properly record all complaints in the complaints register. SWD should also remind its staff to properly classify complaints and enquiries in accordance with the requirements of General Circular No. 24/2016 and take the required follow-up action in handling complaints.

Audit recommendations

- 2.26 **Audit has recommended that the Director of Social Welfare should:**
- (a) **request the service contractor to provide in the monthly statistics reports figures showing separately the number of successful and unsuccessful attempts in conducting spot checks on service users receiving rent assistance;**
 - (b) **review the requirements on the service contractor to conduct spot checks, including the required follow-up procedures on unsuccessful attempts and whether only successful attempts should be counted towards meeting the 5% requirement;**
 - (c) **select samples from more categories of cases (i.e. not limited to the current 10 categories) in conducting document reviews of the service contractor in order that the contractor's performance can be adequately assessed;**
 - (d) **stipulate in the guidelines the need to select cases covering all the 10 areas to be examined in accordance with the checklist for document review;**
 - (e) **remind SWD staff to properly classify complaints and enquiries in accordance with the requirements of General Circular No. 24/2016 and take the required follow-up action in handling complaints; and**
 - (f) **properly record all complaints in the complaints register.**

Response from the Government

2.27 The Director of Social Welfare agrees with the audit recommendations. He has said that SWD will take follow-up actions as recommended. Regarding the audit recommendation in paragraph 2.26(e), SWD has already classified 6 out of the 7 cases as complaints, while the remaining 1 case has been misclassified as service enquiry. He will remind staff to properly classify and document complaints and enquiries in

Provision of humanitarian assistance under the service contract

accordance with the requirements of General Circular No. 24/2016 for internal record purpose.

Case management by the service contractor

Need to ensure new cases are always taken up in a timely manner

2.28 As stated in paragraph 2.8, for regular cases, services should be provided to a service user within a specific time frame as follows:

- (a) for the service contract ended in January 2019, within 10 working days; and
- (b) for the service contract ending in January 2021, within 7 working days.

2.29 Audit examined the monthly service statistics reports in the period 1 February 2017 to 31 March 2020 and found that, contrary to the contract requirements, the time taken from the date of referral for provision of assistance by the service contractor was more than 10 working days:

- (a) in 106 (6%) cases for the period 1 February 2017 to 31 January 2019; and
- (b) in 6 (1%) cases for the period 1 February 2019 to 31 March 2020.

2.30 In Audit's view, SWD should request the service contractor to report the reasons for the delay and take improvement measures to ensure that new cases are always taken up within the time frame as required in the service contract.

Room for improvement in providing assistance to service users who have access to external resources and support

2.31 According to a paper submitted to the LegCo Panel on Welfare Services in July 2013, the assistance provided to individual service users varies according to the needs and personal situations of the person concerned, including availability of his own resources and the resources available to him from other sources. According to

Provision of humanitarian assistance under the service contract

the service contract, all applicants are required to undergo a vulnerability and needs assessment. The assessment includes the service user's access to external resources and support from friends, family and/or other organisations. In performing the document review at the service contractor's offices, SWD would review the vulnerability and needs assessment by the service contractor of service users' eligibility for different types and amount of assistance.

2.32 Audit examined the cases selected for examination during the visits conducted by SWD in December 2019 and June 2020 and found room for improvement in conducting the vulnerability and needs assessment by the service contractor, as follows:

- (a) ***Refusal to disclose the source of financial support.*** In two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$800 and \$1,200 respectively. Upon enquiry by the service contractor in the vulnerability and needs assessment, the service users refused to disclose the source of financial support;
- (b) ***The service contractor did not enquire about the source of financial support.*** In another two cases, the actual rents paid by the service users exceeded the standard rate of rent assistance by about \$200 and \$500 respectively. There was no documentary evidence indicating that the service contractor had asked for the sponsorship information; and
- (c) ***Supporting receipts could not be produced for amounts spent.*** In one case, a family comprising 5 service users received a lump sum of ex-gratia cash allowance from a statutory body for the delivery of vacant possession of the premises they rented. The service contractor suspended the payment of rent assistance, rental deposit, utility assistance and transportation assistance for the whole family from April 2019, and informed the service users that assistance would resume after they had produced receipts showing that the cash allowance had been used up for buying the necessary and reasonable items for moving home. The family was unable to produce receipts for amounts of \$17,350 spent to buy certain second-hand items. The service contractor paid a home visit, took photos of the items and requested the service users (represented by one of them) to sign a declaration that the items were bought without receipts. In May 2019, assistance was resumed.

Provision of humanitarian assistance under the service contract

2.33 According to the service contract, when a service user approaches an NGO or a religious organisation for help in partial payment for accommodation, the NGO or religious organisation must provide a declaration letter of sponsorship for the duration of the tenancy agreement. However, there are no guidelines for handling other cases with financial support from other sources. In Audit's view, SWD should issue more guidelines to the service contractor for handling cases with financial support from other sources in performing the vulnerability and needs assessment.

Need to strengthen controls on rental deposits

2.34 When a service user rents a premises with the assistance provided by the service contractor under the service contract:

- (a) a mutual tenancy agreement is required, which should be duly signed by the landlord and the tenant (i.e. the service user); and
- (b) a tripartite rental deposit agreement is required, which should be duly signed by the landlord, tenant and the service contractor (if rental deposit is involved).

2.35 According to the rental deposit agreement:

- (a) the landlord shall return the entire amount of rental deposit to the service contractor without interest within 7 days from the date of delivery of vacant possession of the premises, or the date when the tenant had moved out from the premises, or the date when the tenancy agreement is terminated for whatever reasons, whichever is the earlier; and
- (b) if in case the landlord intends to deduct any amount from the rental deposit for whatever reasons, the landlord must justify the reasons with legitimate evidence to the full satisfaction of the service contractor.

2.36 Audit examination of the monthly rental deposit reports for the period from 1 February 2017 to 31 March 2020 found that:

Provision of humanitarian assistance under the service contract

- (a) rental deposit forfeited by the landlords amounted to \$9.7 million (involving 4,027 forfeitures) and \$1.9 million (involving 860 forfeitures) in the period 1 February 2017 to 31 January 2019 and the period 1 February 2019 to 31 March 2020 respectively; and
- (b) in a number of cases, the forfeiture of rental deposits could have been prevented if controls had been strengthened (e.g. by reminding the service users concerned not to move out from the premises without the requisite notification) (see Table 8).

Table 8

**Cases where controls could have been strengthened
to prevent forfeiture of rental deposits
(1 February 2017 to 31 March 2020)**

Reason for forfeiture of rental deposits	Period from 1.2.2017 to 31.1.2019	Period from 1.2.2019 to 31.3.2020
	No. of cases	
Penalty was charged for service users moving out without the requisite notification	1,266	224
Violation of the tenancy agreements (e.g. service users informed the landlords of their moving out before the expiry of tenancy agreements and made damages to the premises)	775	128
Rental deposit was used to settle rent in arrears (e.g. the amount of rent in excess of the approved amount of rent assistance was not settled by service users themselves)	673	266

Source: Audit analysis of SWD records

2.37 In September 2020, SWD informed Audit that for established unreasonable forfeiture cases, the service contractor would put the landlord on exclusion list to bar

Provision of humanitarian assistance under the service contract

him/her from leasing the premises to service users. Besides, the service contractor had formed an Internal Audit and Investigation Unit since May 2020 to handle cases of unreasonable forfeiture of rental deposits.

2.38 In Audit's view, forfeiture of rental deposits should be minimised as far as practicable. SWD should explore measures to strengthen controls in this regard. In addition, SWD should review the effectiveness of the work of the Internal Audit and Investigation Unit formed by the service contractor in minimising forfeiture of rental deposits.

Audit recommendations

2.39 **Audit has *recommended* that the Director of Social Welfare should:**

- (a) **request the service contractor to report the reasons for delays in providing services to service users and take improvement measures to ensure that new cases are always taken up within the time frame as required in the service contract;**
- (b) **issue more guidelines to the service contractor for handling cases with financial support provided to the service users from other sources in performing the vulnerability and needs assessment;**
- (c) **explore measures to strengthen controls on assistance provided in the form of paying rental deposits for service users; and**
- (d) **review the effectiveness of the work of the Internal Audit and Investigation Unit formed by the service contractor in minimising forfeiture of rental deposits.**

Response from the Government

2.40 The Director of Social Welfare agrees with the audit recommendations. He has said that SWD will take necessary follow-up actions as recommended.

PART 3: PROVISION OF HUMANITARIAN ASSISTANCE UNDER THE FOOD CONTRACT

3.1 This PART examines the provision of humanitarian assistance under the food contract, focusing on:

- (a) service reporting by the food and service contractors (paras. 3.6 to 3.17);
- (b) monitoring of the food contractor's performance by SWD (paras. 3.18 to 3.28); and
- (c) administration of the use of e-tokens (paras. 3.29 to 3.42).

Background

3.2 SWD provided NRCs with food of different varieties, such as meat, fish, vegetables, having regard to the nutritious, cultural, religious and other specific needs (e.g. providing halal food). Since February 2017 (Note 11), the food contractor has been commissioned by SWD to provide the service through open tendering.

3.3 Table 9 shows the amount of food assistance paid under the food contracts during the period 1 February 2017 to 31 March 2020.

Note 11: *The food assistance was previously provided by the service contractor in the form of in-kind food to service users up to April 2015. From May 2015 to January 2017, according to SWD, in the light of views collected, food coupons were introduced in lieu of the provision of in-kind food.*

Provision of humanitarian assistance under the food contract

Table 9

**Amount of food assistance paid under the food contracts
(1 February 2017 to 31 March 2020)**

Food contract	Contract period (Note)	Amount of food assistance paid (\$)
1	1 February 2017 to 31 August 2019	327,402,472
2	1 June 2019 to 31 July 2021 (up to 31 March 2020)	55,830,024
Total		383,232,496

Source: SWD records

Note: Both contracts covered the period from 1 June 2019 to 31 August 2019. The period from June to July 2019 was a preparation phase during which no food assistance was provided to service users under the second food contract as the first food contract was still in effect. In August 2019, for service users having e-tokens with valid purchase periods (see para. 3.4(c)) expiring in the month, the food contractor started to provide the food assistance under the second food contract.

3.4 Under the food contract, a service user can buy food at the food outlets of the food contractor by using an e-token (see Figure 2), which has the following features:

- (a) after the service contractor has assessed the service user's eligibility for food assistance, it will distribute an e-token to the service user;
- (b) each e-token has a unique service number assigned, with the name, photo and signature of the service user printed on the face of it for the food contractor to check the authenticity of the e-token when it is used;
- (c) an e-token has a face value (up to \$1,200 currently, which equals the standard rate of monthly food assistance) and a valid purchase period of 28 to 31 days, during which time a service user may purchase food from

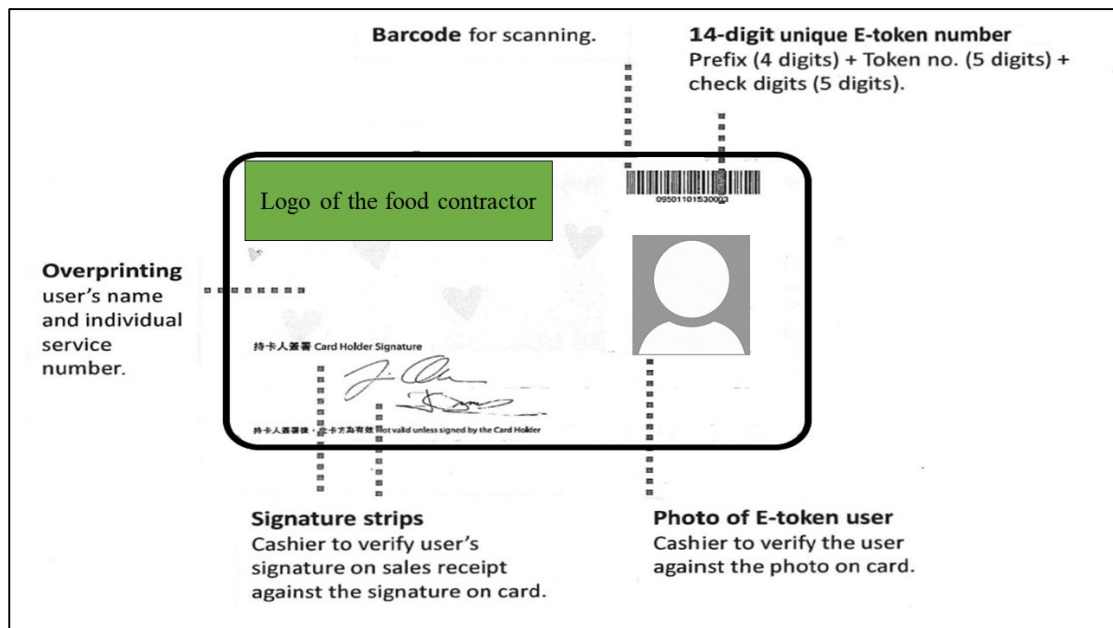
Provision of humanitarian assistance under the food contract

food outlets of the food contractor up to the amount of the face value assigned;

- (d) no top-up to the e-token may be made during the valid purchase period. Upon showing up at the service contractor's office with his eligibility for food assistance re-assessed (see para. 2.3(b)), a service user can have the e-token topped up by the service contractor by producing the sales receipts proving that the e-token has been used to purchase food items at the food contractor's outlets during the valid purchase period; and
- (e) e-tokens are non-transferable and non-encashable.

Figure 2

An e-token



Source: SWD records

Provision of humanitarian assistance under the food contract

3.5 SWD is assisted by the service contractor in monitoring the service provided by the food contractor under the food contract. According to the service contracts ended in January 2019 and ending in January 2021, regarding the provision of food assistance, the service contractor shall:

- (a) check and certify correct the monthly statistical reports submitted by the food contractor (see para. 3.6(a)) within 5 and 10 working days respectively for the Government to arrange the payment to the food contractor;
- (b) check the food purchase records with the food contractor for investigation and prevention of misuse of e-tokens;
- (c) devise a mechanism to handle service users found to have misused e-tokens, such as arranging in-kind food in lieu of a e-token or other sanction arrangement (see para. 3.30). The misuse of e-tokens includes bulk purchases of non-staple food exceeding a specified amount (Note 12), frequent loss of e-tokens, intentional deface or damage of e-tokens and lending of e-tokens; and
- (d) for very urgent and needy cases referred by SWD, provide the service user concerned with basic food in-kind under the service contracts.

Service reporting by the food and service contractors

3.6 According to the food contract, for contract monitoring purpose, the food contractor shall submit:

- (a) monthly statistical reports to the service contractor with copies to SWD on the 5th day of each month (except the first month) and the following month after the expiry or early termination of the food contract showing:

Note 12: *According to SWD, one of the objectives of the provision of assistance to NRCs is to ensure that they will not be seriously hungry. Accordingly, it is expected that the e-token should mainly be used to purchase staple food. In this regard, using the e-token to make a single purchase of non-staple food exceeding a specified amount is regarded as one of the misuses of e-tokens by the service users.*

Provision of humanitarian assistance under the food contract

- (i) a list of e-tokens activated and void (including quantity and serial numbers of the e-tokens);
 - (ii) a list of exception reports for doubtful cases (e.g. the e-token with food value consumed over \$1,200 in a valid purchase period);
 - (iii) a list of total food values consumed by e-tokens;
 - (iv) a list of e-tokens with food value consumed in the valid purchase periods;
 - (v) a list of halal foods by items (effective from 1 June 2019); and
 - (vi) an updated list of the food outlets (effective from 1 June 2019);
- (b) monthly payment reports to the service contractor with copies to SWD on the 5th day of each month (except for the first month) and the following month after the expiry or early termination of the food contract (Note 13);
- (c) ad-hoc reports within five working days from date of a written request from SWD or the service contractor; and
- (d) statements for every two months (i.e. bi-monthly statements) to SWD showing the total monthly invoice value, cumulative total contract price and contract balance.

Details of reports submitted by the food contractor to SWD are set out at Appendix B.

Note 13: *Starting from 1 June 2019 (i.e. commencement of the second food contract), a new clause is added specifying that the contractor shall not issue a monthly invoice to the Government until receipt of the confirmation from the Government that there is no discrepancy on the actual amount of e-token face value used by every service user.*

Provision of humanitarian assistance under the food contract

Need to improve timeliness in submission of reports by the food contractor

3.7 Audit examined the submission of reports mentioned in paragraph 3.6 above by the food contractor for the period 1 February 2017 to 31 March 2020 and found delays in submission of reports by the food contractor, as set out in paragraphs 3.8 and 3.9.

3.8 *Delays in submission of monthly reports.* For the period 1 February 2017 to 31 March 2020, there were delays in submission of monthly reports by the food contractor, ranging from 1 day to 9 days (see Table 10).

Table 10

**Submission of monthly reports by the food contractor
(1 February 2017 to 31 March 2020)**

Contract period	Monthly statistical reports except the list of halal foods (see paras. 3.6(a)(v) and 3.10)		Monthly payment reports	
	No. of reports			
	Submitted	Late submission	Submitted	Late submission
1 February 2017 to 31 August 2019	30	29 (97%)	30	29 (97%)
1 June 2019 to 31 July 2021 (up to 31 March 2020) (Note)	8	4 (50%)	8	4 (50%)
Delay	1 to 9 days (average: 4 days)		1 to 9 days (average: 4 days)	

Source: *Audit analysis of SWD records*

Note: *The food contractor submitted monthly reports from August 2019 onwards (see also Note to Table 9 in para. 3.3).*

Provision of humanitarian assistance under the food contract

3.9 In view of the delays in submission of monthly reports by the food contractor as shown in Table 10, SWD needs to remind the food contractor to submit the reports in a timely manner in accordance with the food contract.

Need to review the performance reporting requirements under the food contract

3.10 As mentioned in paragraph 3.6(a)(v), effective from 1 June 2019, the food contractor is required to submit to SWD a list of halal foods by items monthly. However, Audit noted that there is another clause in the food contract stating that a list of halal foods by items should be submitted to SWD every two months. Upon Audit's enquiry, SWD informed Audit that the food contractor should only be required to submit the list of halal foods every two months, instead of each month.

3.11 Separately, as mentioned in paragraph 3.6(d), the food contractor is required to submit bi-monthly statements showing the total monthly invoice value, cumulative total contract price and contract balance. Audit noted that such bi-monthly statements had not been submitted by the food contractor. Upon Audit's enquiry, SWD informed Audit that as the relevant information in the bi-monthly statements had been obtained in the invoices submitted by the food contractor each month, the food contractor was therefore not required to submit the bi-monthly statements.

3.12 In light of the audit observations in paragraphs 3.10 and 3.11, Audit considers that SWD should review the reporting requirements regarding the list of halal foods by items and bi-monthly statements on the total monthly invoice value, cumulative total contract price and contract balance. Based on the review results, SWD should also communicate the requirements to the food contractor for compliance and to SWD staff for contract monitoring.

Need for the service contractor to perform checking on the food contractor's monthly reports in a timely manner

3.13 As specified under the service contract, the service contractor is required to check and certify correct the monthly statistical reports submitted by the food contractor for SWD to arrange payment directly to the food contractor (see para. 3.5). After verification, the service contractor will submit a monthly certification report to SWD. According to the service contracts ended in January 2019 and ending in

Provision of humanitarian assistance under the food contract

January 2021, after the receipt of the monthly statistical reports from the food contractor, the service contractor shall submit the monthly certification reports to SWD within 5 and 10 working days respectively.

3.14 Audit examined the submission of monthly certification reports by the service contractor for the period 1 February 2017 to 31 March 2020 and found delays in submitting the monthly certification reports to SWD by the service contractor (see Table 11).

Table 11

**Submission of monthly certification reports by the service contractor
(1 February 2017 to 31 March 2020)**

Contract period of food contract	No. of monthly certification reports		Delay
	Submitted	Late submission	
1 February 2017 to 31 August 2019 (Note 1)	30	27 (90%)	1 to 28 working days (average: 11 working days)
1 June 2019 to 31 July 2021 (up to 31 March 2020) (Note 2)	8	8 (100%)	1 to 20 working days (average: 7 working days)

Source: Audit analysis of SWD records

Note 1: Starting from 1 February 2019, the service contractor was required to submit monthly certification reports within 10 working days (within 5 working days before February 2019) after the receipt of monthly statistical reports from the food contractor.

Note 2: The food contractor submitted monthly reports from August 2019 onwards (also see Note to Table 9 in para. 3.3).

3.15 According to SWD, sometimes the service contractor had to clarify with the food contractor on inconsistencies in the statistical reports, resulting in longer time taken to certify correct the reports. In Audit's view, SWD should remind the food

contractor to improve accuracy of the monthly statistical reports. SWD should also remind the service contractor to conduct the verification of the monthly statistical reports submitted by the food contractor and issue the monthly certification reports in a timely manner.

Audit recommendations

- 3.16 **Audit has *recommended* that the Director of Social Welfare should:**
- (a) **remind the food contractor to submit monthly reports in a timely manner in accordance with the food contract and improve accuracy of the monthly statistical reports;**
 - (b) **review the reporting requirements regarding the list of halal foods by items and bi-monthly statements on the total monthly invoice value, cumulative total contract price and contract balance and, based on the review results, communicate the requirements to the food contractor and SWD staff; and**
 - (c) **remind the service contractor to conduct the verification of the monthly statistical reports submitted by the food contractor and issue the monthly certification reports in a timely manner.**

Response from the Government

- 3.17 The Director of Social Welfare agrees with the audit recommendations. He has said that:
- (a) SWD will issue reminders to both the food contractor and service contractor monthly for the submission of the monthly reports in a timely manner. Having considered that the service contractor's completion of monthly certification reports has to rely on the raw data captured in the monthly reports submitted by the food contractor, SWD will remind the food contractor to improve the accuracy of its submitted reports; and
 - (b) SWD has clarified with the food contractor about the submission date of the list of halal foods by items on a bi-monthly basis. Given that the

Provision of humanitarian assistance under the food contract

monthly invoice is the same as the submission of bi-monthly report, SWD will review the reporting requirements in the next food contract.

Monitoring of the food contractor's performance by the Social Welfare Department

Room for improvement in the conduct of on-site visits to food outlets

3.18 According to the food contract, the food contractor shall, among other things:

- (a) have at least one food outlet located in each of the 18 districts in Hong Kong and the opening hours of all food outlets shall be seven days a week and not less than 10 hours a day;
- (b) have at least 70 food outlets; and
- (c) have facilities and arrangement in at least 70 food outlets for separate storage of halal food and provide clear signage for facilitating service users' identification of halal food in the food outlets.

3.19 According to the guidelines "Protocol for contract monitoring on the supply of food by electronic purchase to SWD" (the Protocol) issued by SWD in August 2019:

- (a) on-site visit is to examine operation-related issue at the food outlets in accordance with the terms of the contract between SWD and the food contractor;
- (b) on-site visit to five designated food outlets out of the 18 districts of Hong Kong should be unannounced and conducted by SWD per contract period; and
- (c) the food outlets to be inspected per contract period are selected randomly by a computerised system.

Provision of humanitarian assistance under the food contract

3.20 Audit examined the on-site visits conducted by SWD on 13 December 2019 and 19 June 2020 and found that SWD had conducted on-site visits to eight food outlets. Of the eight food outlets visited, one (12.5%) was located in Fanling, four (50%) in Sham Shui Po and three (37.5%) in Yuen Long.

3.21 ***Outlets covered in on-site visits not selected in compliance with guidelines.*** SWD informed Audit in August 2020 that by using a computer program, SWD had randomly selected 5 outlets to be inspected which were located at Fanling, Sham Shui Po, Tai Kok Tsui, Tin Shui Wai and Yuen Long. However, Audit found that:

- (a) except for three selected food outlets (at Fanling, Sham Shui Po and Yuen Long respectively), the other five food outlets visited by SWD staff were not selected by the computer program;
- (b) contrary to the Protocol to conduct on-site visits to five designated food outlets (see para. 3.19(b)), additional food outlets nearby were visited when conducting the on-site visit to a food outlet at Sham Shui Po in December 2019 and another at Yuen Long in June 2020. According to SWD, the additional food outlets were visited because they were close in proximity to the selected food outlets and relatively high purchase amounts were observed in the monthly reports in the districts; and
- (c) due to the spread of coronavirus disease (COVID-19) and the Government's work-from-home arrangement, the scheduled inspections to the food outlets located at Tai Kok Tsui and Tin Shui Wai had been postponed.

According to the Protocol, food outlets to be visited should be selected randomly. In Audit's view, if departure from the Protocol is justified, the relevant decisions should be properly documented.

3.22 ***Room for refinement to the selection criteria.*** Audit examined the geographical distribution of service users based on their place of residence as at 31 December 2019, and noted that districts with more than 20% of service users residing included Yau Tsim Mong, Sham Shui Po and Yuen Long (see Table 12).

Provision of humanitarian assistance under the food contract

Table 12

Geographical distribution of service users (31 December 2019)

Region	District	No. of service users	Percentage (%)
KCYTM	Yau Tsim Mong	3,584	33.7
	Kowloon City	937	8.8
	<i>Sub-total</i>	<i>4,521</i>	<i>42.5</i>
HKKI	Sham Shui Po	2,442	23.0
	Wanchai	325	3.1
	Central and Western	160	1.5
	Eastern	134	1.3
	Others	116	1.1
	<i>Sub-total</i>	<i>3,177</i>	<i>30.0</i>
NT	Yuen Long	2,251	21.2
	Tuen Mun	341	3.2
	North	91	0.9
	Kwai Tsing	87	0.8
	Tsuen Wan	72	0.7
	Tai Po	46	0.4
	Others	35	0.3
	<i>Sub-total</i>	<i>2,923</i>	<i>27.5</i>
Total		10,621	100.0

Source: SWD records

3.23 According to SWD, on-site visit is a performance monitoring activity to examine operation-related issue at the food outlets. In Audit's view, in light of the geographical distribution of service users, SWD should consider refining the criteria for selecting food outlets of the food contractor for conducting on-site visits to increase coverage of districts with high proportion of service users residing therein.

Room for improvement in conducting user satisfaction surveys

3.24 According to SWD, starting from April 2018, surveys had been conducted by the service contractor out of its own initiative to obtain views from service users on their use of e-tokens to purchase food at the food outlets. Surveys were conducted in April, July and December 2018 and December 2019 by means of anonymous questionnaires in English and five ethnic minority languages (Hindi, Bengali, Urdu, Vietnamese and Bahasa Indonesia). The questionnaires were distributed to service users during their monthly contract renewal (i.e. reporting to the service contractor's caseworkers to assess the service users' eligibility of humanitarian assistance on a monthly basis) in the service contractor's offices. In each of the surveys, the questions were related to:

- (a) the level of satisfaction on shopping experience, services provided by the food contractor, food items offered and the use of e-tokens; and
- (b) some personal information of the respondents (e.g. gender, age and nationality).

3.25 Audit examined the results of the surveys and found that:

- (a) the response rate of the surveys decreased from 71.7% in April 2018 to 22.7% in December 2019. The actual number of respondents decreased from about 7,600 in April 2018 to about 2,400 in December 2019; and
- (b) in the questionnaires returned by the service users, on average, the percentage of questions being left blank was more than 30% in each survey (see Table 13).

Provision of humanitarian assistance under the food contract

Table 13

**Four user satisfaction surveys conducted by the service contractor
(April 2018 to December 2019)**

Survey month	April 2018	July 2018	December 2018	December 2019
Number of survey forms distributed	10,659	10,253	11,044	10,639
Number of respondents	7,640	4,065	2,395	2,413
Response rate	71.7%	39.6%	21.7%	22.7%
Percentage of questions left blank by the respondents	31% on average (ranged from 5% to 97%)	33% on average (ranged from 10% to 54%)	35% on average (ranged from 12% to 52%)	35% on average (ranged from 13% to 52%)

Source: *Audit analysis of SWD records*

3.26 According to SWD, the food contract facilitates service users, by using e-tokens, to purchase food in the food outlets of the food contractor. The comments of the service users can provide useful feedback to SWD to monitor the performance of the food contractor. In Audit's view, SWD should explore ways to improve the response rate and completeness of responses in user satisfaction surveys.

Audit recommendations

3.27 **Audit has recommended that the Director of Social Welfare should:**

- (a) **take measures to ensure that SWD staff conduct on-site visits to food outlets of the food contractor in accordance with the Protocol, and any departure should be justified and properly documented;**
- (b) **consider refining the criteria for selecting food outlets of the food contractor for conducting on-site visits to increase coverage of districts with high proportion of service users residing therein; and**

- (c) **explore ways to improve the response rate and completeness of responses in user satisfaction surveys.**

Response from the Government

3.28 The Director of Social Welfare agrees with the audit recommendations. He has said that SWD will take necessary follow-up actions as recommended, including:

- (a) providing close supervision and monitoring to SWD staff to ensure that they conduct on-site visits to food outlets of the food contractor in accordance with the Protocol, and any departure should be justified and properly documented; and
- (b) requesting the service contractor to improve the response rate and completeness of responses in user satisfaction surveys through simplifying the content of the questionnaires and proactively assisting the service users to complete the questionnaires as far as possible.

Administration of the use of electronic tokens

Room for improvement in imposition of sanctions against misuse of e-tokens by service users

3.29 According to the service contract, the service contractor shall assist the Government in monitoring the provision of services by the food contractor, and checking/certifying correct the monthly statistical reports submitted by the food contractor (see para. 3.5(a)). For this purpose, after receiving monthly reports from the food contractor, the service contractor performs checking on 5% of the total number of e-tokens used by the service users and will investigate into each case of suspected abuse of e-tokens.

3.30 According to SWD, starting from March 2018, sanctions are imposed on service users who misuse or abuse the use of food assistance (e.g. bulk purchases of non-staple food (see para. 3.5(c)), frequent loss of e-tokens, intentional deface or damage of e-tokens and lending of e-tokens (see para. 3.4)). The sanctions include

Provision of humanitarian assistance under the food contract

issue of a warning letter to the service user, reducing the maximum face value of the e-token (Note 14) and provision of in-kind food with no top-up to the e-token.

3.31 Table 14 analyses the reasons for and types of sanctions imposed on service users in the period from 1 March 2018 to 31 March 2020.

Table 14

**Sanctions imposed on service users
(1 March 2018 to 31 March 2020)**

	Number of sanctions	
	Period from 1 March 2018 to 31 January 2019	Period from 1 February 2019 to 31 March 2020
Reasons for sanctions		
Loss of e-tokens	850	1,025
Mismatched signature	47	30
Repeated failure to produce sales receipts (see para. 3.4(d))	17	34
Bulk purchases of non-staple food	66	7
Total	980	1,096
Types of sanctions		
Issue of warning letters	718	769
2 top-ups of e-tokens in a valid purchase period	176	224
4 top-ups of e-tokens in a valid purchase period	32	78
Issue of final warning letters	—	20
In-kind food	54	5
Total	980	1,096

Source: SWD records

Note 14: This sanction is known as “2 top-ups” or “4 top-ups”, meaning that the service user concerned has to show up at the service contractor’s office more frequently (twice or four times) during a valid purchase period to request a top-up.

Provision of humanitarian assistance under the food contract

3.32 *Need to review the effectiveness of sanctions imposed on service users.* Audit examined 15 cases (Note 15). In each case, one or more sanctions were imposed on service users for their misuse of e-tokens during the period 1 February 2019 to 31 March 2020. Audit found that in 9 cases, there were repeated misuse of e-tokens by the service users, with the number of sanctions previously imposed on them ranging from 2 to 9 each.

3.33 In September 2020, SWD informed Audit that violation of the use of e-tokens should be sanctioned. The existing sanctions were adopted by the service contractor in an incremental manner (i.e. issuing a warning letter, 2 top-ups or 4 top-ups, issuing a final warning letter, and granting of in-kind food). Given that the provision of the assistance was subsistence-based and there might be no better alternative to deter the misuse without causing hardship to the service users, the existing sanctions were considered the most practicable methods for the time being. In Audit's view, to deter the misuse of e-tokens, SWD should keep in view the effectiveness of the sanctions imposed on service users who have misused e-tokens (in particular those who have repeatedly done so).

3.34 *Need to sanction service users in a timely manner.* For the 15 cases examined (see para. 3.32), Audit found that:

- (a) 8 were related to loss of e-tokens, repeated failure to produce sales receipts or mismatched signatures of service users. Sanctions were imposed within one month after the misuse event happened; and
- (b) 7 were related to bulk purchases of non-staple food made by service users. The sanctions were imposed 1 to 3 months (averaging 2.4 months) after the misuse events. For example, a service user used his e-token for a bulk purchase of 36 packs of beverages in September 2018. However, no sanction was imposed on him until December 2018 (i.e. about 3 months after the date of making the bulk purchase).

Note 15: *These comprised 7 cases of bulk purchases of non-staple food, 3 cases of loss of e-tokens, 3 cases of repeated failure to produce sales receipts and 2 cases of mismatched signature. More cases of bulk purchases of non-staple food were selected for audit examination as there were cases of delay and failure to impose sanctions for such purchases made by service users.*

Provision of humanitarian assistance under the food contract

In September 2020, SWD informed Audit that the investigation of bulk purchases of non-staple food might include, but not limited to, requesting the record from the food contractor, the interview record between the caseworker and the service users and examination of the transaction report. While the provision of assistance would be provided on a monthly basis, the service contractor was unable to impose the sanction within a month. To speed up the investigation, the service contractor had set up an Internal Audit and Investigation Unit since May 2020 to improve the efficiency. In Audit's view, SWD should remind the service contractor to make greater efforts to impose sanctions on service users in a timely manner.

3.35 *Need to consider establishing a referral mechanism for suspected misuse cases identified by SWD.* Audit noted that, in addition to the checking conducted by the service contractor on misuse of e-tokens by service users (see para. 3.29), SWD staff also perform checking on the monthly reports submitted by the food contractor to identify suspected irregularities on the use of e-tokens (e.g. bulk purchases of non-staple food, duplicated top-up of e-tokens, etc.). The checking results on suspected bulk purchases of non-staple food are reported internally to the Chief Social Work Officer (see para. 1.12) when seeking his endorsement of monthly payment to the food contractor.

3.36 Audit examined SWD's checking results on bulk purchases of non-staple food in the period from 1 February 2019 to 31 March 2020 and found that during this period, SWD identified 2,380 e-tokens with suspected bulk purchases of non-staple food (see Table 15). However, there was no documentary evidence showing that SWD had referred such suspected misuse cases to the service contractor for investigation. During the same period (1 February 2019 to 31 March 2020), based on its sample checking of 5% of e-tokens (see para. 3.29), the service contractor imposed 7 sanctions on service users using e-tokens to make bulk purchases of non-staple food (see Table 14 in para. 3.31).

Table 15

**Suspected cases of bulk purchases of non-staple food
made by service users identified by SWD
(1 February 2019 to 31 March 2020)**

Month	No. of e-tokens involved
February 2019	109
March 2019	232
April 2019	157
May 2019	171
June 2019	124
July 2019	168
August 2019	186
September 2019	255
October 2019	286
November 2019	333
December 2019	419
January 2020	414
February 2020	564
March 2020	578
Overall	2,380 (Note)

Source: SWD records

Note: An e-token might be involved in multiple bulk purchases of non-staple food in different months.

3.37 As shown in Table 15, the number of e-tokens involved in suspected bulk purchases of non-staple food increased from 109 in February 2019 to 578 in March 2020. In Audit’s view, there is merit for SWD to establish a mechanism for SWD to refer such cases of suspected misuse of e-tokens to the service contractor for further investigation and imposition of sanctions if necessary and consider the need to increase the number of samples selected by the service contractor for investigating into cases of suspected abuse of e-tokens. In view of the increasing number of suspected cases of bulk purchases of non-staple food identified by SWD (see

Provision of humanitarian assistance under the food contract

Table 15 in para. 3.36), SWD should also explore the feasibility of implementing controls to prevent such purchases.

Need to keep in view negative balances in e-tokens and devise a solution to address the issue

3.38 As mentioned in paragraph 3.4(c), currently the maximum face value of an e-token is \$1,200, which equals the standard rate of monthly food assistance. According to the food contract, service users can only purchase food items with face value stored in e-token in the valid purchase period, which is normally one-month's time.

3.39 According to SWD, cases of negative balances of e-tokens (i.e. the amount spent by the service user using the e-token exceeded its face value) were noted in September 2019. Upon investigation by the food contractor, it was revealed that the food contractor's computer system could not capture transactions in time, resulting in negative balances if the e-tokens were used for frequent purchases in a short period of time. The food contractor performed enhancement to the computer system to minimise recurrence in September 2019. Amounts paid on food assistance using the e-tokens in excess of the monthly standard rate were compensated by the food contractor in accordance with the terms of the food contract.

3.40 Audit noted that, although cases of negative balances have been substantially reduced since September 2019, there were still occasional cases in the period from October 2019 to April 2020 (8 cases ranging from -\$12.9 to -\$507.8). While the food contractor had performed enhancement to the computer system to minimise the recurrence in September 2019, cases of negative balances could not be totally eliminated. In Audit's view, it is undesirable that e-tokens can carry negative balances as the loophole may be exploited to obtain food assistance in excess of the monthly standard rate. SWD should keep in view the severity of the issue arising from negative balances in e-tokens, and request the food contractor to devise an effective solution to address the issue.

Audit recommendations

- 3.41 **Audit has *recommended* that the Director of Social Welfare should:**
- (a) **keep in view the effectiveness of the sanctions imposed on service users who have misused e-tokens (in particular those who have repeatedly done so);**
 - (b) **remind the service contractor to make greater efforts to impose sanctions on service users in a timely manner;**
 - (c) **consider establishing a mechanism for SWD to refer cases of suspected misuse of e-tokens for bulk purchases of non-staple food to the service contractor for further investigation and imposition of sanctions if necessary;**
 - (d) **consider the need to increase the number of samples selected by the service contractor for investigating into cases of suspected abuse of e-tokens;**
 - (e) **in view of increasing number of suspected cases of bulk purchases of non-staple food identified by SWD, explore the feasibility of implementing controls to prevent such purchases; and**
 - (f) **keep in view the severity of the issue arising from negative balances in e-tokens, and request the food contractor to devise an effective solution to address the issue.**

Response from the Government

3.42 The Director of Social Welfare agrees with the audit recommendations. He has said that SWD will:

- (a) take necessary follow-up actions as recommended;

Provision of humanitarian assistance under the food contract

- (b) refer suspected cases of bulk purchases of non-staple food to the service contractor for investigation and request the service contractor to report back the investigation result;
- (c) select and review more samples of suspected abuse of e-tokens which have been investigated by the service contractor for monitoring purpose; and
- (d) continue to keep in view the number of e-tokens involving negative balances and request the food contractor to devise effective solutions to address the issue.

PART 4: OTHER ADMINISTRATIVE ISSUES

4.1 This PART examines other administrative issues relating to the provision of humanitarian assistance to NRCs by SWD, focusing on:

- (a) contract management issues (paras. 4.2 to 4.12); and
- (b) level of assistance (paras. 4.13 to 4.17).

Contract management issues

Need for clarification on the definition of service users for calculating the administrative cost

4.2 Starting from 2017, the contract sum (Note 16) under the service contract with the service contractor comprises two components:

- (a) assistance paid to service users, including rent, travelling expenses and other basic necessities. The amount is reimbursed to the service contractor at half-monthly intervals based on the expenditure reported by the service contractor in the half-monthly expenditure reports; and

Note 16: *Under the service contracts signed before 2017, the contract sum was calculated by multiplying the total number of man-days delivered by the contractor by the agreed unit rate. For example, for the service contract ended on 31 January 2017, the contract sum was \$1,039,272,692.49, which was derived by multiplying the total number of man-days delivered by the contractor (i.e. 7,017,371.32 man-days) by the agreed unit rate (\$148.10). The contractor undertook that not less than 77% of the total service fee (i.e. the contract sum) should be spent in the provision of assistance to the service users.*

Other administrative issues

- (b) administrative cost (Note 17) for administering and delivering the different types of assistance to NRCs. The amount is calculated by multiplying the number of service users at month end by the agreed monthly unit rate under the contract. For example, the administrative cost for January 2019 for the New Territories region of \$2,665,807 was calculated by multiplying the number of service users served (3,089) by the agreed monthly unit rate (\$863). The number of service users is based on the number of service users reported by the service contractor to SWD in the monthly master list of service users as at the last day of each month.

4.3 Table 16 shows the amount of assistance and administrative cost paid for the period from 1 February 2017 to 31 March 2020.

Table 16

**Amount of assistance and administrative cost paid
(1 February 2017 to 31 March 2020)**

	1.2.2017 to 31.3.2018	1.4.2018 to 31.1.2019	1.2.2019 to 31.3.2020
	(\$)		
Assistance paid to service users	365,868,795	223,557,298	287,488,851
Administrative cost	151,211,475	103,829,727	157,811,703
Total contract sum paid to the contractor	517,080,270	327,387,025	445,300,554

Source: The service contractor's audited financial statements and SWD records

Note 17: *According to the service contract, the administrative cost shall be inclusive of all fees, costs, charges and disbursements incurred by the contractor in the performance of administering and delivery of the services, including the cost of staffing, material, delivery (including transportation and travelling), overheads (including the cost of effecting insurance, contribution to the Mandatory Provident Fund), administration, management, rent, and rates and costs for implementing any transitional arrangements. According to SWD, the administrative cost also includes case assessment, crisis intervention, counselling service, and expenditure on security service and special care for needy users.*

- 4.4 According to the service contract, the service contractor shall:
- (a) critically review the situation of each service user at least once every month and re-assess his eligibility for the services including checking the recognizance form issued by ImmD or other verifying document showing the non-refoulement claim record of the service user before delivery of the assistance of the next review period; and
 - (b) immediately cease to provide the services under the service contract (i.e. provision of different types of assistance, e.g. rent and food, and casework services, e.g. counselling and emotional support) to the service user if any of the following occurs:
 - (i) notification by the service user that the services are no longer required;
 - (ii) the service user is assessed by the contractor to be no longer eligible for or in need of the services;
 - (iii) the service user has obtained similar services to the services under the service contract from other sources;
 - (iv) the service user leaves Hong Kong; and
 - (v) the service user passed away.

Other administrative issues

4.5 Audit examined the master list of service users for March 2020 submitted by the service contractor to SWD, and found that of 10,711 service users stated in the master list, 14 service users did not receive humanitarian assistance in March 2020. Of these 14 service users, 11 were cases relating to new-born babies of NRCs, new applications being processed by the service contractor or service users who failed to report to the service contractor for monthly contract renewal (Note 18). Of the remaining 3 service users, they had obtained similar services to the services under the service contract (e.g. rent and food) from other sources in March 2020. Details of these 3 service users are as follows:

- (a) one service user (a child) was placed under the care of an NGO for the period from November 2018 to May 2020. According to the service contractor, although no assistance was provided to the service user during the period, the caseworker of the service contractor was proactively monitoring the case every two months considering the service user's vulnerabilities. This service user was subsequently admitted to the shelter of the service contractor and, since June 2020, has started to receive humanitarian assistance;
- (b) another service user has been hospitalised since September 2019. According to the service contractor, this case was being monitored by its caseworker; and
- (c) the remaining service user was under the care of a temporary guardian who did not need any assistance under the service contract. According to the service contractor, the case was not yet closed because its caseworker was keeping in touch with the guardian through telephone calls and monthly home visits were arranged to the guardian's house to keep a watch over the well-being of the service user.

4.6 Regarding the 3 service users mentioned in paragraph 4.5, according to the service contract, for those service users who have obtained services from other sources similar to those under the service contract, the service contractor should

Note 18: *According to the service contract, if a service user fails to report for contract renewal appointment (i.e. visiting the office of the service contractor and having the caseworkers to re-assess his eligibility for service under the service contract), the service contractor will stop payment of assistance to the service user for the month.*

immediately cease to provide services under the service contract to them (see para. 4.4 (b)(iii)).

4.7 In Audit's view, since the number of service users reported by the service contractor has a direct impact on the amount of administrative cost payable, there is a need for SWD to provide clarification on the definition of service users for the purpose of calculating the administrative cost payable to the service contractor and provide more guidelines to the service contractor in this regard.

Need for continued efforts to enhance competition in tendering for the service contract

4.8 The service contractor has been engaged in the provision of humanitarian assistance since 2006. In August 2020, SWD informed Audit that it would extend the service contract ending in January 2021 for two more years (i.e. to January 2023). The justifications for the contract extension included:

- (a) possible increase in unit rate in the coming tender exercise;
- (b) limited number of potential tenderers; and
- (c) satisfactory performance of the current contractor.

In early September 2020, the Permanent Secretary for Financial Services and the Treasury (Treasury) approved the contract extension.

4.9 According to SWD, there has been a lack of market interest in tendering for the service contract. Since 2010, the service contracts had been awarded through open tendering. In each tender exercise, only one tenderer submitted a tender, which was conforming. Over the years, SWD has taken steps to attract more potential contractors. In May 2015, the service contract was split into three contracts by service regions with an intention to lower the contract amount of each contract so as to attract more NGOs to take part in the tender exercise. Since 2017, SWD has also made the following amendments to the service contracts:

Other administrative issues

- (a) the experience requirements of a tenderer were further relaxed from “only with proven experience in providing humanitarian assistance for NRCs and/or similar classes of persons who have claimed asylum and/or non-refoulement protection” to “those with providing emergency relief services for victims of massive disasters arising from war or earthquakes or other natural disasters in or outside Hong Kong”; and
- (b) a new clause was added to allow the Government to have flexibility in extending the contract term of 2 years after the original 2-year contract duration. This extended clause can allow new players to have sufficient time to recoup their investment.

4.10 Audit noted that SWD had taken efforts to attract more potential contractors to tender for the service contract. Nevertheless, Audit also noted that tenderers’ experience had been stated as an essential requirement in the tender documents (see Table 17). This might have hindered other organisations to participate in tendering. Given that the service contractor had been engaged as the only contractor to provide the humanitarian assistance since 2006, it was difficult for other organisations to have sufficient past experience to meet the essential requirement.

Table 17

**Tenderers’ experience as an essential requirement
(2019 to 2021)**

Essential requirements (extract)	A tenderer must have an aggregate of at least three years of proven experience during the past 20 years immediately preceding the tender closing date in providing: <ul style="list-style-type: none">(i) humanitarian assistance for NRCs and/or similar classes of persons who have claimed asylum and/or non-refoulement protection; and/or(ii) emergency relief services for victims of massive disasters arising from war or earthquakes or other natural disasters in or outside Hong Kong.
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Source: SWD records

In this connection, Audit noted that according to Financial Circular No. 2/2019 entitled “Pro-innovation Government Procurement” which applies to tenders invited on or after 1 April 2019, to encourage competition in procurement and minimise entry barriers, as a general rule, tenderers’ experience should not be set as an essential requirement. Audit considers that in future tender exercises for the service contract, SWD should consider not specifying tenderers’ experience as an essential requirement with a view to encouraging tender competition.

Audit recommendations

4.11 **Audit has *recommended* that the Director of Social Welfare should:**

- (a) **provide clarification on the definition of service users for the purpose of calculating the administrative cost payable to the service contractor and provide more guidelines to the service contractor in this regard; and**
- (b) **consider not specifying tenderers’ experience as an essential requirement with a view to encouraging tender competition in future tender exercises for the service contract.**

Response from the Government

4.12 The Director of Social Welfare agrees with the audit recommendations. He has said that:

- (a) it is worth noting that the provision of humanitarian assistance is mainly in-kind and tangible, yet some of the service users (usually babies and children) may need non-tangible service from the service contractor such as assessing child care condition and formulating discharge/welfare plan from hospitals/temporary accommodation instead of the whole package of assistance. SWD will clarify with the service contractor about the definition of service users not receiving tangible assistance for the purpose of calculating the administrative cost through issuing guidelines to ensure non-tangible service having been rendered; and

Other administrative issues

- (b) SWD will strictly observe Financial Circular No. 2/2019 to remove the tenderer's experience as an essential requirement in submitting the tender when issuing the invitation in next round of tendering.

Level of assistance

Need to continue to review the level of assistance

4.13 According to a paper submitted to the LegCo Panel on Security and the LegCo Panel on Welfare Services in July 2006, in formulating the policy regarding the nature, level and form of the support to be given to refugees and torture claimants (i.e. NRCs) who were in need, the Government had considered a basket of factors including the needs of the individual concerned and the reasonableness of his demands. The aim was to provide support which was considered sufficient to prevent a person from being destitute while at the same time not creating a magnet effect which could have serious implications to the sustainability of the current support systems.

4.14 According to a paper submitted to the meeting of the LegCo Panel on Welfare Services held in January 2014, to provide more flexibility to cater for timely adjustment of the service package for NRCs where warranted, the Government would consider building in a regular review mechanism based on objective criteria in the next service contract.

4.15 Audit noted that the existing level of humanitarian assistance to NRCs was last revised in February 2014. Upon enquiry, SWD informed Audit in September 2020 that SWD, in consultation with SB, would conduct review on the level of assistance as and when appropriate, taking into consideration a basket of factors including whether the assistance would create a magnet effect which might have serious implications on the overall sustainability and immigration control, as well as the price level of the assistance items, etc.

Audit recommendation

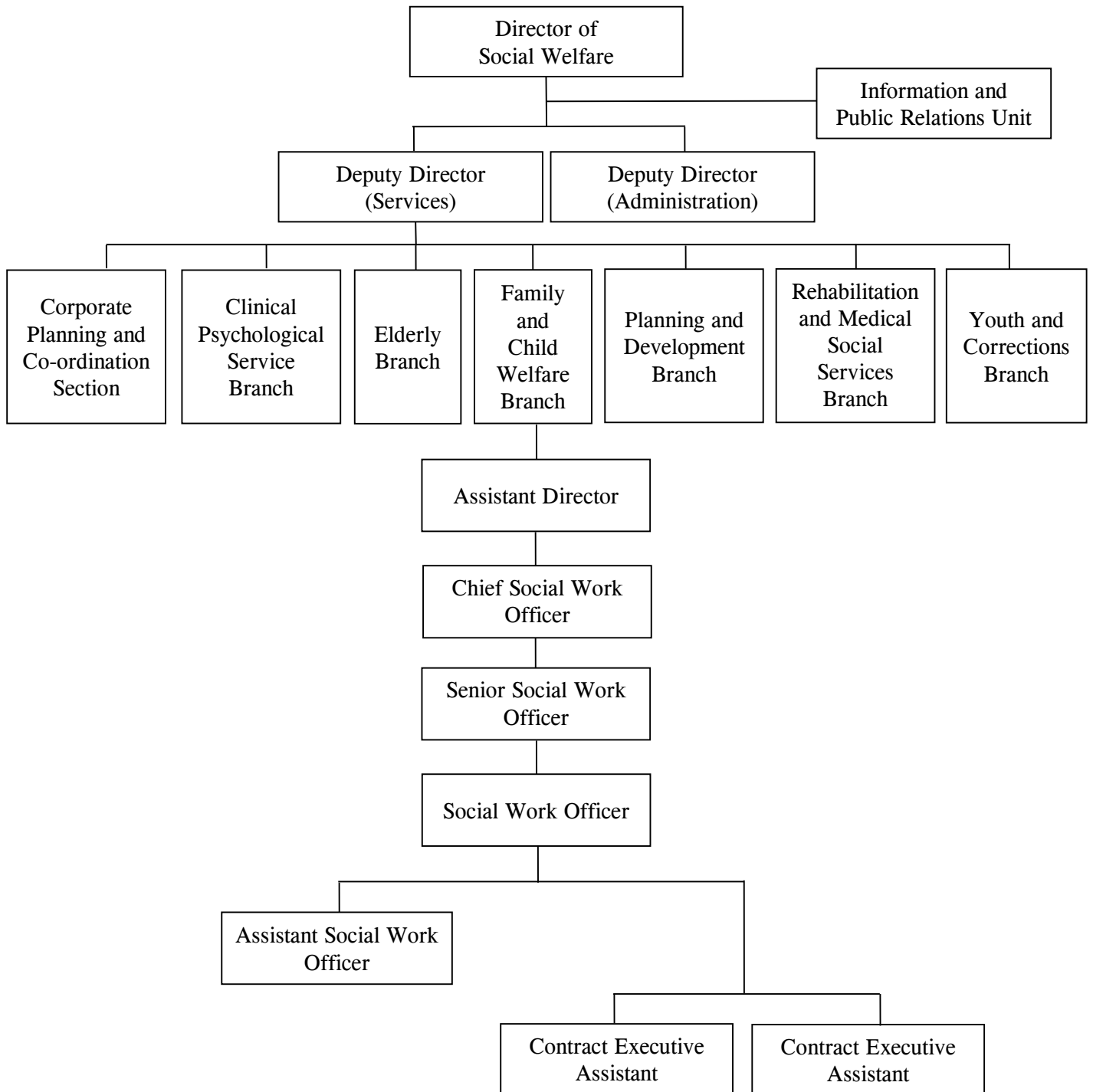
4.16 **Audit has *recommended* that the Director of Social Welfare should, in consultation with SB, continue to review the level of assistance to NRCs as and**

when appropriate to ensure that the Government meets the aim of providing the assistance (see para. 4.13).

Response from the Government

4.17 The Secretary for Security and the Director of Social Welfare agree with the audit recommendation. The Secretary for Security has said that SB has been working closely with SWD in formulating the policy and administering the provision of humanitarian assistance to NRCs. The level of humanitarian assistance should be carefully monitored and assessed. There is a need for the Government to strike an appropriate balance having regard to the service needs of the users and the prudent use of public funds, especially given the increasing public concern on relevant expenditures and the potential magnetic effect should there be any adjustment to the assistance level.

**Social Welfare Department
Organisation chart (extract)
(31 March 2020)**



Source: SWD records

**Types of performance reports submitted by contractors
(2019-20)**

Item	Types of reports	Frequency	Details	Submitted to
<i>For the service contract signed with the service contractor</i>				
1.	Expenditure report	Half-monthly (on or before the 5th and 20th day of each month)	A breakdown of the amount of assistance (e.g. property agent fee, rent and transportation assistance) directly paid to service users	SWD
2.	Service statistics report	Monthly (on or before the 10th day of each month)	Information related to the services provided (e.g. the monthly number of referrals received, monthly number of e-tokens newly assigned to service users and number of e-tokens with excessive amount (i.e. more than the standard monthly amount of food allowance))	SWD
3.	Financial report	Monthly (on or before the 10th day of each month)	A breakdown of the use of the administrative cost (e.g. salaries and provident fund)	SWD
4.	Rental deposit report	Monthly (on or before the 10th day of each month)	Amount of rental deposit held by the landlords and the service contractor	SWD
5.	Income and expenditure account	Half-yearly (within 2 months after the end of every 6-month period starting from the contract commencement date or 2 months after the expiry or sooner termination of the contract)	A breakdown of income and expenditure	SWD

Appendix B
(Cont'd)
(paras. 2.5 and 3.6 refer)

Item	Types of reports	Frequency	Details	Submitted to
6.	Audited income and expenditure account	Annually (within 4 months during the contract period commencing on 1 April of each year and ending on 31 March of the following year, both dates inclusive, or after expiry or sooner termination of the contract)	A breakdown of income and expenditure	SWD
<i>For the food contract signed with the food contractor</i>				
7.	Monthly report	Monthly (on or before the 5th day of each month)	Including an exception report showing a list of doubtful cases, e.g. e-tokens with negative values, a list of total amount of food procured by each e-token, and a list of valid purchase period (e.g. 30 days) for each e-token	The service contractor (copies to SWD)
8.	Bi-monthly report	Bi-monthly	Including total monthly invoice value and cumulative total contract price	SWD
9.	Ad-hoc report	Within 5 working days from the date of a written request of SWD or the service contractor	Including a list of food items (and their price values) purchased via using e-tokens each month, and any other ad-hoc reports requested by SWD or the service contractor	SWD or the service contractor

Source: SWD records

Acronyms and abbreviations

Audit	Audit Commission
CAT	Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
E-token	Electronic token
HKKI	Hong Kong, Kowloon and Islands (excluding Kowloon City and Yau Tsim Mong)
ImmD	Immigration Department
KCYTM	Kowloon City and Yau Tsim Mong
LegCo	Legislative Council
NGO	Non-governmental organisation
NRCs	Non-refoulement claimants
NT	New Territories
SB	Security Bureau
SWD	Social Welfare Department
TCAB	Torture Claims Appeal Board
UNHCR	United Nations High Commissioner for Refugees
USM	Unified Screening Mechanism