

**Subvented Social Welfare
Non-Governmental
Organisations –
Staff Administration**

**Corruption Prevention Department
Independent Commission Against Corruption
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Subvented Social Welfare Non-Governmental Organisations - Staff Administration

Introduction

It is important for a Non-governmental Organisation in receipt of social welfare subvention (NGO) to have a sound staff administration system as it helps to ensure that staff of the required qualification and experience are employed and also helps to improve staff morale and to minimise opportunities for abuse. The basic corruption prevention principles in staff administration are openness and fairness in staff recruitment, performance appraisal and promotion systems.

NGOs which have opted for the Lump Sum Grant Scheme are given greater autonomy and hence more flexibility in staff administration matters, such as making decisions on staffing structures and the remuneration packages for newly recruited staff. It is important that there are adequate checks and balance in the system to prevent possible malpractice and corruption and, at the same time, ensure accountability in the use of public funds.

This Best Practices Module aims to provide these NGOs with a checklist of good practices in the recruitment and promotion of staff, in determining remuneration packages for newly recruited staff, in granting increments, in conducting staff performance appraisal and in the administration of staff benefits. NGOs should also follow the instructions and guidelines which Social Welfare Department issues from time to time. In drawing up “Entry Requirements” for key professional staff, for example, NGOs should adhere to the basic qualifications as stipulated in the Social Welfare Department’s Essential Service Requirements embodied in the Funding and Service Agreements.

Policy and Guidelines

It is important that the policy and guidelines on staff administration matters are promulgated in a manual or circulars for the information of staff at all levels. This helps to ensure consistency in practices. Any deviations from these guidelines should be justified and endorsed by the management.

Staffing Structure

Under the Lump Sum Grant Scheme, NGOs have flexibility in determining their own staffing structure. A well-defined staffing structure based on actual operational requirements ensures accountability in the use of public funds and value for money. In determining or reviewing the staffing structure, it is important for a NGO to observe the following principles :-

- The staffing structure and any subsequent changes should be approved by the Management Board or Committee.
- The duties and responsibilities of each post holder should be clearly defined.

Staff Remuneration Packages

As NGOs which have opted for the Lump Sum Grant Scheme may determine their own remuneration packages for newly recruited staff, there should be appropriate control measures to prevent favouritism or abuse in deciding the remuneration to be offered to any newly recruited staff member. It is important for NGOs to adopt the following control measures.

- Remuneration packages for newly recruited staff should be drawn up and approved by the Management Board.
- The remuneration package for a post should preferably be publicised in the recruitment advertisement to enhance transparency.
- If it is considered necessary to give incremental credits for experience or to negotiate the pay package in order to take account of prevailing market trends or to attract a mature and experienced candidate, any suggested adjustments should be well justified and approved by the Management Board or a designated committee and the candidate advised in writing to that effect. Both the justifications and the approval should be documented on file.

Staff Recruitment

All staff should be recruited through an **open and competitive** system so as to prevent possible manipulation by NGO staff responsible for the selection of candidates for appointment. The following is a gist of the recommended recruitment procedures.

Entry Requirements

- The basic entry requirements, i.e. qualifications, experience, aptitude and skills, in respect of each post should be clearly defined and approved by the NGO's Management Board or a designated sub-committee.

Advertisement of Job Vacancies

- Job vacancies should be openly advertised in popular newspapers and/or other appropriate channels.
- The advertisement should clearly set out the job descriptions, the basic entry requirements and preferably, the remuneration package together with other essential information such as the deadline for applications, the enquiry telephone number.
- All applications received should be recorded.

Vetting and Selection of Applicants

- All candidates who meet the basic entry requirements should be considered for appointment. If there is a large number of qualified candidates, shortlisting for interview may be made based on specified criteria, such as years of working experience, level of education attained or written test results etc.. The shortlist should be counter-checked by an appropriate senior staff member.
- A recruitment panel should be formed to conduct selection interviews and skill/written tests as necessary. Where possible, the panel should preferably comprise one independent member from another section e.g. the Headquarters or Personnel Section.
- An objective assessment method should be used (e.g. using a marking scheme or a checklist) and individual panel members should separately record their assessment in standard forms.
- The recruitment panel's recommendation on the candidate to be selected for appointment should be based on the assessment of panel members.
- The academic qualifications and working experience of the selected candidates should be verified.

Approval of Appointments

- The recruitment panel's recommendation should be considered and approved by designated authority and proper records kept on file.

- Appointment letters should clearly set out the terms of employment including the remuneration package and staff benefits.

Conflict of Interest

Any Management Board or staff member who takes part in a recruitment exercise (e.g. serving as a recruitment panel member) should be required to declare any conflict of interest and refrain from any assessment or decision making if a candidate under consideration is his family member, relative or close personal friend.

Performance Appraisal

NGOs should adopt an open staff performance appraisal system based on core competency. The following is a checklist of an effective system.

- The standards of performance required in different areas of work should be linked to agreed core competencies and should be made known to staff.
- Standard staff performance appraisal reports should be used.
- Supervisory staff responsible for reporting, counter-signing, and overall review of these appraisal reports should be clearly defined.
- If there is a large number of staff in a grade and there are different levels of supervisory staff, it is useful to form a review panel to moderate the ratings in the performance appraisal reports of staff in the same grade.
- The assessments made by the reporting, counter-signing and reviewing supervisors should be shown to the staff during a staff appraisal interview.
- There should be an established channel of appeal for aggrieved staff.

Staff Promotion

To avoid allegations of favouritism or corruption, it is important that staff promotion is conducted in a **fair** and **transparent** manner. The following recommended

practices and procedures may help to achieve this aim.

- The promotion criteria should be approved by the Management Board and made known to all eligible staff.
- Promotion exercises should be announced for the information of staff. A promotion board should be appointed to consider **all** eligible staff taking into account their performance appraisal reports for the past three or four years.
- The promotion board should prepare a report on the staff recommended for promotion together with their assessment of all eligible candidates for approval by the designated authority (e.g. the Head of a NGO or the Management Board).
- Promotion results should be announced as soon as possible.
- A complaint channel should be provided for unsuccessful candidates.

Pay Increments

NGOs should have a policy on the granting of pay increments. Guidelines should be issued on the circumstances under which the unsatisfactory performance of any staff warrants stoppage or deferment of pay increments. The staff performance appraisal report should have a section for supervisors to record their recommendation and decision to stop or defer the pay increment for any staff.

Administration of Staff Benefits

Staff benefit schemes may vary from organisation to organisation depending on the type of services provided and usually include leave and various types of allowances, such as hardship and overtime allowances etc. The administration of staff benefits may give rise to allegations of favouritism or abuse. The following control measures are recommended.

- Rules on staff benefit schemes including eligibility

criteria should be clearly laid down in writing and made known to all staff.

- Any proposal to pay cash allowances to staff should be carefully checked and approved by supervisors to ensure that this is justified on operational grounds and comply with the NGO's rules and regulations.
- Random surprise checks should be conducted by supervisors to ensure that any approved overtime work is actually undertaken by staff.

Allocation of Shift Duties

Some NGOs provide service round the clock, e.g. elderly homes, and staff are rostered to work different shifts. These NGOs should adopt a fair and transparent system in the allocation of shift duties which should preferably be on a rotational basis.

Employment of Temporary or Relief Workers

From time to time, NGOs may be required to employ temporary or relief workers. Although they are usually required at short notice, NGOs should adopt the following measures to minimise opportunities for favoritism or abuse.

- Employment of temporary or relief workers should only be approved based on actual operational requirements.
- Rates of payment should be approved by the NGO's Management Board or a sub-committee of the Board.
- Temporary or relief workers should be recruited through proper recruitment procedures.
- If there is a regular demand for relief workers and the NGO has a pool of suitable relief workers recruited through proper procedures, the allocation of work to those in the pool should be made on a fair share basis, taking into account their performance and availability.

- Simple performance appraisal reports in a standard format should be completed on relief workers who are frequently employed by the NGO.
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Staff Conduct and Discipline

To ensure that the conduct of staff is of an acceptable standard, NGOs should draw up a Code of Conduct for their staff. Appropriate disciplinary action should be taken against any staff for breaches of the Code.

Handling Staff Complaints

- Staff often lodge complaints arising from grievances over instances of perceived favouritism in staff administration. It is important for the NGO's management to ensure that these staff complaints are properly dealt with in accordance with its rules and guidelines.
 - All staff complaints should be properly recorded, investigated, and followed up, including a reply to the complainant on the outcome of the investigation.
 - To ensure impartiality, a complaint should be investigated by a staff member of the appropriate rank who is not the subject of the complaint.
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Conflict of Interest

A conflict of interest is a situation in which the interest of the NGO competes or is in conflict with the financial or personal interests of a Management Board or staff member. Failing to avoid any conflict of interest may give rise to actual or perceived favouritism, abuse of authority or corruption. Management Board and staff members should therefore be required to avoid any conflict of interest and, if this is unavoidable, to make a declaration and refrain from dealing with the matter or to follow the instruction of the supervisor. NGOs are recommended to adopt the following measures:

- NGOs should draw up rules on conflict of interest to be re-circulated at annual intervals to Management Board and staff members.

- Declarations of conflict of interest should be made in writing or recorded in notes of meeting as appropriate.
- Any person who has declared a conflict of interest should refrain from handling the matter or there should be sufficient monitoring by senior staff or a second party to ensure impartiality.
- Guidelines should include work situations which may frequently give rise to conflict of interest to assist Management Board and staff members in making declarations or taking steps to avoid such conflicts. Some examples of conflict of interest in staff administration matters are as follows :
 - ❑ *A Management Board or staff member of a NGO taking part in a recruitment exercise is called upon to interview a candidate who is his family member, relative or close personal friend.*
 - ❑ *In a promotion exercise, one of the candidates under consideration is the family member, relative or close personal friend of a Management Board or staff member who takes part in the assessment of candidates.*
 - ❑ *In making nominations or selection of staff for training courses or study trips, one of the staff under consideration is the family member, relative or close personal friend of the supervisor who is assigned this management duty.*

Enquiries

NGOs interested in corruption prevention practices and procedures in staff administration or those requiring further advice on these matters may call the Advisory Services Group of ICAC at the hotline telephone no. 2526 6363 for tailor-made advice under conditions of the strictest confidence. We pledge to respond to your request within two working days.