

CHAPTER 5

**Labour and Welfare Bureau
Social Welfare Department**

**Residential Care Service Voucher Scheme
for the Elderly**

**Audit Commission
Hong Kong
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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.

Report No. 83 of the Director of Audit contains 8 Chapters which are available on our website (<https://www.aud.gov.hk>).



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RESIDENTIAL CARE SERVICE VOUCHER SCHEME FOR THE ELDERLY

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RESIDENTIAL CARE SERVICE VOUCHER SCHEME FOR THE ELDERLY

Executive Summary

1. The Government’s policy objective of elderly services is to promote “ageing in place as the core, institutional care as back-up”. While most elderly persons prefer ageing in place in their familiar communities, some frail elderly persons would need institutional care for health or family reasons. Residential care homes for the elderly (RCHEs) are established for providing residential care service and facilities for elderly persons in need. The Government has been, through various types of subsidised residential care services, providing residential care for the elderly persons aged 65 or above who have been assessed with need for long term residential care services through the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES). The eligible elderly persons will be put on the Central Waiting List (CWL) for subsidised long term care services.

2. The Social Welfare Department (SWD) is responsible for the provision of subsidised residential care services for elderly persons. In March 2017, SWD launched the Pilot Scheme on Residential Care Service Voucher for the Elderly (RCSV) to give an additional choice for elderly persons in need of residential care services and provide an incentive for RCHEs to improve their services. In April 2023, the Pilot Scheme was regularised and renamed as the Residential Care Service Voucher Scheme for the Elderly (RCSV Scheme). RCSV Scheme targets all elderly persons who have been assessed and recommended for residential care services under SCNAMES and are waitlisted for care-and-attention (C&A) places on CWL for subsidised long term care services. The coverage of the voucher has been expanded to nursing home (NH) places effective from 11 June 2024.

3. Adopting the principles of “money-following-the-user” and “users pay in accordance with affordability”, RCSV Scheme provides elderly persons with greater flexibility to freely choose and switch among RCHEs participating in the Scheme (known as recognised service providers (RSPs)), and allows elderly persons who can afford less to receive more subsidies from the Government (a sliding scale of co-payment at eight levels (from Level 0 to Level 7) determined by elderly persons’

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individual financial situation is adopted). Since the launch of the Pilot Scheme on RCSV and up to 2023-24, the total amount of RCSV subsidies was about \$2,424.4 million. The Audit Commission (Audit) has recently conducted a review of RCSV Scheme.

Administration of residential care service vouchers for the elderly

4. *Need to improve timeliness in processing RCSV applications.* Upon receipt of RCSV applications, SWD staff will reach out to the applicants to provide service briefings on RCSV Scheme, check whether the results of SCNAMES assessments are still valid as at the date of applications and conduct financial assessments for the applicants. According to SWD, there was no specified timeframe for completing the processing of RCSV applications. For the 5,704 applications received in 2022-23 and 2023-24, Audit noted that as at 31 March 2024, the processing time varied among applications. For example, for 3,179 (56%) applications with RCSVs issued, the time lapse between the application dates and issuance dates of RCSVs ranged from the same day to about 7 months (averaging about 43 days). Audit also noted that the timeframes for providing the service briefings to applicants and obtaining SCNAMES assessment results from responsible workers (e.g. timeframe for making the first contacts and/or subsequent follow-ups with applicants/responsible workers) were not specified in SWD guidelines (paras. 2.9 to 2.11).

5. *Scope for improving follow-up actions upon expiry of trial period for RCSVs.* RCSV Scheme has a six-month trial period for elderly persons to adapt to life in RSPs. During the trial period, the application status of RCSV holders on CWL will be changed to “inactive”. SWD will send notifications to the voucher holders requesting them to reply whether to opt in or out from the Scheme prior to the expiry of the trial period. If the voucher holders have not used the voucher services, they will be deemed to have opted out of the Scheme upon expiry of the trial period and their application status on CWL will be re-activated and their original waitlist positions as of the dates of applications will be resumed. The decisions of voucher holders will be recorded in the Residential Care Service Voucher System (RCSVS). Audit examined the records of 20 voucher holders (10 with their decisions not yet recorded in RCSVS after expiry of the trial period as at 31 March 2024 and 10 with opt-in or opt-out dates after the expiry of the trial period) and noted that, as of July 2024:

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- (a) for 8 (40%) of the 20 voucher holders, while their reply slips were not available, the dates of updating their opt-in or opt-out decisions in RCSVS and status on CWL were 33 days to about 9 months (averaging about 5 months) after the expiry of the trial period (including 6 voucher holders who had not used the RCSVs and their application status on CWL should be re-activated); and
 - (b) for 9 (75%) of the 12 voucher holders with reply slips, the dates of updating their decisions in RCSVS and status on CWL were 4 days to about 5 months (averaging about 57 days) after receipt of the reply slips (including 4 voucher holders who had not used the RCSVs and their application status on CWL should be re-activated) (paras. 1.5, 2.13 to 2.15).
6. ***Need to enhance monitoring of bed fees.*** RSPs can charge monthly home fees for voucher services (covering a standard service package (e.g. accommodation within shared rooms)) with the voucher value of RCSV as the ceiling price. SWD disburses voucher services subsidy to RSPs and RCSV holders pay for the services according to the co-payment levels. If the beds are located inside an upgraded dormitory and charged at value higher than the voucher value, the top-up payment is paid by the voucher holders. The bed fees charged by RSPs for RCSV holders cover the fees for the voucher services and the top-up payment. The voucher value of RCSV is adjusted annually. SWD will inform RSPs of the value adjustment and RSPs need to reply whether their fees for voucher services will be adjusted to follow the updated voucher value. RSPs are also required to inform SWD of the prices for beds charged at value higher than the voucher value in a separate form (hereinafter referred to as bed fee form). For the voucher value adjustment in 2024, Audit examined the records of 15 RSPs and noted the following issues:
- (a) ***Need to timely inform RSPs of voucher value adjustment.*** The voucher value of a C&A place was adjusted with effect from 1 April 2024. However, SWD only informed RSPs on 27 March 2024 (i.e. 5 days prior to the effective date) that the voucher value would be updated and requested RSPs to reply whether their fees for voucher services would be adjusted accordingly by 12 April 2024. SWD also only informed RSPs on 10 April 2024 (i.e. 9 days after the effective date) that if RSPs charged any bed fee at value higher than the voucher value, they would need to submit bed fee forms by 19 April 2024; and

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- (b) ***Late or no replies from some RSPs for voucher value adjustment.*** For 11 (73%) of the 15 RSPs, as of August 2024, the reply slips for voucher value adjustment were not available. In addition, while 14 RSPs charged bed fees at value higher than the voucher value, the updated bed fee forms for 7 (50%) RSPs were not available. For the remaining 7 (50%) RSPs which had submitted updated bed fee forms, the replies from 6 (86%) RSPs were late by 70 to 112 days (averaging about 83 days). According to SWD, it would scrutinise the submitted lists of changes of bed fees/charges. While the documentation for scrutinising the fees by SWD was not available as of August 2024, all 15 RSPs were reimbursed with the voucher services subsidy based on the updated voucher value since April 2024 (paras. 1.13, 2.24, 2.25, 2.29 and 2.31).

7. ***Need to enhance monitoring of add-on service fees.*** According to SWD, when the Pilot Scheme on RCSV was launched in March 2017, RSPs were required to provide voucher services at the prevailing voucher value. If the monthly home fees of RSPs were lower than the voucher value, the RSPs were required to provide add-on services for the differences (i.e. the voucher services subsidy covered the standard service package and add-on services). From August 2020 onwards, RSPs can charge monthly home fees for voucher services according to individual homes' actual monthly home fees with the voucher value as a ceiling price. As of March 2024, the monthly home fees (bound by their contracts with SWD) of 29 (76%) out of the 38 contract homes participating in RCSV Scheme were lower than the voucher value and they provided add-on services (paras. 2.33 to 2.35). Audit examined add-on service fees charged by 10 contract homes (with the highest fees for add-on services) and noted the following issues:

- (a) ***Need to review add-on service fees for contract homes.*** Under RCSV Scheme, voucher holders might make a top-up payment of up to 150% of the prevailing voucher value to purchase additional services (e.g. additional physiotherapy/occupational therapy sessions). In addition, voucher holders might pay for consumable items (e.g. special meals) and incidental charges items (e.g. escort services). For the 10 contract homes, their add-on services were similar to the additional services, consumable items and incidental charges items provided by the other types of RSPs (e.g. private homes). Contrary to the normal practice in which these charges were paid by voucher holders (who were given the option to buy these items/services at their discretion), the add-on services provided by contract homes were fully or partly subsidised by the Government (depending on the co-payment

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levels of voucher holders) regardless of the preference of voucher holders (paras. 1.12, 2.36 and 2.37);

- (b) ***Need to enhance scrutiny of add-on service fees.*** According to SWD, contract homes are required to submit a form for add-on services to provide details of the services (hereinafter referred to as add-on service form) annually. For the 10 contract homes, Audit noted large variation in price levels for some similar add-on services among contract homes. According to SWD, it would scrutinise all submitted price lists. Despite the large variations, no documentation was available showing that SWD had enquired the contract homes about the differentiation of the add-on services as of August 2024 (paras. 2.38 and 2.39); and
- (c) ***Need to timely request RSPs to submit add-on service forms and follow up replies.*** For the adjustment of voucher value effective from 1 April 2024, SWD only sent the add-on service forms to contract homes on 10 April 2024 (i.e. 9 days after the effective date of voucher value adjustment) without setting a deadline for reply. As of August 2024, the updated add-on service forms for 2 (20%) of the 10 contract homes were not available. While documentation for scrutinising the fees by SWD was not available as of August 2024, all 10 contract homes were reimbursed with the voucher services subsidy (covering add-on services) based on the updated voucher value since April 2024 (para. 2.42).

8. ***Need to enhance monitoring of fees for additional services and consumable items and incidental charges.*** According to the service agreements signed between RSPs and SWD for RCSV Scheme, for any change in fees and charges, RSPs should inform SWD in writing at least 30 days in advance of the effective date of implementation. For additional services, consumable items and incidental charges, RSPs need to submit forms on the fee-charging items and price lists (hereinafter referred to as fee-charging forms) to SWD upon application for joining the Scheme and for any changes. According to SWD, it will scrutinise the fees and charges and complete the process of scrutiny before RSPs' indicated effective dates of changes of fees and charges as far as possible (paras. 2.44 and 2.45). Audit examined the records for 15 RSPs and noted the following issues:

- (a) ***Need to improve timeliness in submission and scrutiny of fee-charging forms.*** For the latest fee-charging forms (received in the period from September 2020 to July 2024), SWD's scrutiny records for 8 (53%) of the

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15 RSPs were available. For the 8 RSPs, 1 (13%) RSP did not indicate the effective date of the fee changes in the form. For the remaining 7 (87%) RSPs which indicated the effective dates, the forms for 4 (57%) RSPs were received 8 to 28 days (averaging about 17 days) prior to the effective dates (against the requirement of at least 30 days). For 2 (29%) RSPs, SWD scrutinised the fees and charges 9 and 30 days after the specified effective dates (para. 2.46); and

- (b) *Need to enhance scrutiny of fees and charges.* For the 15 RSPs, the scrutinised fees for similar additional services and consumable items and incidental charges items varied among RSPs. For the latest fee-charging forms, SWD's scrutiny records for 7 (47%) RSPs were not available. For the remaining 8 (53%) RSPs with scrutiny records, while there was documentation showing that SWD had compared the fee changes of 4 (50%) RSPs with the previous fee-charging forms, similar records showing the work relating to the scrutiny of the fees for the other 4 (50%) RSPs were not available as of August 2024 (para. 2.47).

Monitoring of recognised service providers

9. *Need to take further measures to expedite processing of RSP applications.* Under RCSV Scheme, RSPs must be providing non-subsidised places and have to meet the requirements specified by SWD on space, staffing and track record. The Residential Care Service Voucher Office (RCSVO) is responsible for the administration of RCSV Scheme. As of March 2024, there were 203 RSPs. SWD has stipulated in its guidelines the overall timeframe for processing RSP applications (i.e. from receipt of application to approval) and timeframes for carrying out tasks at various stages in the application process. Audit noted that:

- (a) for 58 (54%) of 107 approved RSP applications received in the period from 2019-20 to 2023-24, the time taken to complete processing the applications exceeded the stipulated timeframe by 1 to 234 days (averaging 68 days). According to SWD, some common issues among the applicants (e.g. late submissions of the required documents such as proposed price lists) had led to difficulties in completing the vetting process. However, some of the required supporting documents (e.g. proposed price lists) were not included in the relevant checklist in the application form; and

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- (b) of 10 applications (approved in the period from 2017 to 2023) examined by Audit, the time taken for carrying out tasks at various stages in the application process had exceeded the stipulated timeframes in some cases. For example, in a case, the time taken for RCSVO in requesting the Licensing Office of Residential Care Homes for the Elderly (LORCHE) (responsible for assessing and monitoring compliance with the space and staffing requirements) to conduct an on-site assessment had exceeded the stipulated timeframe by 31 days and there was no documentation on the reason (paras. 1.12, 3.2 to 3.8 and 3.28).

10. ***Need to ensure RSPs' compliance with requirements on charging consumable items and incidental charges items.*** According to the service agreements, RSPs may charge voucher holders on a reimbursement basis for consumable items and incidental charges items which are outside the scope of voucher services subject to certain circumstances (e.g. notices containing a price list of all the items shall be clearly displayed). Audit examination of relevant records for 30 voucher holders (i.e. 10 from each of 3 RSPs) in the period from April 2023 to March 2024 found room for improvement including: (a) 6 voucher holders (involving 2 RSPs) were charged for consumable items at prices higher than those shown in the price lists (e.g. nasal feeding products at a monthly fee of \$2,086, instead of \$1,900 as shown in the price list), and the total over-charged amount was \$2,703 (ranging from \$68 to \$1,871 for each voucher holder); and (b) 4 voucher holders (involving 1 RSP) were charged for consumable items (e.g. special nutritional drinks at a monthly fee of \$2,400) not in the price list and the justifications for charging these items were not documented. The total amount involved was \$34,225 (ranging from \$30 to \$22,420 for each voucher holder) (paras. 3.14 and 3.15).

11. ***Need to enhance monitoring of RSPs' handling of care supplement matters.*** If voucher holders at co-payment Level 0 are certified by medical practitioners at the public hospitals or clinics as having medical needs, SWD will disburse care supplement subsidy to the RSPs the voucher holders reside in to pay for charges on items such as diapers and medical consumables (para. 1.10). Audit found that:

- (a) ***Voucher holders charged for care supplements payable by Government.*** According to the service agreements, RSPs shall not charge voucher holders for any item in respect of which care supplement subsidy is payable or will be payable by the Government. Of the 30 voucher holders

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(see para. 10), 2 receiving care supplement subsidy were charged for the relevant care supplements (e.g. blood sugar monitoring items at \$1,125) in the period from April 2023 to March 2024. The total over-charged amount was \$1,155 (i.e. \$30 and \$1,125) (para. 3.17); and

- (b) ***Need to enhance monitoring of provision of diapers to voucher holders receiving relevant care supplement subsidy.*** According to the service agreements, RSPs must in each month provide each voucher holder receiving care supplement subsidy for diapers at least 6 pieces of diapers per day or such larger quantity as may be prescribed by medical practitioner. In the period from October 2023 to March 2024, of the 30 voucher holders, the justifications for not providing the required quantity of diapers (e.g. providing 1 to 3 pieces per day) were not documented in 7 cases (involving 2 RSPs) and another RSP did not record the number of diapers provided to each voucher holder per day (para. 3.18).

12. ***Room for improvement in monitoring RSPs' fulfilment of minimum staffing requirements.*** According to the service agreements, RSPs shall ensure that at all times (i.e. attendance rates of 100%) during the contract period comply with a minimum staffing level (i.e. minimum staffing requirements). Audit examined the staff attendance records of 3 RSPs of March 2024 and noted that for 2 RSPs, the shortfall in attendance rates for some types of staff ranged from 1% to 14%. Audit examination of the inspection reports (furnished and submitted by LORCHE to RCSVO for follow-up actions after inspections (see para. 13)) for the 2 RSPs (for inspections conducted in February 2024 and June 2023) noted that similar figures were reported. According to SWD, RCSVO would assess RSPs' fulfilment of the minimum staffing requirements based on various factors after receiving LORCHE's inspection reports. However, Audit noted that the relevant procedures were not specified in SWD guidelines for RCSV Scheme and RCSVO's assessment results of the 2 RSPs were not documented (paras. 3.22 and 3.28).

13. ***Need to ensure that service monitoring visits and inspections are conducted in accordance with stipulated timeframes.*** According to SWD guidelines, to ensure the service quality of RSPs, service monitoring visits are conducted by Assistant Social Work Officers of RCSVO (to monitor various areas of RCSV Scheme (e.g. fee charging for voucher holders)) and inspections specifically for RCSV Scheme (hereinafter referred to as inspections) are, in general, conducted by LORCHE (to monitor RSPs' compliance with other areas (see para. 9(b))) in

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accordance with the stipulated timeframes. Based on a list of service monitoring visits and inspections conducted in the period from 2021-22 to 2023-24 compiled by SWD, Audit noted that as at 31 March 2024, service monitoring visits to 59 RSPs and inspections to 17 RSPs had been overdue for 3 to 723 days (averaging 232 days) and for 3 to 216 days (averaging 41 days) respectively. According to SWD, the outbreak of the coronavirus disease (COVID-19) epidemic had greatly affected the arrangements of service monitoring visits and inspections (paras. 1.18, 3.28, 3.30 and 3.31).

14. *Need to enhance service monitoring visits and on-site supervisory checks.* Social Work Officers conduct on-site supervisory checks for each Assistant Social Work Officer under their purview to check the work done during the service monitoring visits. Audit accompanied 5 service monitoring visits cum on-site supervisory checks to 5 RSPs in June and July 2024 and noted that in 1 visit, non-compliances with the service agreement were not identified by RCSVO officers. For example, the RSP had over-charged the consumable items (e.g. formula milk) and incidental charges items (e.g. monthly air-conditioning fees) for 90% of the voucher holders selected by RCSVO officers for examination during the visit. The total over-charged amount was \$2,503 (ranging from \$140 to \$540 for each voucher holder) in the period from November 2023 to May 2024 by reference to the applicable price list (paras. 3.28 and 3.33).

Other related issues

15. *Need to take measures to ensure accuracy and timely submission of reimbursement forms.* SWD has developed the Voucher Information System for the Elderly (VISE) to implement RCSV Scheme more effectively, including facilitating RSPs in handling admission or discharge cases of elderly persons, updating residential place vacancies, making applications for amending residential place information and reimbursement of government subsidies. According to the service agreements, RSPs should by the 10th day of the month following each month provide SWD with reimbursement forms for RCSV subsidies in respect of the preceding month. From July 2023 to May 2024, for 2,155 monthly reimbursement forms submitted by RSPs, there were delays in submission for 559 (26%) forms, ranging from 1 to 39 days (averaging about 8 days). For 625 (29%) forms, re-submission of the reimbursement forms by RSPs was required (paras. 4.2 and 4.3).

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16. ***Need to ensure timely submission of information on admission or discharge of RCSV holders.*** According to the service agreements, RSPs should notify SWD within 2 working days after admission, discharge and deemed discharge (e.g. being continuously absent from an RSP for 60 consecutive days due to hospitalisation) of any voucher holder. SWD will start disbursing RCSV subsidies to RSPs on the date of admission and stop disbursing RCSV subsidies from the date of discharge of the voucher holders. Audit examined the records of 15 RSPs for RCSV holders admitted or discharged in the period from July 2023 to March 2024 and noted that: (a) for 55 (21%) of 266 admission cases, there were delays (ranging from 1 to 31 working days, averaging about 7 working days) in submission of admission information; (b) for 31 (25%) of 126 discharge cases, there were delays (ranging from 1 to 74 working days, averaging about 12 working days) in submission of the discharge information; and (c) for one deemed discharge case, the voucher holder was hospitalised for 90 consecutive days before deemed discharged from RSP (i.e. subsidised for an additional 30 days). According to SWD, special approval had been given for extending the absence period. However, the relevant approval procedures for granting extension were not specified in SWD guidelines (paras. 4.6 and 4.7).

17. ***Need to ensure that RSPs' residential place information on website is complete and up-to-date.*** According to SWD, the Elderly Information Website provides information related to RCHEs, including that relating to RCSV Scheme. Audit reviewed the information on the website for 30 RSPs as of May 2024 and noted discrepancies between RSPs' residential place information on the website and SWD's approval/VISE records: (a) for 7 (23%) RSPs, the total number of beds open for accommodating RCSV holders shown on the website was different from SWD's approval records in case files; and (b) for 24 (80%) RSPs, the number of vacancy for beds open for accommodating RCSV holders shown on the website was different from SWD's records (provided by RSPs through VISE). Besides, the timeframes for updating the number of beds open for accommodating RCSV holders on the website were not specified in SWD guidelines (paras. 4.15, 4.18 and 4.19).

18. ***Need to enhance RSPs' fee information on website.*** According to the Notes to RSPs, the price lists of fee-charging items provided by RSPs are uploaded to the Elderly Information Website by SWD after scrutiny. Audit reviewed the fee information on the website as of May 2024 for 30 RSPs (see para. 17) and noted inadequacies. For example, for the fee-charging forms: (a) the effective dates of the fee schedules were not indicated in the forms on the website; (b) the forms of 10 RSPs were not available on the website; and (c) the forms of 3 RSPs on the website were

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not up-to-date. Besides, the timeframes for uploading the latest fee schedules to the website were not specified in SWD guidelines (paras. 4.20 to 4.22).

19. ***Scope for encouraging RCHEs to participate in RCSV Scheme and increasing residential places for RCSV holders.*** Audit noted that as of March 2024: (a) the number of beds offered for accommodating RCSV holders varied among 203 RSPs, ranging from 2 to 213 beds (averaging about 53 beds); (b) for 90 (44%) of the 203 RSPs, the percentage of vacant beds open for accommodating RCSV holders was 10% or less, of which the beds for RCSV holders for 25 RSPs were fully occupied; and (c) since the roll-out of RCSV Scheme, 3,110 RCSVs were cancelled, and the reasons for the voucher holders leaving the Scheme included the preferred RSPs were full or no suitable RSPs (185 or 6%). Furthermore, the number of RCSVs had increased by 1,000 since 11 June 2024, but the number of beds open for accommodating RCSV holders had not increased accordingly (i.e. the number of beds open for accommodating RCSV holders as of August 2024 only increased by 668 as compared to the figure as of March 2024) (paras. 4.29 and 4.30).

Audit recommendations

20. **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:**

Administration of RCSVs

- (a) **clearly specify the timeframes for processing RCSV applications in SWD guidelines, and take measures to ensure that RCSV applications are processed within the specified timeframes (para. 2.21(b) and (c));**
- (b) **enhance SWD guidelines on follow-up actions upon expiry of the trial period for RCSVs, and take timely follow-up actions upon expiry of the trial period (para. 2.21(d) and (f));**
- (c) **specify in SWD guidelines the mechanism on scrutiny of RSPs' bed fees, add-on service fees and fees for additional services and consumable items and incidental charges (para. 2.51(b));**

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- (d) **inform RSPs of voucher value adjustment of RCSV and request RSPs to submit bed fee forms and add-on service forms in a timely manner (para. 2.51(c));**
- (e) **take measures to ensure that RSPs submit bed fee forms, add-on service forms before the effective dates of the updated fees and fee-charging forms in accordance with the stipulated timeframe (para. 2.51(d));**
- (f) **enhance scrutiny of fees and charges charged by RSPs (para. 2.51(e));**
- (g) **review the practice of subsidising add-on services for RCSV holders residing in contract homes (para. 2.51(f));**

Monitoring of RSPs

- (h) **take further measures to ensure that the stipulated timeframes for carrying out tasks at various stages in the RSP application process are met and document the reasons for deviations (para. 3.11(b));**
- (i) **include all required supporting documents for vetting in the checklist in the RSP's application form (para. 3.11(c));**
- (j) **step up measures to ensure that RSPs charge voucher holders for consumable items and incidental charges items in accordance with the price lists, document the justifications for charging fees not in the price lists, and do not charge voucher holders for care supplements payable by the Government (para. 3.26(a) and (b));**
- (k) **step up measures to ensure that voucher holders receiving care supplement subsidy for diapers are provided with the required quantity, and require RSPs to document justifications for the shortfall and record the number of diapers provided (para. 3.26(c) and (d));**
- (l) **lay down the assessment procedures of RSPs' fulfilment of minimum staffing requirements in SWD guidelines for RCSV Scheme and take measures to ensure that the assessment results are documented (para. 3.26(g));**

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- (m) **take measures to ensure that service monitoring visits and inspections are conducted in accordance with the timeframes stipulated in SWD guidelines (para. 3.48(a));**
- (n) **strengthen measures to ensure that non-compliances involving areas requiring attention or of higher risks (e.g. not charging voucher holders according to the price lists) are identified by SWD officers (para. 3.48(b));**
- (o) **review the over-charged cases identified by Audit and take follow-up actions as appropriate (paras. 3.26(f) and 3.48(d));**

Other related issues

- (p) **step up measures to ensure that RSPs timely submit reimbursement forms for RCSV subsidies and information on admission and discharge of RCSV holders (para. 4.13(a));**
- (q) **step up measures to enhance the accuracy of information provided by RSPs in reimbursement forms for RCSV subsidies (para. 4.13(b));**
- (r) **specify the procedures (including approval criteria and authority) for granting extension of the absence period for RCSV holders in SWD guidelines (para. 4.13(c));**
- (s) **specify the timeframes for updating the latest residential place and fee information on the Elderly Information Website in SWD guidelines and take measures to ensure compliance (para. 4.24(a));**
- (t) **take measures to improve completeness of RSPs' fee information on the Elderly Information Website (para. 4.24(c)); and**
- (u) **continue to encourage RSPs to increase residential places open for RCSV holders and invite eligible RCHEs to participate in RCSV Scheme (para. 4.37(a)).**

Response from the Government

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

PART 1: INTRODUCTION

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

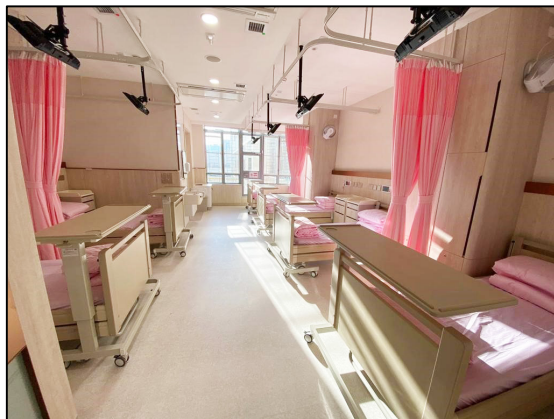
Background

1.2 The Government’s policy objective of elderly services is to promote “ageing in place as the core, institutional care as back-up”. While most elderly persons prefer ageing in place in their familiar communities, some frail elderly persons would need institutional care for health or family reasons. Residential care homes for the elderly (RCHEs — see Photographs 1(a) and (b) for examples) are established for providing residential care service and facilities for elderly persons in need (Note 1). The operators of RCHEs include non-governmental organisations (NGOs) and private organisations.

Photographs 1(a) and (b)

RCHEs

(a)



(b)



Source: Social Welfare Department records

Note 1: *The operation of RCHEs is regulated by the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) and its subsidiary legislation, and the Code of Practice issued by the Director of Social Welfare under the Ordinance. An RCHE means any premises at which more than five persons who have attained the age of 60 years are habitually received for the purposes of care while resident therein.*

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1.3 The Government has been, through various types of subsidised residential care services (Note 2), providing residential care for the elderly persons aged 65 or above (Note 3) who have been assessed with need for long term residential care services through the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES — Note 4). The eligible elderly persons will be put on the Central Waiting List (CWL) for subsidised long term care services. As of June 2024, there were 818 RCHEs in Hong Kong providing a total of 79,147 residential care places, including 32,396 subsidised places and 46,751 non-subsidised places.

1.4 The Social Welfare Department (SWD) is responsible for the provision of subsidised residential care services for elderly persons. In March 2017, SWD launched the Pilot Scheme on Residential Care Service Voucher for the Elderly (RCSV) to give an additional choice for elderly persons in need of residential care services and provide an incentive for RCHEs to improve their services. The Pilot Scheme had been extended for three years from March 2020 to March 2023. In April 2023, the Pilot Scheme was regularised and renamed as the Residential Care Service Voucher Scheme for the Elderly (RCSV Scheme — see Figure 1).

Note 2: *Subsidised residential care service places are provided by subvented homes (see para. 1.12), contract homes (see para. 1.12), private homes participating in Enhanced Bought Place Scheme (see para. 1.9(a)), self-financing homes participating in Nursing Home Place Purchase Scheme (see para. 1.9(b)) as well as RCHEs in Guangdong participating in Residential Care Services Scheme in Guangdong.*

Note 3: *Persons aged between 60 and 64 may also receive residential care, if they are assessed to be eligible under the Standardised Care Need Assessment Mechanism for Elderly Services and proved to be in need.*

Note 4: *SCNAMES is designed for assessing and identifying the various long term care needs of the elderly, ensuring priority should be given to those most in need for the services. Under SCNAMES, comprehensive assessments are conducted taking into account the impairment in functional performance of daily activities, clinical characteristics and care needs of the elderly persons. Due considerations are also given to other factors (e.g. cognitive impairment, environmental risks and carer's condition) so as to better identify the various long term care service needs of the elderly persons, and match them with appropriate services.*

Figure 1

RCSV Scheme



Source: SWD records

Features of RCSV Scheme

- 1.5 According to SWD, the features of RCSV Scheme include the following:
- (a) **“Money-following-the-user”**. RCSV Scheme provides elderly persons with greater flexibility to freely choose and switch among RCHEs participating in the Scheme (known as recognised service providers (RSPs — see para. 1.12)) according to their needs;
 - (b) **“Users pay in accordance with affordability”**. Under RCSV Scheme, a sliding scale of co-payment at eight levels determined by elderly persons’ individual financial situation is adopted, allowing elderly persons who can afford less to receive more subsidies from the Government (see para. 1.7);

Introduction

- (c) ***No waiting required.*** Elderly persons can receive subsidised residential care services without waiting under RCSV Scheme (Note 5);
- (d) ***Six-month trial period.*** RCSV Scheme has a six-month trial period for elderly persons to adapt to life in RSPs. If an elderly person chooses to opt out from the Scheme before or upon the expiry of the trial period, his/her original position on CWL for subsidised long term care services (see para. 1.3) is resumed, and the elderly person does not have to start queuing for a subsidised place afresh; and
- (e) ***High flexibility.*** Elderly persons may make a top-up payment of up to 150% of the prevailing voucher value to purchase additional services from RSPs as needed (see para. 1.13).

1.6 ***Eligibility.*** RCSV Scheme targets all elderly persons who have been assessed and recommended for residential care services under SCNAMES and are waitlisted for care-and-attention (C&A) places (Note 6) on CWL for subsidised long term care services. As announced in the 2023 Policy Address, starting from the second quarter of 2024, the coverage of the voucher would be expanded from C&A places to nursing home (NH) places (Note 7). The expansion has been effective from 11 June 2024.

Note 5: *RCSV Scheme sought to reduce the waiting time for residential care services by making use of places offered by self-financing RCHEs and private RCHEs as well as non-subsidised places offered by subvented RCHEs and contract homes.*

Note 6: *For C&A places, RCHEs provide residential care, meals, personal care and limited nursing care for elderly persons who suffer from poor health or physical/mild mental disabilities with deficiency in activities of daily living but are mentally suitable for communal living.*

Note 7: *For NH places, RCHEs provide residential care, meals, personal care, regular basic medical and nursing care, and social support for elderly persons who suffer from poor health or physical/mental disabilities with deficiency in activities of daily living but are mentally suitable for communal living.*

1.7 **Co-payment arrangement.** Adopting the principle of “users pay in accordance with affordability”, a sliding scale of co-payment at eight levels (from Level 0 to Level 7) is adopted under RCSV Scheme (see Figure 2), and the co-payment level is determined according to the assets (Note 8) and income (Note 9) of the elderly persons on an individual basis. The less an elderly person can afford, the less he/she needs to pay. The Government pays for the remaining portion of the voucher value. For example:

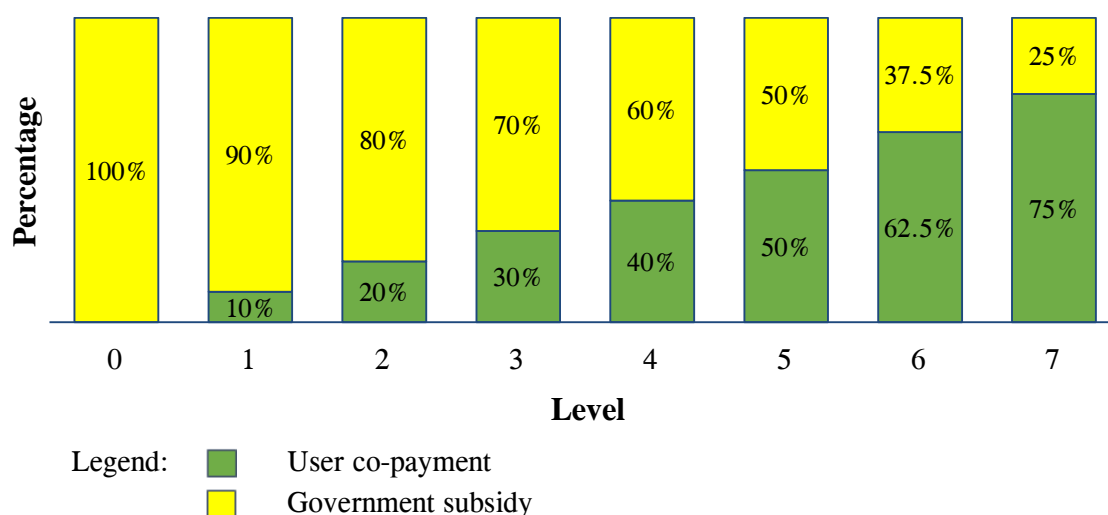
- (a) recipients of Comprehensive Social Security Assistance (CSSA) having opted to become voucher holders (with at least 6 months valid CSSA payment period from the dates of RCSV applications) are grouped under co-payment Level 0 and the Government fully subsidises the voucher services they receive; and
- (b) applicants who choose not to undergo the financial assessments will pay the highest co-payment amount (i.e. Level 7).

Note 8: *For the asset test, the asset limit for Level 0 users is pegged to the limit for singleton elderly persons under the Comprehensive Social Security Assistance Scheme (i.e. \$53,000 with effect from 1 April 2024). As for Levels 1 to 6 users, the asset limit is pegged to the limit for singleton elderly persons applying for public rental housing (i.e. \$556,000 with effect from 1 April 2024). There is no asset limit for Level 7 users.*

Note 9: *For the income test, the monthly income of the user is benchmarked against the latest available Median Monthly Domestic Household Income for singleton households (i.e. \$10,400 for the fourth quarter of 2023). For Level 0 users, their monthly income should not be more than 50% of the latest Median Monthly Domestic Household Income for singleton households (i.e. \$5,200 with effect from 1 April 2024). For Levels 1 to 6 users, the income limit is pegged to 75% to 300% of the latest Median Monthly Domestic Household Income for singleton households (i.e. ranged from \$7,800 to \$31,200 with effect from 1 April 2024). For Level 7 users, there is no limit on their monthly income.*

Figure 2

Co-payment percentage of voucher value



Source: SWD records

Number of RCSVs

1.8 The maximum number of RCSVs that can be provided for utilisation at any one time (hereinafter referred to as RCSV quota) has increased over the years, as follows:

- (a) as announced in the 2017 Policy Address, the Government would implement the Pilot Scheme on RCSV, under which a total of 3,000 RCSVs would be issued from 2017 to 2019. The Pilot Scheme was implemented in March 2017 with a total of 3,000 RCSVs to be issued by batches from 2017;
- (b) as announced in the 2022-23 Budget, the Pilot Scheme would be regularised and the number of RCSVs would be increased from 3,000 to 4,000 starting from 2022-23. Starting from April 2022, the number of RCSVs increased to 4,000; and
- (c) as announced in the 2023 Policy Address, starting from the second quarter of 2024, the Government would expand the coverage of the voucher from C&A places to NH places, and provide 1,000 more vouchers, so that more eligible elderly persons could be admitted to participating RCHEs without waiting. With effect from 11 June 2024, the number of RCSVs has increased to 5,000.

Voucher value and subsidies

- 1.9 ***Voucher services subsidy.*** The voucher value of RCSV for:
- (a) a C&A place is pegged to the monthly cost of an EA1 place under the Enhanced Bought Place Scheme (EBPS — Note 10). With effect from 1 April 2024, the voucher value for a C&A place is \$16,435 per month (Note 11); and
 - (b) an NH place is referencing to the monthly cost of a place under the Nursing Home Place Purchase Scheme (Note 12). With effect from 11 June 2024 (when the coverage of the voucher has expanded to NH places), the voucher value for a NH place is \$21,232 per month.
- 1.10 RSPs can charge monthly home fees for voucher services according to individual elderly homes' actual monthly home fees with the voucher value of RCSV as a ceiling price. In addition to voucher services subsidy, SWD disburses the following subsidies to RSPs for voucher holders:
- (a) ***Special supplement subsidy.*** To provide support for RSPs to cater for the care needs of voucher holders with deteriorating health condition, RSPs are granted an additional monthly subsidy, namely special supplement subsidy, for each voucher holder of C&A place being admitted into the RSPs' care. With effect from 1 April 2024, the special supplement subsidy for each voucher holder is \$1,956 per month; and

Note 10: *SWD has implemented EBPS since 1998 to increase the supply of subsidised C&A places and to upgrade the service level of private RCHes through enhanced standards in staffing ratio and area of floor space per resident. There are two categories of EBPS places, namely EA1 and EA2 places, with the former of higher quality in terms of space and staffing.*

Note 11: *According to SWD, starting from 2025-26, the annual adjustment of voucher services subsidy of a C&A place will be subject to the monthly average Composite Consumer Price Indices in respect of 12 months of the previous year, instead of pegging to the monthly cost of an EA1 place under EBPS.*

Note 12: *SWD has implemented the Nursing Home Place Purchase Scheme since 2010 to purchase NH places from self-financing nursing homes operated by non-governmental and non-profit-making organisations in order to increase the provision of NH places.*

Introduction

- (b) **Care supplement subsidy.** If voucher holders at co-payment Level 0 are certified by medical practitioners at the public hospitals or clinics (i.e. public doctors) as having medical needs, SWD will disburse care supplement subsidy to the RSPs the voucher holders reside in to pay for charges on items such as diapers, special diets and medical consumables. With effect from 1 April 2024, the care supplement subsidy for each item ranges from \$200 per year to \$1,500 per month (Note 13).

1.11 Since the launch of the Pilot Scheme on RCSV in March 2017 and up to 2023-24, the total amount of RCSV subsidies (including voucher services subsidy, special supplement subsidy and care supplement subsidy) was about \$2,424.4 million (see Table 1).

Table 1
RCSV subsidies
(2017-18 to 2023-24)

Year	Amount of RCSV subsidies (\$ million)
2017-18 (Note)	15.2
2018-19	92.6
2019-20	244.1
2020-21	373.3
2021-22	483.6
2022-23	465.2
2023-24	750.4
Total	2,424.4

Source: SWD records

Note: The Pilot Scheme on RCSV was launched in March 2017.

Note 13: With effect from 1 April 2024, the care supplement subsidy for: (a) special diet (higher rate) and special diet (lower rate) is \$1,310 and \$690 per month respectively; (b) diapers (including panty-shape diapers and diaper insert pads) is \$1,500 per month; (c) medical consumable items is \$1,000 per month; and (d) annual medical examination is \$200 per year.

RSPs and services

1.12 Under RCSV Scheme, RSPs must be providing non-subsidised places and have to meet the requirements specified by SWD on space, staffing and track record (see para. 3.2). As of March 2024, there were 203 RSPs, comprising 2 subvented homes (Note 14), 38 contract homes (Note 15), 8 self-financing homes (Note 16), 139 EA1 private homes under EBPS and 16 private homes (non-EBPS).

1.13 RSPs provide individual voucher holders with a “standard service package” covered by the voucher value of RCSV (see Figure 3). Voucher holders may purchase additional services (such as single/double-room dormitory, additional physiotherapy/occupational therapy sessions and acupuncture) from RSPs with a top-up payment of up to 150% of the prevailing voucher value (i.e. \$24,652.5 per month for a C&A place with effect from 1 April 2024 and \$31,848 per month for an NH place with effect from 11 June 2024).

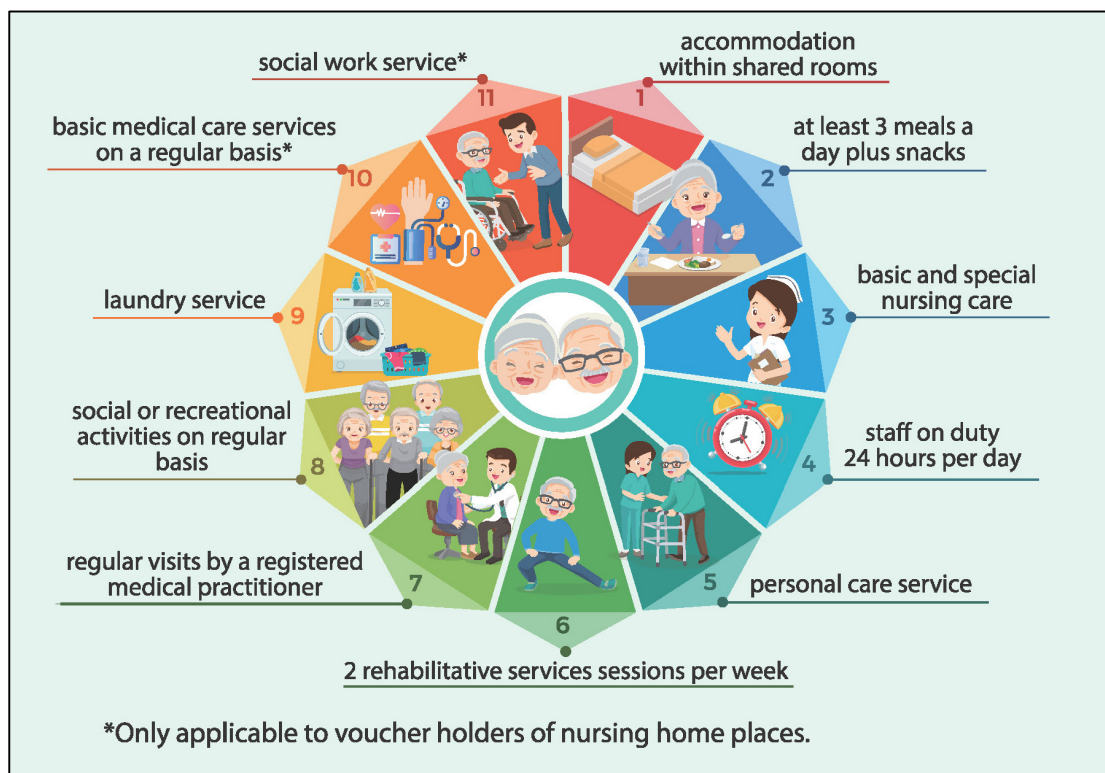
Note 14: *Subvented homes are RCHEs operated by NGOs receiving SWD subvention under the Lump Sum Grant Subvention System. Under the Lump Sum Grant Subvention System, recurrent subvention is allocated on an NGO basis with grants in a lump sum for operating subvented services. NGO may flexibly deploy the subvention resources to achieve the service output and outcome required, subject to the compliance with the relevant rules of subvention. SWD assesses the performance of the subvented service units based on the Funding and Service Agreements in respect of the subvented services.*

Note 15: *Contract homes are Government-developed RCHEs operated by NGOs and private organisations selected through competitive bidding. SWD monitors operators’ service performance through service contracts.*

Note 16: *Self-financing homes are non-profit-making RCHEs run by NGOs which have not received Government subvention to support their operations.*

Figure 3

Standard service package covered by voucher value of RCSV



Source: SWD records

1.14 To ensure the service quality of RSPs, SWD has established a monitoring mechanism under which it visits RSPs, conducts unannounced checks, audits their records and investigates complaints against RSPs. In addition, RSPs are required to meet requirements of the Service Quality Standards (SQSs) (Note 17) and participate in SWD’s Service Quality Group (SQG) Scheme, where SQG members, comprising mostly community stakeholders, pay regular visits to these RCHEs to assess their facilities and services provision, and receive and collect views from staff, residents and/or relatives during the visits.

Note 17: There are 16 SQSs covering four principles, namely: (a) clearly define the purpose and objectives of the service and make its mode of delivery transparent to the public; (b) manage resources effectively with flexibility, innovation and continuous quality improvement; (c) identify and respond to service users’ specific needs; and (d) respect the rights of service users. For each of the 16 SQSs, there is a set of criteria elaborating the requirements of SQSs.

Elderly Information Website and information systems

1.15 ***Elderly Information Website.*** SWD launched the Elderly Information Website in February 2017 to enhance the transparency of information on long term care services for the elderly. The website offers, among others, one-stop licensing and service information on all RCHEs licensed under the Residential Care Homes (Elderly Persons) Ordinance, including information about RSPs under RCSV Scheme. The types of information provided on the website include licences, services, fees, staffing and facilities of RCHEs.

1.16 SWD has developed the following information systems for RCSV Scheme:

- (a) ***Residential Care Service Voucher System (RCSVS).*** RCSVS is developed for processing applications and payments, and monitoring of RCSV. The information is stored in a centralised database to allow concurrent access and facilitate searching, analysis for operations and management support by SWD staff; and
- (b) ***Voucher Information System for the Elderly (VISE).*** SWD launched VISE, a web portal system for RCSV Scheme and Community Care Service Voucher Scheme for the Elderly, in July 2023. For RCSV Scheme, VISE facilitates RSPs' handling of admission or discharge cases of elderly persons, updating of residential place vacancies, making applications for amending residential place information and reimbursement of government subsidies. Elderly persons holding RCSVs and their family members may check the usage status of RCSVs on the system. Eligible elderly persons or their family members may submit RCSV applications through the system.

Responsible branches/offices/sections

1.17 The Elderly Branch of SWD is responsible for the planning and development of elderly services. The Residential Care Service Voucher Office (RCSVO) under the Elderly Branch is responsible for the administration of RCSV Scheme. According to SWD, as at 31 March 2024, 33 staff were involved in the administration of RCSV Scheme. In 2023-24, the total administrative expenditure was about \$33.7 million.

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1.18 Various branches/offices/sections of SWD are also involved in, among other duties, the work relating to RCSV Scheme, including the Licensing Office of Residential Care Homes for the Elderly (LORCHE) under the Licensing and Regulation Branch (responsible for providing comments on space, staffing and track records of RCHEs in processing of RSP applications, and conducting regular inspections to RSPs specifically for RCSV Scheme (hereinafter referred to as inspections unless otherwise specified)), the Contract Management Section (CMS) under the Elderly Branch (responsible for providing comments on track records of RCHEs which are contract homes in processing of RSP applications), and the Residential Care Services Section (RCSS) under the Elderly Branch (responsible for coordinating SQG Scheme with support from 11 District Social Welfare Offices (DSWOs)). An extract of the organisation chart of SWD (as at 31 March 2024) is at Appendix A.

Audit review

1.19 In May 2024, the Audit Commission (Audit) commenced a review to examine RCSV Scheme. The audit review has focused on the following areas:

- (a) administration of RCSVs (PART 2);
- (b) monitoring of RSPs (PART 3); and
- (c) other related issues (PART 4).

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

Acknowledgement

1.20 Audit would like to acknowledge with gratitude the full cooperation of the staff of SWD during the course of the audit review.

PART 2: ADMINISTRATION OF RESIDENTIAL CARE SERVICE VOUCHERS FOR THE ELDERLY

2.1 This PART examines the administration of RCSVs, focusing on the following areas:

- (a) processing of applications and utilisation (paras. 2.2 to 2.22); and
- (b) monitoring of fees and subsidy reimbursement (paras. 2.23 to 2.52).

Processing of applications and utilisation

2.2 At present, all elderly persons who have been assessed and recommended for residential care services under SCNAMES and are waitlisted for C&A places or NH places on CWL for subsidised long term care services are eligible to apply for RCSVs. According to SWD:

- (a) when the Pilot Scheme on RCSV was launched in 2017, eligible elderly persons were invited to join the Scheme according to the order of their applications for C&A places on CWL for subsidised long term care services. Starting from 22 August 2022, SWD has accepted applications for RCSVs from all elderly persons waitlisted for C&A places on CWL;
- (b) starting from 11 June 2024, SWD has also accepted applications from all elderly persons waitlisted for NH places on CWL; and
- (c) invitation letters for joining RCSV Scheme were issued to elderly persons on the aforementioned waitlists and it would send invitations to elderly persons added to the waitlists on a regular basis (i.e. once every two weeks).

2.3 In March 2017 (i.e. launch of the Pilot Scheme on RCSV), 318 RCSV applications were received by SWD. During the period from 2017-18 to 2023-24, the annual number of RCSV applications ranged from 1,347 to 3,408 (averaging 1,906).

Administration of residential care service vouchers for the elderly

2.4 During the period from March 2017 to March 2024, a total of 7,110 RCSVs were issued. As of March 2024, of the 7,110 RCSVs issued, 3,110 (44%) RCSVs were cancelled (Note 18) and 4,000 (56%) RCSVs remained valid.

Need to keep under review utilisation situation of RCSVs

2.5 When the Pilot Scheme on RCSV was launched, the RCSV quota (see para. 1.8) was 3,000 and the RCSVs were issued by batches. From April 2022 to 10 June 2024, the RCSV quota was increased to 4,000. Starting from 11 June 2024, the RCSV quota was further increased to 5,000. Table 2 shows the utilisation of RCSVs as at 31 March in the years from 2020 to 2024, and 31 May and 30 June 2024.

Table 2
Utilisation of RCSVs
(31 March 2020 to 30 June 2024)

Date	RCSV quota (a) (No.)	RCSV holders (Note 1) (b) (No.)	Percentage of RCSV holders to RCSV quota $(c) = \frac{(b)}{(a)} \times 100\%$ (%)	RCSV users (Note 2) (d) (No.)	Percentage of RCSV users to RCSV holders $(e) = \frac{(d)}{(b)} \times 100\%$ (%)	Percentage of RCSV users to RCSV quota $(f) = \frac{(d)}{(a)} \times 100\%$ (%)
31 March 2020	3,000	1,577	53%	1,461	93%	49%
31 March 2021	3,000	2,049	68%	1,924	94%	64%
31 March 2022	3,000	2,153	72%	2,015	94%	67%
31 March 2023	4,000	2,883	72%	2,621	91%	66%
31 March 2024	4,000	4,000	100%	3,738	93%	93%
31 May 2024	4,000	4,182	105%	3,881	93%	97%
30 June 2024	5,000	4,271	85%	3,998	94%	80%

Source: Audit analysis of SWD records

Note 1: RCSV holders refers to voucher holders holding valid RCSVs on the reported date.

Note 2: RCSV users refers to voucher holders using valid RCSVs on the reported date.

Note 18: According to SWD, for the 3,110 RCSVs cancelled, the reasons for the elderly persons leaving RCSV Scheme included deceased (2,258 or 73%), having no immediate need for residential care services (e.g. being taken care of by family members or domestic helpers) (404 or 13%), the preferred RSPs were full or no suitable RSPs (185 or 6%) and other reasons (e.g. chose to wait for subsidised residential care places) (263 or 8%).

Administration of residential care service vouchers for the elderly

2.6 Audit noted that:

- (a) the percentage of RCSV holders increased from about 53% as at 31 March 2020 to about 72% as at 31 March 2023, and reached 100% as at 31 March 2024. As at 31 March during the years from 2020 to 2024, about 91% to 94% of RCSV holders were using RCSVs (Note 19);
- (b) as at 31 May 2024, the number of RCSV holders was 4,182 (i.e. about 105% of RCSV quota of 4,000). The number of RCSV users was 3,881 (i.e. about 93% of RCSV holders and about 97% of RCSV quota); and
- (c) as at 30 June 2024, RCSV quota increased to 5,000 and the numbers of RCSV holders and users were 4,271 (i.e. about 85% of RCSV quota) and 3,998 (i.e. about 94% of RCSV holders and about 80% of RCSV quota) respectively.

2.7 Upon enquiry, SWD informed Audit in August and October 2024 that:

- (a) the utilisation of RCSVs was affected by various factors whereas it had been improving since the launch of the Scheme in March 2017. Specifically:
 - (i) the number of new applications and the number of new voucher holders/users had been seriously affected by the coronavirus disease (COVID-19) epidemic, in particular in 2020-21 and 2021-22. A considerable number of RCSV holders left the Scheme during the period, with 60% to 70% of them due to death; and
 - (ii) SWD continued to promote the Scheme (e.g. organising briefing sessions and attending media interviews) to raise awareness of the Scheme among elderly persons and their family members. As a result, the number of elderly persons holding RCSVs increased continuously to 4,000 as at end March 2024;

Note 19: *According to SWD, for the elderly persons holding RCSVs but yet to use the vouchers, they were mainly in the process of selecting suitable RSPs.*

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- (b) it had put in place measures in both the financial control and monitoring of the use of RCSVs. RCSVO prepared monthly statistics on RCSV utilisation for projection of required provision and submitted such statistics to SWD senior management monthly for information, processed monthly claims for reimbursement from RSPs and thus had a full picture and updated records on RCSV Scheme's spending situation, and reported regularly to the Finance Branch of SWD on the spending position and estimates; and
- (c) the issuance of vouchers was capped by resource provision instead of quota and unused vouchers would not waste public money. The expenditures on voucher services subsidies had all along been within financial provisions. Notwithstanding that the number of RCSVs issued was 4,182 as of May 2024 (i.e. outnumbering the quota), since the number of RCSV users was 3,881 (i.e. below the quota), additional vouchers were issued to benefit more elderly persons. SWD assured that it had sufficient provisions to subsidise all of the voucher holders to use vouchers taking into account the additional recurrent resources for additional 1,000 RCSVs to be provided in June 2024, and the two-month lead time in RSPs' claims for reimbursements.

2.8 The timing of utilisation of RCSVs is dependent on the voucher holders. As long as the number of RCSVs issued is more than the quota, if all RCSV holders use the vouchers, there is a possibility that the resources provided for RCSVs may be exceeded. In Audit's view, SWD needs to keep under review the utilisation of RCSVs and make continued efforts to ensure that they are effectively utilised.

Need to improve timeliness in processing RCSV applications

2.9 According to SWD guidelines, upon receipt of RCSV applications, SWD staff will process the applications according to the order in which they are received. SWD staff will reach out to the applicants to provide service briefings on RCSV Scheme by phone. After providing the service briefings, SWD staff will check whether the results of SCNAMES assessments (see para. 1.3) are still valid (Note 20) as at the date of applications and conduct financial assessments for the applicants. After completing the assessments, SWD will inform applicants of the financial

Note 20: *The SCNAMES assessment results are valid for 12 months.*

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assessment results and issue vouchers to applicants meeting the eligibility requirements and giving consent to SWD.

2.10 Upon enquiry, SWD informed Audit in July 2024 that there was no specified timeframe for completing the processing of RCSV applications. For the 5,704 applications received in 2022-23 and 2023-24, Audit noted that as at 31 March 2024:

- (a) the processing of 3,179 (56%) applications was completed with RCSVs issued. The time lapse between the application dates and issuance dates of RCSVs (Note 21) ranged from the same day to about 7 months (with an average of about 43 days and a median of 37 days);
- (b) 330 (6%) applications were under processing. The time lapse between the application dates and 31 March 2024 ranged from 3 days to about 5 months (with an average of about 26 days and a median of 20 days); and
- (c) the processing of 2,195 (38%) applications was completed without issuance of RCSVs, including 1,882 (86%) withdrawn applications (Note 22), 94 (4%) rejected applications, and the applicants of 219 (10%) applications passed away. For the 2,195 applications, the time lapse between application dates and the processing completion dates ranged from the same day to about 9 months (with an average of about 39 days and a median of 28 days).

2.11 Audit further examined the records of the 5 completed applications with the longest processing time (see para. 2.10(a)) and the 5 applications which were under processing for the longest time as at 31 March 2024 (see para. 2.10(b)) and noted the following:

Note 21: *According to SWD, RCSVs will be issued upon approval of the applications.*

Note 22: *According to SWD, the reasons for withdrawal for the 1,882 applications included having no immediate need for residential care services (e.g. being taken care of by family members or domestic helpers) (856 or 45%), being or would be assigned subsidised residential care places (411 or 22%) and other reasons (e.g. refusal to accept co-payment level) (615 or 33%).*

Administration of residential care service vouchers for the elderly

- (a) ***Need to improve timeliness in providing service briefings.*** Audit examined the records of the 10 applications and found that the service briefings for 9 applications were provided as of July 2024. The time lapse between application dates and dates of service briefings ranged from 7 days to about 6 months (with an average of about 46 days and a median of 34 days). Audit further examination revealed that:
- (i) the time lapse between the application dates and the dates of first attempt at contacting the applicants ranged from 7 to 42 days (with an average of 20 days and a median of 11 days); and
 - (ii) for 7 (78%) applicants who could not be reached in the first attempt of contact, SWD followed up with the applicants 23 times in total, and the time lapse between each follow-up ranged from 1 to 51 days (with an average of about 10 days and a median of 6 days).

Audit also noted that the timeframe for providing the service briefings on RCSV Scheme to applicants (e.g. timeframe for making the first contacts and subsequent follow-ups) was not specified in SWD guidelines;

- (b) ***Need to improve timeliness in obtaining SCNAMES assessment results.*** According to SWD guidelines, SWD staff was required to contact the responsible workers to obtain the valid SCNAMES assessment results within 7 working days upon completion of service briefings. However, the dates of service briefings and the dates of first contacts with the responsible workers were not readily available. Audit examined the records of the 10 applications and found that as of July 2024, the SCNAMES assessment results for 7 applications had been received. For the 7 applications, the time lapse between the dates of service briefings and receipt dates of SCNAMES assessment results ranged from 1 to 125 working days (with an average of about 56 working days and a median of 65 working days). Audit further examination revealed that:
- (i) for 1 (14%) application, SWD took 10 working days to make the first attempt to contact the responsible worker (i.e. 3 working days later than the requirement); and
 - (ii) for 5 (71%) applications of which the SCNAMES assessment results could not be obtained at the first attempt, SWD followed up with

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the responsible workers 12 times in total, and the time lapse between each follow-up ranged from 3 to 90 working days (with an average of about 28 working days and a median of about 22 working days).

Audit also noted that the timeframe for obtaining SCNAMES assessment results (e.g. time interval between each follow-up) was not specified in SWD guidelines; and

- (c) ***Need to document justifications for not meeting timeframe for conducting financial assessments.*** According to SWD guidelines, the cases of RCSV applications would be passed to SWD responsible staff for conducting financial assessments within 7 working days upon completion of service briefings, and under normal circumstances and if all the necessary information was provided, the financial assessments could be completed within 4 weeks. However, the start dates of financial assessments were not readily available. Audit examined the records of the 10 applications and found that as of July 2024, the financial assessments for 8 applications had been completed. For 1 (13%) of the 8 applications:
- (i) the case was only passed to the responsible staff for conducting financial assessment 9 working days after the service briefing (i.e. 2 working days later than the requirement); and
 - (ii) upon enquiry, SWD informed Audit in October 2024 that the family member/voucher applicant of this case decided to join RCSV Scheme only on the 9th working day after the service briefing, the case was referred for financial assessment on the same day.

Audit noted that the reason for the delay in passing the case for conducting financial assessment had not been documented.

2.12 In Audit's view, SWD needs to clearly specify the timeframes for processing RCSV applications in its guidelines, including those for providing service briefings and obtaining SCNAMES assessment results. SWD also needs to take measures to ensure that RCSV applications are processed within the specified timeframes, including enhancing the monitoring of the compliance, and the justifications for not meeting the timeframes are documented.

Scope for improving follow-up actions upon expiry of trial period for RCSVs

2.13 According to SWD guidelines:

- (a) during the six-month trial period, the application status of RCSV holders for subsidised residential care services on CWL will be changed to “inactive” (regardless of whether they have used their vouchers during the trial period). They will not be allocated subsidised residential care places during this period;
- (b) SWD will send notifications on expiry of the trial period to the voucher holders together with reply slips requesting them to reply whether to opt in or out from RCSV Scheme prior to the expiry of the trial period;
- (c) if the voucher holders continue using RCSVs upon expiry of the trial period, they are considered as opting in RCSV Scheme after the trial period (Note 23). Their applications on CWL will be closed; and
- (d) if the voucher holders have not used the voucher services during the trial period, they will be deemed to have opted out of RCSV Scheme upon expiry of the trial period. Their application status on CWL will be re-activated and their original waitlist positions as of the dates of applications will be resumed (Note 24).

2.14 According to SWD, the decisions of voucher holders on whether to opt in or out from RCSV Scheme upon expiry of the trial period will be recorded in RCSVS (see para. 1.16(a)). For voucher holders having opted out from RCSV Scheme, their RCSVs will be cancelled on the dates of recording the opt-out decisions in RCSVS. As at 31 March 2024, for the 7,110 RCSVs issued (see para. 2.4), 5,992 RCSVs were issued for more than 6 months (i.e. issued before 1 October 2023 and passed the trial period), of which 5,276 (88%) RCSVs had been used by the voucher holders

Note 23: *According to SWD, a voucher holder who has once used the voucher services within the trial period can also choose whether to opt in or out from RCSV Scheme after the trial period.*

Note 24: *According to SWD, a voucher holder who has not used voucher services during the trial period can reapply for RCSV with the same waitlist number on CWL if he/she remains eligible in the CWL.*

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(Note 25) and 716 (12%) RCSVs were never used. Audit examined the records of the 5,992 RCSVs and noted the following:

- (a) for 12 (0.2%) RCSVs, while the trial period had expired for 1 day to about 7 months (with an average of about 58 days and a median of 30 days) as at 31 March 2024, the decisions of the voucher holders on whether to opt in or out from RCSV Scheme was not recorded in RCSVS; and
- (b) for 228 (4%) RCSVs with decisions of the voucher holders recorded in RCSVS, the opt-in or opt-out dates were 1 day to about 9 months (with an average of about 14 days and a median of 7 days) after the expiry of the trial period.

2.15 Audit further examined the records of 10 voucher holders with decisions not yet recorded in RCSVS (see para. 2.14(a)) and 10 voucher holders with opt-in or opt-out dates after the expiry of the trial period (see para. 2.14(b)) (Note 26) and noted that:

- (a) *Need to promulgate cessation of measure on extension of trial period.* SWD extended the trial period for 5 (25%) of the 20 voucher holders, with extension periods ranging from 30 to 82 days (with an average of about 47 days and a median of 31 days). For 3 (60%) of the 5 voucher holders, no documentation was available showing the justifications for approving the extensions. Audit also noted that the relevant approval procedures (including approval criteria and authority) were not specified in SWD guidelines. Upon enquiry, SWD informed Audit in October 2024 that:
 - (i) it used to be a measure allowing a longer adjustment time (i.e. normally one more month automatically in RCSVS) for voucher holders who were admitted into RSPs during the last month of the trial period so as to facilitate them to decide whether to opt

Note 25: *For the 5,276 RCSVs, it took 0 to 236 days (averaging about 20 days) for the voucher holders to be admitted to RSPs from the dates of RCSV issuance. According to SWD, there were factors affecting the voucher holders who had not yet entered into the service such as selecting a suitable RSP or waiting for vacancy in the preferred RSP.*

Note 26: *For the 20 voucher holders, 10 had used RCSVs and the other 10 had not.*

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in. Since the number of voucher holders requiring such extension was very limited, upon review, such measure had been cancelled with effect from June 2024. Relevant command (i.e. extension of trial period automatically) in RCSVS had also been cancelled; and

- (ii) it had decided to cease the measure of allowing extension of the trial period and had informed its staff of this decision in an informal meeting held in March 2024.

However, as of September 2024, no documentation was available showing that SWD had formally promulgated the cessation of the measure of allowing extension of the trial period for RCSVs to its staff; and

- (b) ***Need to take timely follow-up actions upon expiry of the trial period for RCSVs.*** Audit noted that, as of July 2024:

- (i) for 8 (40%) of the 20 voucher holders, while their reply slips were not available, the dates of updating their opt-in or opt-out decisions in RCSVS and status on CWL were 33 days to about 9 months (with an average of about 5 months and a median of about 4 months) after the expiry of the trial period (including 6 voucher holders who had not used the RCSVs and their application status on CWL should be re-activated);
- (ii) 12 (60%) of the 20 voucher holders provided the reply slips to SWD, of which 5 (42%) voucher holders only provided the reply slips 16 days to about 3 months (with an average of about 43 days and a median of 37 days) after the expiry of the trial period; and
- (iii) for 9 (75%) of the 12 voucher holders with reply slips (see (ii) above), the dates of updating their decisions in RCSVS and status on CWL were 4 days to about 5 months (with an average of about 57 days and a median of 39 days) after receipt of the reply slips (including 4 voucher holders who had not used the RCSVs and their application status on CWL should be re-activated).

2.16 The decisions of voucher holders on whether to opt in or out from RCSV Scheme upon expiry of the trial period will affect their status on CWL for subsidised

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residential care services. In this regard, SWD guidelines have specified the criteria for determining opt-in or opt-out cases (see para. 2.13(c) and (d)). According to SWD, it had taken into account the receipt of reply slips from the voucher holders in taking follow-up actions, which had not been specified in SWD guidelines, and Audit noted that there was delay in taking the follow-up actions (see paras. 2.14 and 2.15(b)). In Audit's view, SWD needs to:

- (a) enhance its guidelines on follow-up actions upon expiry of the trial period for RCSVs, including specifying the timeframes for the follow-up actions (e.g. following up reply slips and updating RCSVS records);
- (b) formally promulgate the cessation of the measure of allowing extension of the trial period for RCSVs to its staff; and
- (c) take timely follow-up actions upon expiry of the trial period for RCSVs, including following up with voucher holders on their decisions, and updating RCSVS records and status of voucher holders on CWL.

Scope for improving timeliness in cancelling invalid RCSVs

2.17 According to SWD guidelines, for voucher holders who have opted in RCSV Scheme, the RCSVs will become invalid if they are not used for three consecutive months. As at 31 March 2024, there were 4,000 RCSV holders, of which 17 RCSV holders were discharged from RSPs (e.g. deceased or hospitalised) for 92 days to about 2.6 years (with an average of about 1.2 years and a median of about 1.1 years). While the related RCSVs were not used for more than three consecutive months and became invalid, they were not yet cancelled as at 31 March 2024.

2.18 Upon enquiry, SWD informed Audit in August and October 2024 that:

- (a) though the related RCSVs were not yet cancelled, the RSPs concerned could claim for reimbursement of RCSV subsidies only up to the discharge dates of the voucher users; and
- (b) the 17 RCSV holders had been timely discharged and thus, no additional expenditure on government subsidies was incurred.

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2.19 Audit noted that the timeframe for cancelling invalid RCSVs was not specified in SWD guidelines. In Audit's view, SWD needs to specify the relevant timeframe in its guidelines and take measures to ensure compliance.

Management information on monitoring processing of RCSVs not regularly compiled

2.20 Audit noted that management information (e.g. highlights or summaries) for monitoring the processing of RCSVs was not readily available, for example:

- (a) the timeliness in processing RCSV applications (see para. 2.12);
- (b) the timeliness in taking follow-up actions upon expiry of the trial period for RCSVs (see para. 2.16); and
- (c) the timeliness in cancelling invalid RCSVs (see para. 2.19).

In Audit's view, SWD needs to regularly compile the relevant management information for monitoring the processing of RCSVs.

Audit recommendations

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

- (a) **keep under review the utilisation of RCSVs and make continued efforts to ensure that they are effectively utilised;**
- (b) **clearly specify the timeframes for processing RCSV applications in SWD guidelines, including those for providing service briefings and obtaining SCNAMES assessment results;**
- (c) **take measures to ensure that RCSV applications are processed within the specified timeframes, including enhancing the monitoring of the compliance, and the justifications for not meeting the timeframes are documented;**

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- (d) **enhance SWD guidelines on follow-up actions upon expiry of the trial period for RCSVs, including specifying the timeframes for the follow-up actions (e.g. following up reply slips and updating RCSVS records);**
- (e) **formally promulgate the cessation of the measure of allowing extension of the trial period for RCSVs to SWD staff;**
- (f) **take timely follow-up actions upon expiry of the trial period for RCSVs, including following up with the voucher holders on their decisions, and updating RCSVS records and status of voucher holders on CWL;**
- (g) **specify the timeframe for cancelling invalid RCSVs in SWD guidelines and take measures to ensure compliance; and**
- (h) **regularly compile management information for monitoring the processing of RCSVs.**

Response from the Government

2.22 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

- (a) SWD will clearly specify the processing timeframes as recommended in paragraph 2.21(b), (d) and (g);
- (b) SWD will take timely monitoring actions in respect of the audit recommendations in paragraph 2.21(c) and (f);
- (c) regarding the audit recommendation in paragraph 2.21(b), starting from 16 September 2024, the procedures of generating SCNAMES assessment results of RCSV applicants from the Long Term Care Services Delivery System has been streamlined thereby expediting the processing of RCSV applications;
- (d) regarding the audit recommendation in paragraph 2.21(e), SWD reminded all RCSVO staff via email on 3 October 2024 of the cessation of the

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measure of allowing extension of trial period for RCSVs with effect from June 2024; and

- (e) regarding the audit recommendation in paragraph 2.21(h), SWD will explore the possibility of enhancing RCSVS in compiling management information to facilitate the monitoring work.

Monitoring of fees and subsidy reimbursement

2.23 Under RCSV Scheme, a sliding scale of co-payment at eight levels (from Level 0 to Level 7) is adopted (see para. 1.7). Upon receipt of RCSV applications, applicants are subject to individual financial assessments by SWD in order to determine their co-payment levels. Table 3 shows the co-payment level distribution of the 4,000 RCSV holders as at 31 March 2024.

Table 3

**Distribution of RCSV holders by co-payment levels
(31 March 2024)**

	Co-payment level							
	0	1	2	3	4	5	6	7
User co-payment percentage	0%	10%	20%	30%	40%	50%	62.5%	75%
Number of RCSV holders	3,468	370	17	6	2	3	0	134
Percentage of total RCSV holders	86.7%	9.2%	0.4%	0.2%	0.1%	0.1%	0.0%	3.3%

Source: SWD records

2.24 RSPs may charge RCSV holders the following fees:

- (a) **Fees for voucher services.** RSPs can charge monthly home fees for voucher services (covering the standard service package) with the voucher value of RCSV as the ceiling price (see paras. 1.10 and 1.13). SWD

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disburses voucher services subsidy to RSPs and RCSV holders pay for the services according to the co-payment levels;

- (b) ***Fees for additional services.*** RCSV holders may make a top-up payment of up to 150% of the prevailing voucher value to purchase additional services (see para. 1.13); and
- (c) ***Fees for consumable items and incidental charges.*** RCSV holders may pay for consumable items (e.g. diapers, special meals and medical/surgical appliances) and incidental charges items (e.g. transportation and escort services). SWD may subsidise items such as diapers and special diets for eligible RCSV holders at co-payment Level 0 (see para. 1.10(b)).

2.25 RSPs charge fees for elderly persons residing in the residential places (hereinafter referred to as bed fees). For RCSV holders, the bed fees cover:

- (a) the fees for the voucher services; and
- (b) if the beds are located inside an upgraded dormitory and charged at value higher than the voucher value (which are considered as additional services with the top-up amounts paid by the voucher holders), the top-up payment for the upgraded dormitory.

Scope for enhancing guidelines on conducting financial assessment for co-payment arrangement

2.26 According to SWD guidelines, when conducting the income and asset tests of the financial assessment for determining the co-payment level under RCSV Scheme, SWD staff is required to vet the financial documents (e.g. income proof and bank statements) provided by the elderly persons or their family members. In general, the financial assessment result is valid for 6 years and financial review will be conducted prior to the expiry of the financial assessment result (Note 27).

Note 27: *According to SWD guidelines, the timing of financial review may vary for certain cases. For example, for a CSSA recipient with at least 6 months valid CSSA status counting from the date of RCSV application, financial assessment is not required upon application but a financial review will be conducted prior to the expiry date of the CSSA status.*

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2.27 Audit noted that the examination period of the assets and income of RCSV applicants or RCSV holders (for financial review cases) for conducting financial assessments was not specified in SWD guidelines or publicised. Audit examined 10 financial assessments conducted in 2023-24 (i.e. 5 new applications and 5 financial review cases) and noted that SWD had not specified the requirement in its document requests. As such, the periods covered in the supporting financial documents provided by the applicants or RCSV holders varied (ranging from 1 day to about 19 months, with both the average and the median being about 6 months).

2.28 Upon enquiry, SWD informed Audit in October 2024 that it examined the financial conditions of the applicants at time of applications for RCSV. For suspicious cases which had been spotted during the vetting of the application, SWD might require applicants to submit more financial records covering a longer period for further examination. In Audit's view, SWD needs to specify the examination period of the assets and income of applicants or RCSV holders for conducting financial assessments under RCSV Scheme in its guidelines and publicise the related requirement.

Need to enhance monitoring of bed fees

2.29 The voucher value of RCSV is adjusted annually. According to SWD, it will inform RSPs of the value adjustment and RSPs need to reply, including whether their fees for voucher services will be adjusted to follow the updated voucher value and the effective date of the fee change. RSPs are also required to inform SWD of the prices (with breakdown by the voucher value and the amount of the top-up payment) for beds charged at value higher than the voucher value in a separate form (hereinafter referred to as bed fee form). According to SWD:

- (a) whilst RSPs are required to inform SWD of the changes of bed fees and charges, it is not an approval procedure; and
- (b) to protect the best interest of the voucher users who are mainly vulnerable elders with limited financial and social resources, it is SWD's standing practice to scrutinise the submitted lists of changes of bed fees/charges or items and negotiate with the RSPs on prices/items as and when necessary. Those updated fee-charging items and price lists will be uploaded onto the Elderly Information Website by SWD but the price lists shown on the website are for reference only.

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2.30 As of March 2024, for the 203 RSPs, 201 (99%) RSPs provided voucher services for a C&A place at the voucher value (i.e. \$16,161 per month) while the remaining 2 (1%) RSPs provided voucher services at a value equal to or lower than the voucher value (see para. 2.35(b)). In addition, some RSPs charged the same bed fee for RCSV holders regardless of room types (categorised by the number of elderly persons sharing the same room, such as single/double-room dormitory), and charged different room prices for non-subsidised places for non-RCSV holders for different room types (Note 28). Upon enquiry, SWD informed Audit in October 2024 that:

- (a) as long as RSPs could fulfil the accommodation requirement under the standard service package (i.e. accommodation within shared rooms — see Figure 3 to para. 1.13) and charged fees for the voucher services with the voucher value of RCSV as a ceiling price, they could decide which types of rooms could be offered for RCSV holders. The private RCHE operators could set their own bed prices and determine whether other service fees or miscellaneous charges should be included for non-RCSV holders. That said, they should strictly adhere to guidelines and requirements stipulated in the prevailing Code of Practice for Residential Care Homes (Elderly Persons) on handling fees and charges of RCHEs; and
- (b) from the perspective of RCSV holders, they were free to choose which RSP and which type of dormitory that best suited their needs while they would pay according to the co-payment level of a standard voucher value.

2.31 For the voucher value adjustment in 2024, Audit examined the records of 15 RSPs and noted the following:

Note 28: *For example, according to SWD records as of June 2024, for an RSP, the room prices of non-subsidised places for non-RCSV holders for single room, double room and 3- to 4-person room were \$16,000, \$11,000 and \$10,765 respectively (for the single room with different prices, the highest price was quoted in this example), and the bed fee for RCSV holders was charged at the voucher value (i.e. \$16,435) regardless of the room types (for the single room with different fees, the lowest fee was quoted in this example).*

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- (a) *Need to timely inform RSPs of voucher value adjustment.* The voucher value of a C&A place was increased to \$16,435 per month with effect from 1 April 2024 (Note 29). However, SWD only informed RSPs on:
- (i) 27 March 2024 (i.e. 5 days prior to the effective date) that the voucher value would be updated with effect from 1 April 2024 and requested RSPs to reply whether their fees for voucher services would be adjusted accordingly by 12 April 2024; and
 - (ii) 10 April 2024 (i.e. 9 days after the effective date) that if RSPs charged any bed fee at value higher than the voucher value, they would need to submit bed fee forms by 19 April 2024; and
- (b) *Late or no replies from some RSPs for voucher value adjustment.* Regarding the voucher value adjustment effective from 1 April 2024 (see (a) above), for the 15 RSPs, Audit found that:
- (i) 4 (27%) RSPs had provided reply slips to SWD on time indicating that their fees for voucher services would be adjusted accordingly, and the reply slips for the remaining 11 (73%) RSPs were not available as of August 2024;
 - (ii) 14 RSPs charged bed fees at value higher than the voucher value, of which the updated bed fee forms for 7 (50%) RSPs were not available as of August 2024. For the remaining 7 (50%) RSPs which had submitted updated bed fee forms, the replies from 6 (86%) RSPs were late by 70 to 112 days (with an average of about 83 days and a median of 80 days). The updated forms for only 3 (43%) of the 7 RSPs were available on the Elderly Information Website as of August 2024 (see also para. 4.22); and
 - (iii) while the documentation for scrutinising the fees by SWD was not available as of August 2024, according to the records for reimbursement of RCSV subsidies, all 15 RSPs were reimbursed

Note 29: *The voucher value of a C&A place was pegged to the monthly cost of an EAI place under EBPS, for which the updated cost effective from 1 April 2024 was approved by SWD on 23 February 2024.*

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with the voucher services subsidy based on the updated voucher value since April 2024.

2.32 While it was SWD's standing practice to scrutinise the submitted lists of changes of bed fees/charges or items (see para. 2.29(b)), such practice was not specified in SWD guidelines. In Audit's view, SWD needs to:

- (a) specify in its guidelines the mechanism (including the timeframes) on scrutiny of RSPs' bed fees;
- (b) inform RSPs of voucher value adjustment of RCSV and request RSPs to submit bed fee forms in a timely manner;
- (c) take measures to ensure that RSPs submit such forms before the effective dates of the updated fees; and
- (d) enhance scrutiny of RSPs' bed fees, including maintaining proper scrutiny records and, for annual voucher value adjustment, disbursing adjusted voucher services subsidy after receiving RSPs' replies (including the related bed fee forms, if any, for scrutiny).

Need to enhance monitoring of add-on service fees

2.33 According to SWD, when the Pilot Scheme on RCSV was launched in March 2017, RSPs were required to provide voucher services at the prevailing voucher value. If the monthly home fees of RSPs were lower than the voucher value, the RSPs were required to provide add-on services for the differences (i.e. the voucher services subsidy covered the standard service package and add-on services). In December 2017, SWD commissioned an evaluation study by a tertiary institution to assess the effectiveness of the Scheme (including the fixed voucher value arrangement). According to the final study report of April 2020:

- (a) besides allowing flexibility for RSPs to provide residential care services at above voucher value with top-up services, flexibility could be allowed for RSPs to accept vouchers at a value below the prevailing ceiling. Having a ceiling on voucher value instead of assigning a fixed value was worth consideration as some RSPs could offer the standard service package to

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RCSV users at fees below the stipulated voucher value, particularly in the cases of contract homes where charges of their non-subsidised places were bound by their contracts with SWD; and

- (b) the fixed voucher value might limit the incentive of some eligible RCHes to join as RSPs in order to avoid providing add-on services to bridge the gap between voucher value and the actual home fee, otherwise, users might consider them marking up the cost without significant improvement of service quality.

From August 2020 onwards, RSPs can charge monthly home fees for voucher services according to individual homes' actual monthly home fees with the voucher value as a ceiling price.

2.34 SWD has awarded service contracts through open tenders for the operation of contract homes (see Note 15 to para. 1.12), and their monthly home fees are bound by the contracts (Note 30). If the contract homes charge voucher services at a fee higher than their monthly home fees with the voucher value as a ceiling price, they need to provide add-on services (see para. 2.33).

2.35 As of March 2024, for the 203 RSPs, other than contract homes, all the 165 RSPs indicated that their monthly home fees for RCSV holders were at least at the voucher value (i.e. \$16,161) without the provision of add-on services. For the 38 contract homes, the monthly home fees of 29 (76%) contract homes were lower than the voucher value and they provided add-on services at fees ranging from \$29 to \$9,042 (averaging about \$4,536) (see Table 4 for examples). Taking both standard service package and add-on services into account, of the 29 contract homes:

- (a) 27 contract homes provided voucher services at the voucher value (i.e. \$16,161 per month) for all room types; and

Note 30: *The services provided under the monthly home fees of contract homes are similar to those provided under the standard service package of RCSV. The premises of contract homes are usually leased to the operators of the contract homes by the Government at a nominal rent of \$1 per annum if demanded.*

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- (b) 2 contract homes provided voucher services at a value equal to or lower than the voucher value (i.e. ranging from \$13,715 to \$16,161 per month) for different room types.

The add-on services were included in the voucher service fees for RCSV holders regardless of whether the voucher holders chose to receive the services or not.

Table 4

**Fees of contract homes
(March 2024)**

RSP and room type	Monthly home fee per contract (a) (\$)	Fee for add-on services (b) (\$)	Voucher service fee for RCSV holder (c) = (a) + (b) (\$)
<i>RSP A</i>			
6-person room	7,119	9,042	16,161
<i>RSP B</i>			
4- to 6-person room	7,190	8,971	16,161
<i>RSP C</i>			
5-person room	7,500	8,661	16,161
6-person room	7,200	8,961	16,161

Source: Audit analysis of SWD records

2.36 ***Need to review add-on service fees for contract homes.*** Audit examined add-on service fees charged by 10 contract homes (with the highest fees for add-on services as of March 2024). For the 10 contract homes, the add-on services included additional physiotherapy/occupational therapy sessions, special meals and escort services. For example, for the contract home which provided the highest value of add-on services (RSP A):

- (a) RCSV holders were asked to select from a combination of 8 types of add-on services, ranging from \$100 (escort service for one hour) to \$600

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(rehabilitation training for 30 minutes), with a total value up to \$9,042 (about 127% of the monthly home fee of \$7,119); and

- (b) the add-on services of \$9,042 was fully or partly subsidised by the Government (depending on the co-payment levels of voucher holders). While RCSV holders could choose not to receive the add-on services, they did not have the option of not paying for the services (for voucher holders at co-payment Levels 1 to 7).

2.37 Audit noted that:

- (a) under RCSV Scheme, voucher holders might make a top-up payment of up to 150% of the prevailing voucher value to purchase additional services (e.g. additional physiotherapy/occupational therapy sessions). In addition, voucher holders might pay for consumable items (e.g. special meals) and incidental charges items (e.g. escort services);
- (b) the add-on services provided by contract homes (see para. 2.36) were similar to the additional services, consumable items and incidental charges items provided by the other types of RSPs (see (a) above); and
- (c) contrary to the normal practice in which these charges were paid by voucher holders (who were given the option to buy these items/services at their discretion), the add-on services provided by contract homes were fully or partly subsidised by the Government (depending on the co-payment levels of voucher holders) regardless of the preference of voucher holders.

In Audit's view, SWD needs to review the practice of subsidising add-on services for RCSV holders residing in contract homes.

2.38 *Need to enhance scrutiny of add-on service fees.* According to SWD:

- (a) contract homes are required to submit a form for add-on services to provide details of the services (including the value of add-on services and a list showing the types and prices of the services available — hereinafter referred to as add-on service form) annually, including any changes of fees/charges arising from the annual adjustment of voucher value (as the values of add-on

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services normally represent the differences between the prevailing voucher value and the monthly home fees); and

- (b) to protect the best interest of the voucher users, albeit not an approval procedure, it is SWD's standing practice to scrutinise the submitted lists of changes of fees/charges or items and negotiate with the RSPs on prices/items as and when necessary.

2.39 For the 10 contract homes (see para. 2.36), Audit examined the fee records and noted that:

- (a) ***Large variation in price levels for some similar add-on services among contract homes.*** For 9 contract homes, they provided physiotherapy sessions and occupational therapy sessions as add-on services (i.e. the most common add-on services). For a one-hour session of both physiotherapy and occupational therapy, the fees charged by the 9 contract homes ranged from \$600 to \$2,000 (averaging about \$1,159). According to SWD, it would scrutinise all submitted price lists. Despite the large variations, no documentation was available showing that SWD had enquired the contract homes about the differentiation of the add-on services as of August 2024; and
- (b) ***Incorrect fees for add-on services charged by a contract home.*** For 1 contract home (RSP C), from May 2022 to May 2024, the values of add-on services were incorrectly calculated, resulting in an under-provision of add-on services to RCSV holders residing in the RSP (Note 31). In May 2024, in response to SWD's enquiry, RSP C informed SWD that it would provide additional physiotherapy and occupational therapy to the three RCSV holders involved in the coming few months to make up for the under-provision (the amount involved ranged from \$3,600 to \$15,000 for each voucher holder). SWD agreed with RSP C's arrangement. Audit noted that the arrangement for handling incorrect fees charged for add-on services was not specified in SWD guidelines, and the fees and items stated in RSP C's form for an RCSV holder to select the add-on services were

Note 31: *For the period from May 2022 to May 2024, while the applicable monthly home fee for RSP C was \$7,200 for residing in a 6-person room, \$7,800 was used to calculate the value of add-on services, resulting in an under-provision of \$600 (\$7,800 – \$7,200) per month for the add-on services.*

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different from those stated in the add-on service form submitted to SWD (Note 32).

2.40 Upon enquiry, SWD informed Audit in October 2024 that:

- (a) it already had measures in place to ensure that RSPs charged RCSV holders for add-on services in accordance with the add-on service forms. RCSVO would check the provision records of add-on services during service monitoring visits of RSPs; and
- (b) as a usual practice, SWD would advise the concerned RSP to discuss with the affected RCSV user/relative about the compensation proposal if under-provision of add-on services was identified. If the voucher user/relative agreed to the RSP's compensation proposal, the RSP should arrange the compensated services to the voucher user according to the agreed schedule and provide relevant records to RCSVO for checking. If no compensation plan could ultimately be agreed or the provision of compensatory additional services was not feasible due to some reasons (e.g. discharge or death of the voucher user concerned), the RSP would be asked to arrange refunds to the Government and/or the voucher user/relative as appropriate.

2.41 While SWD had standing practices in scrutinising the submitted lists of changes of fees/charges or items (see para. 2.38(b)) and in handling incorrect fee charged cases (see para. 2.40(b)), such practices were not specified in SWD guidelines.

2.42 *Need to timely request RSPs to submit add-on service forms and follow up replies.* Audit examined the records for add-on services of the 10 contract homes (see para. 2.36). For the adjustment of voucher value effective from 1 April 2024, Audit noted that:

Note 32: *For example, for personal reality-oriented training provided by RSP C, the fees stated in the add-on service form to SWD were \$400 and \$800 for training of 30 minutes and 60 minutes respectively. However, in RSP C's form to the voucher holder for selecting add-on services, the fee was \$1,000 per session without mentioning the duration of the training.*

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- (a) SWD only sent the add-on service forms to contract homes on 10 April 2024 (i.e. 9 days after the effective date of voucher value adjustment) without setting a deadline for reply;
- (b) as of August 2024, 8 (80%) of the 10 contract homes had provided updated add-on service forms and the forms for the remaining 2 (20%) contract homes were not available; and
- (c) while documentation for scrutinising the fees by SWD was not available as of August 2024, according to the records for reimbursement of RCSV subsidies, all 10 contract homes were reimbursed with the voucher services subsidy (covering add-on services) based on the updated voucher value since April 2024.

2.43 In Audit's view, SWD needs to:

- (a) specify in its guidelines the mechanism (including the timeframes) on scrutiny of add-on service fees and arrangement for handling incorrect fee charged cases;
- (b) enhance scrutiny of RSPs' add-on service fees, including:
 - (i) maintaining proper scrutiny records;
 - (ii) for annual voucher value adjustment, disbursing adjusted voucher services subsidy after receiving RSPs' related add-on service forms, if any, for scrutiny;
 - (iii) for large variation in price levels on similar items, documenting the liaison with the RSPs about the differentiation in services as appropriate; and
 - (iv) enhancing the checking of monthly home fees of contract homes on add-on service forms for accuracy;
- (c) take further measures to ensure that RSPs charge RCSV holders for add-on services in accordance with the add-on service forms; and

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- (d) request RSPs to submit add-on service forms in a timely manner and take measures to ensure that RSPs submit such forms before the effective dates of the updated fees.

Need to enhance monitoring of fees for additional services and consumable items and incidental charges

2.44 Under RCSV Scheme, RSPs may charge fees for the additional services and consumable items and incidental charges (see para. 2.24(b) and (c)):

- (a) according to the service agreements signed between RSPs and SWD for RCSV Scheme, fees for consumable items and incidental charges shall be charged on a cost-recovery basis which shall not include administrative fee. For any change in fees and charges, RSPs should inform SWD, voucher holders and their family members in writing at least 30 days in advance of the effective date of implementation; and
- (b) according to the Notes to RSPs, RSPs should inform SWD of any changes of fees and charges in writing. SWD will upload the updated fee-charging items and price lists to the Elderly Information Website after examination (see para. 2.29(b)).

2.45 For additional services (excluding the top-up payment for upgraded dormitory which is reported in a bed fee form — see para. 2.29), consumable items and incidental charges, RSPs need to submit forms on the fee-charging items and price lists (hereinafter referred to as fee-charging forms) to SWD upon application for joining RCSV Scheme and for any changes. According to SWD:

- (a) under the current practice, when SWD receives the fee-charging forms, SWD staff will scrutinise the fees and charges and deliberate their reasonableness. SWD staff may take into account the rate of increase and make reference to the RSP's fee-charging lists for non-RCSV holders, general price levels of similar items, etc., as appropriate. Should there be fees and charges warranting concerns, SWD staff will closely liaise with the RSP to exchange views, collect additional information and provide advice; and

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- (b) there are no specified timeframes for SWD to complete the scrutiny of the fee-charging forms before the uploading to the Elderly Information Website. It is SWD's practice to complete such process before RSPs' indicated effective dates of changes of fees and charges as far as possible.

2.46 ***Need to improve timeliness in submission and scrutiny of fee-charging forms.*** For the 15 RSPs (see para. 2.31), Audit examined their latest fee-charging forms (received in the period from September 2020 to July 2024) and noted that SWD's scrutiny records for 7 (47%) RSPs were not available. For the remaining 8 (53%) RSPs with scrutiny records:

- (a) 1 (13%) RSP did not indicate the effective date of the fee changes in the form. For the remaining 7 (87%) RSPs which indicated the effective dates of the fee changes:
 - (i) the forms for 4 (57%) RSPs were received 8 to 28 days (with both the average and the median being about 17 days) prior to the effective dates of implementation (against the requirement of at least 30 days) (see para. 2.44(a)); and
 - (ii) for 2 (29%) RSPs, SWD scrutinised the fees and charges 9 and 30 days after the specified effective dates; and
- (b) SWD took 2 to 65 days (with an average of 24 days and a median of about 21 days) to examine the fees and charges from the receipt dates of the forms. Moreover, the scrutinised fee-charging forms for only 5 (63%) of the 8 RSPs were available on the Elderly Information Website as of August 2024 (see also para. 4.22).

2.47 ***Need to enhance scrutiny of fees and charges.*** For the 15 RSPs (see para. 2.46), Audit noted that:

- (a) the scrutinised fees for similar additional services and consumable items and incidental charges items varied among RSPs. For example, regarding:
 - (i) additional services: for a one-hour physiotherapy session provided by 9 RSPs, the fees ranged from \$300 to \$1,400 (averaging about

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\$636). The fee charged by another RSP was \$268 for each session (without mentioning the duration of services);

- (ii) consumable items: for a set of urinary catheter and urine bag provided by 10 RSPs, the fees ranged from \$29 to \$220 (averaging about \$126); and
 - (iii) incidental charges items: for escort services of 4 hours provided by 8 RSPs, the fees ranged from \$220 to \$860 (averaging \$427). The fee charged by another RSP was \$350 for each escort (without mentioning the duration of services); and
- (b) for the latest fee-charging forms, SWD's scrutiny records for 7 (47%) RSPs were not available. For the remaining 8 (53%) RSPs with scrutiny records, while there was documentation showing that SWD had compared the fee changes of 4 (50%) RSPs with the previous fee-charging forms, similar records showing the work relating to the scrutiny of the fees (see para. 2.45(a)) for the other 4 (50%) RSPs were not available as of August 2024.

2.48 Apart from having specified in the service agreements that fees for consumable items and incidental charges should be charged on a cost-recovery basis (see para. 2.44(a)), SWD's practices in scrutinising the fees for additional services and consumable items and incidental charges (see para. 2.45) were not specified in SWD guidelines. In Audit's view, SWD needs to:

- (a) specify in its guidelines the mechanism (including the timeframes) on scrutiny of RSPs' fees for additional services and consumable items and incidental charges;
- (b) enhance scrutiny of RSPs' fees for additional services and consumables and incidental charges, including maintaining proper scrutiny records and, for large variation in price levels on similar items, documenting the liaison with the RSPs about the differentiation in services as appropriate; and
- (c) take measures to ensure that RSPs submit fee-charging forms in accordance with the stipulated timeframe.

Need to enhance monitoring of random checking of reimbursement documents

2.49 According to the Notes to RSPs, RSPs are required to submit to SWD monthly reimbursement documents for RCSV subsidies. According to SWD guidelines, SWD officers conduct checking to ensure the accuracy and correctness of the reimbursement documents, and a random checking at a specified percentage of RSPs of their reimbursement claim records should be conducted by a senior SWD officer on a monthly basis. Upon checking the reimbursement documents, SWD will arrange monthly reimbursement to RSPs.

2.50 Audit noted that:

- (a) as of May 2024, SWD had not maintained a central register for the random checking and hence whether the requirement had been complied with could not be ascertained;
- (b) the sampling methodology of the random checking was not specified in SWD guidelines; and
- (c) in response to Audit's enquiry in June 2024, SWD informed Audit in August 2024 that the checking records were maintained in the individual files of selected RSPs, and a central register of RSPs selected for random checking had been prepared since June 2024.

Audit recommendations

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

- (a) **specify the examination period of the assets and income of applicants or RCSV holders for conducting financial assessments under RCSV Scheme in SWD guidelines and publicise the related requirement;**
- (b) **specify in SWD guidelines the mechanism (including the timeframes) on scrutiny of RSPs':**

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- (i) **bed fees;**
 - (ii) **add-on service fees and arrangement for handling incorrect fee charged cases; and**
 - (iii) **fees for additional services and consumable items and incidental charges;**
- (c) **inform RSPs of voucher value adjustment of RCSV and request RSPs to submit bed fee forms and add-on service forms in a timely manner;**
- (d) **take measures to ensure that RSPs submit bed fee forms, add-on service forms before the effective dates of the updated fees and fee-charging forms in accordance with the stipulated timeframe;**
- (e) **enhance scrutiny of fees and charges charged by RSPs, including:**
 - (i) **maintaining proper scrutiny records;**
 - (ii) **for annual voucher value adjustment, disbursing adjusted voucher services subsidy after receiving RSPs' replies (including the related bed fee forms and add-on service forms, if any, for scrutiny);**
 - (iii) **for large variation in price levels on similar items, documenting the liaison with the RSPs about the differentiation in services as appropriate; and**
 - (iv) **enhancing the checking of monthly home fees of contract homes on add-on service forms for accuracy;**
- (f) **review the practice of subsidising add-on services for RCSV holders residing in contract homes;**
- (g) **take further measures to ensure that RSPs charge RCSV holders for add-on services in accordance with the add-on service forms; and**

- (h) **specify the sampling methodology of random checking on reimbursement documents in SWD guidelines and enhance monitoring to ensure compliance with the related requirements.**

Response from the Government

2.52 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

- (a) following the audit recommendation in paragraph 2.51(a), SWD has clearly publicised in its homepage that when conducting financial assessment under RCSV Scheme, RCSV applicants/holders' assets and income at the time of their applications would be examined;
- (b) SWD will specify in its guidelines the mechanism and procedures on the scrutiny of fees and charges charged by RSPs, the arrangement for handling incorrect fee charged cases, and the sampling methodology of random checking on reimbursement documents as recommended in paragraph 2.51(b) and (h);
- (c) regarding the audit recommendation in paragraph 2.51(c), the time for informing RSPs of the voucher value adjustment was short having regard to the pegging arrangement recorded in Note 29 to paragraph 2.31(a). Starting from 2024-25, the voucher value of a C&A place will no longer be pegged to the monthly cost of an EA1 place under EBPS. SWD will plan for an earlier schedule for the annual exercise in voucher value adjustment;
- (d) SWD will enhance measures in scrutinising fees and charges and monitoring issues related to fee-charging of RSPs as recommended in paragraph 2.51(d), (e) and (g); and
- (e) SWD will review the arrangement of add-on services for RCSV holders residing in contract homes as recommended in paragraph 2.51(f).

PART 3: MONITORING OF RECOGNISED SERVICE PROVIDERS

3.1 This PART examines issues relating to the monitoring of RSPs, focusing on the following areas:

- (a) processing of applications of RSPs (paras. 3.2 to 3.12);
- (b) delivery of services by RSPs (paras. 3.13 to 3.27); and
- (c) service monitoring by SWD (paras. 3.28 to 3.49).

Processing of applications of recognised service providers

3.2 *Eligibility criteria for RSPs.* RSPs are RCHEs participating in RCSV Scheme. Under RCSV Scheme, RSPs must be providing non-subsidised places and have to meet the requirements specified by SWD on various aspects as follows:

- (a) *Space.* A minimum per capita area of 9.5 square metres for each resident;
- (b) *Staffing.* Compliance with a minimum staffing level (Note 33) and training requirements for care workers (e.g. maintaining a team of care workers with at least 75% of them having completed personal care worker training courses provided by training institutions acceptable to SWD with duration of each not less than 3 full days); and

Note 33: *The minimum staffing level is calculated based on the number of beds of the entire RCHE or at a level approved by SWD, and on the basis of each staff working 8 hours per day and 6 days per week. For example, for a RCHE offering 100 C&A places, the minimum staffing level is 42, comprising 1 home manager, 1 registered nurse, 4 enrolled nurses, 1 physiotherapist/occupational therapist, 4 health workers, 20 care workers and 11 ancillary workers.*

Monitoring of recognised service providers

- (c) **Track record.** Meeting specified requirements on track record (Note 34) and licensed under the Residential Care Homes (Elderly Persons) Ordinance.

According to SWD, to meet the basic care needs of elderly persons, the scope of service of a C&A place to be provided under RCSV Scheme is comparable to that of a subsidised C&A EA1 place offered under EBPS. As such, the space and staffing requirements are the same for places of RCSV Scheme and EA1 private homes under EBPS.

3.3 **RSP applications.** RCSVO is responsible for the administration of RCSV Scheme, including inviting and processing applications of RSPs. SWD has issued guidelines on the relevant procedures, as follows:

- (a) **Invitation procedures.** RCSVO receives notifications on newly licensed RCHEs and obtains relevant information (e.g. space and track record) from LORCHE. RCSVO will initiate contacts with operators of RCHEs which have generally met the eligibility criteria for RSPs, and introduce RCSV Scheme and invite them to join as RSPs; and
- (b) **Processing procedures.** Upon receipt of RCHEs' applications, RCSVO vets them before submission to a Vetting Committee (Note 35) and the Director of Social Welfare for endorsement and approval respectively. Figure 4 shows a flowchart of the processing procedures for RSP applications.

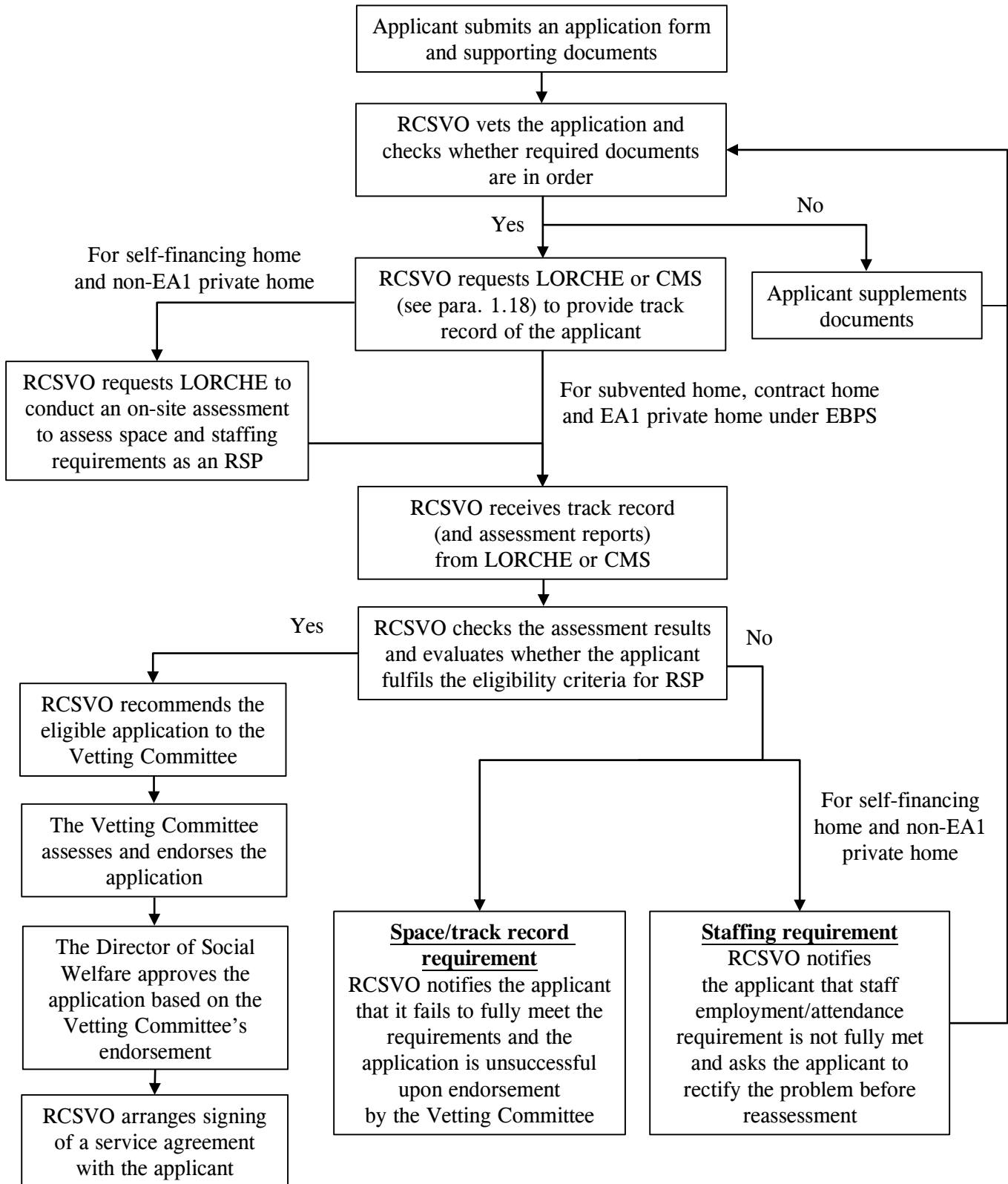
Note 34: *The requirements on track record include:*

- (a) *in a 60-month period preceding the application, no record of conviction under the Residential Care Homes (Elderly Persons) Ordinance or of criminal offence directly related to the RCHE's operation;*
- (b) *having not engaged or are not engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security; and*
- (c) *in a 12-month period preceding the application and during the period when the application is being processed: (i) receiving no warning letter from SWD; or (ii) given the warning letters are not received in a 6-month period preceding the application or during the period when the application is being processed, receiving 1 warning letter relating to no more than 2 warning items or 2 warning letters relating to no more than 1 warning item each.*

Note 35: *The Vetting Committee comprises an Assistant Director of SWD as the chairperson and two District Social Welfare Officers from DSWOs as members.*

Figure 4

Flowchart of processing procedures for RSP applications
(30 June 2024)



Source: SWD records

Monitoring of recognised service providers

3.4 In the period from 2019-20 to 2023-24, 128 RSP applications were received, of which 107 were processed and approved (see Table 5). While renewal of RSP status is not required, RSP status will be revoked if the licence of RSP is not renewed or being terminated (e.g. non-compliance with licensing condition), or RSP chooses to leave RCSV Scheme or ceases operation.

Table 5

**RSP applications received and processed
(2019-20 to 2023-24)**

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
	(No.)					
<i>Received</i>	17	37	21	30	23	128
<i>Processed (Note)</i>						
Approved	14	32	12	30	19	107
Withdrawn	1	1	3	3	4	12
Total	15	33	15	33	23	119

Source: Audit analysis of SWD records

Note: According to SWD, the number of RSP applications processed in respective year may include applications received in previous year(s), as the processing of some applications may not be completed within the same year. As at 31 March 2024, 9 RSP applications received were under processing.

Need to take further measures to expedite processing of RSP applications

3.5 According to SWD, processing time is the number of calendar days counting from the date of receipt of an RSP application to the date of approval of the application by the Director of Social Welfare. SWD has stipulated in its guidelines the overall timeframe for processing RSP applications and timeframes for carrying out tasks at various stages in the RSP application process (Note 36).

Note 36: According to SWD, the stipulated timeframes are for internal reference (i.e. not pledges) and the actual time taken in processing RSP applications is subject to various factors.

Monitoring of recognised service providers

3.6 Audit noted that:

- (a) for 58 (54%) of the 107 approved RSP applications (see para. 3.4), the time taken to complete processing RSP applications exceeded the stipulated timeframe by 1 to 234 days (with an average of 68 days and a median of 47 days); and
- (b) of 10 applications (approved in the period from 2017 to 2023) examined by Audit, the time taken for carrying out tasks at various stages in the RSP application process had exceeded the stipulated timeframes in some cases. For example, in a case, the time taken for RCSVO in requesting LORCHE to conduct the on-site assessment had exceeded the stipulated timeframe by 31 days and there was no documentation on the reason.

3.7 Moreover, upon enquiry, SWD informed Audit in July 2024 that the reasons for exceeding the stipulated timeframe for the 58 cases were mainly as follows:

- (a) for 5 cases with time taken exceeding the stipulated timeframe by a week or less, it would likely be due to administrative efficiency as the applications were recommended by batches for endorsement and approval by the Vetting Committee and the Director of Social Welfare respectively; and
- (b) for 53 cases with time taken exceeding the stipulated timeframe by over a week, some common issues among the applicants leading to difficulties in going through and completing the vetting process smoothly by SWD were as follows:
 - (i) applicants' late submissions of the required documents (e.g. staff employment contracts and duty rosters, care workers' certificates and proposed price lists) which were essential for vetting;
 - (ii) applicants' wrong, inaccurate or missing input in application forms (e.g. unclear/inaccurate location of designated beds proposed for RCSV users or inconsistent staff information) that required back and forth clarifications and re-submissions;

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- (iii) applicants' staffing proposals were found inadequate/failed to meet the eligibility criteria for RSPs during RCSVO's paper vetting or LORCHE's on-site assessments. In this regard, RCSVO took longer time for vetting as more time was required for awaiting applicants' clarifications/re-submissions or LORCHE's second on-site assessment results; and
- (iv) applicants' proposals in other aspects (e.g. proposed price lists) were not agreeable or induced concerns that required in-depth or prolonged discussions or negotiations between RCSVO and the applicants.

3.8 Audit also noted that:

- (a) management information on actual overall processing time (calculating from the dates of receipt of all required documents for vetting to the dates of approval of the applications by the Director of Social Welfare) and the processing time for various stages in the RSP application process (including whether timeframes were met) was not readily available (Note 37);
- (b) while including a checklist of required supporting documents for submission in the application form, some of the required supporting documents (e.g. proposed price lists) (see para. 3.7(b)(i)) were not included in the checklist; and
- (c) there were some common issues in the applications submitted for vetting (see para. 3.7(b)(ii) to (iv)), indicating that some applicants might need more assistance from SWD in completing the application forms and submitting supporting documents.

3.9 In response to Audit's enquiry, SWD informed Audit in October 2024 that various measures had been taken to facilitate and assist applicants throughout the course of their applications, for example:

Note 37: *According to SWD, all relevant information were kept in the subject files of individual RSPs.*

Monitoring of recognised service providers

- (a) laying down all relevant requirements in invitation documents publicised on SWD website. The invitation documents set out the eligibility criteria for RSPs, key application and handling procedures as well as application and supporting documents required;
- (b) providing individual or small group briefings on a need basis to interested operators who showed interests in knowing more about RCSV Scheme and relevant requirements; and
- (c) assigning to each applicant an Assistant Social Work Officer who provided direct support and assistance to the applicant in collecting and submitting the required documents to facilitate vetting.

3.10 To facilitate monitoring, SWD needs to maintain management information on actual overall processing time and the processing time for various stages in the RSP application process. In light of the audit findings and with a view to expediting the processing of RSP applications, SWD needs to take further measures to ensure that the stipulated timeframes for carrying out tasks at various stages in the RSP application process are met and document the reasons for deviations. SWD also needs to include all required supporting documents for vetting in the checklist in the RSP's application form, and take further measures to facilitate applicants in completing the application forms and submitting the required supporting documents (e.g. providing training to applicants on common issues in applications).

Audit recommendations

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

- (a) **maintain management information on actual overall processing time and the processing time for various stages in the RSP application process;**
- (b) **take further measures to ensure that the stipulated timeframes for carrying out tasks at various stages in the RSP application process are met and document the reasons for deviations; and**

- (c) **include all required supporting documents for vetting in the checklist in the RSP's application form, and take further measures to facilitate applicants in completing the application forms and submitting the required supporting documents (e.g. providing training to applicants on common issues in applications).**

Response from the Government

3.12 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

- (a) since September 2024, SWD has strengthened the bring-up system of processing RSP applications. Officers are required to report the progress to their supervisors. Information including actual processing time of each stage will also be maintained to facilitate management and supervision; and
- (b) SWD will update the checklist in the RSPs' application form and relevant invitation documents in addition to the existing briefings to the interested applicants.

Delivery of services by recognised service providers

3.13 All RSPs are required to enter into service agreements with SWD. The service agreements stipulate that RSPs have to comply with various provisions and clauses in aspects such as provision of standard service package (see para. 1.13), essential service requirements (e.g. meeting staffing requirements), charging of fees (e.g. fees for consumable items and incidental charges as well as top-up payment for additional services), provision of care supplements, and SQSs (see para. 1.14). From June to August 2024, Audit visited 3 RSPs (Note 38) (RSPs D to F) to review their delivery of services under RCSV Scheme. The audit findings identified in the visits are detailed in the ensuing paragraphs.

Note 38: *For 3 major areas in Hong Kong (i.e. Hong Kong Island, Kowloon and the New Territories), Audit selected from each area a district with the largest numbers of RSPs and beds open for accommodating RCSV holders as of March 2024 (i.e. the Eastern District, the Kowloon City District and the Kwai Tsing District respectively). Audit's considerations for selecting an RSP in each of the 3 districts included the numbers of beds open for accommodating RCSV holders and beds resided by RCSV holders in the districts as of March 2024.*

Monitoring of recognised service providers

Need to ensure RSPs' compliance with requirements on charging consumable items and incidental charges items

3.14 According to the service agreements, RSPs may charge voucher holders on a reimbursement basis for consumable items and incidental charges items which are outside the scope of voucher services (Note 39), subject to certain circumstances including:

- (a) notices containing a price list of all the items and channels for making enquiries/complaints about the additional fees and expenses shall be clearly displayed in a conspicuous place in the premises of RSPs;
- (b) voucher holders and their family members must be allowed the option to buy the items or procure the services on their own; and
- (c) RSPs shall inform SWD, voucher holders, their family members and any persons responsible for the voucher holders for any change of fees and charges (i.e. adjustment in price lists) in writing at least 30 days in advance of the effective date of implementation.

3.15 Audit selected 30 voucher holders (comprising 10 from each of the 3 RSPs — see Note 38 to para. 3.13), and examined the official receipts issued by the RSPs in the period from April 2023 to March 2024 and the relevant notices and price lists. Audit found that:

- (a) ***Consumable items over-charged.*** RSPs D and F charged 1 and 5 voucher holders respectively for consumable items at prices higher than those shown in the price lists. The total over-charged amount was \$2,703 (ranging from \$68 to \$1,871 for each voucher holder). For example, RSP D charged a voucher holder for nasal feeding products at a monthly fee of \$2,086, instead of \$1,900 as shown in the price list, in the period from July 2023 to March 2024;

Note 39: *According to the service agreements, these consumable items and incidental charges shall meet the special needs of individual voucher holders, charge on a cost-recovery basis and fall outside the scope of voucher services under RCSV Scheme. For example, all items included in the standard service package (e.g. shampoo and basic care services) shall not be charged to the voucher holders.*

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- (b) ***Justifications for charging consumable items not in price list not documented.*** RSP D charged 4 voucher holders for consumable items not in the price list and the justifications for charging these items were not documented. The total amount involved was \$34,225 (ranging from \$30 to \$22,420 for each voucher holder). For example:
- (i) RSP D charged a voucher holder for special nutritional drinks (not in the price list) at a monthly fee of \$2,400 in the period from July 2023 to March 2024; and
 - (ii) while a pack of diaper was \$140 in the price list, RSP D charged another voucher holder for diapers at a monthly fee of \$2,000 (not in the price list) in the period from November 2023 to March 2024.

Upon enquiry, SWD informed Audit in October 2024 that the special nutritional drinks (see (i) above) of a specified brand was prescribed by a medical officer attending the voucher holder and the monthly fee of diapers (see (ii) above) was a special offer (in view of the family's difficulty) to the voucher holder requiring high daily consumption (i.e. a minimum of 8 pieces per day) of diapers at the family member's request, and it was understandable that special/individualised items were not in the price list. However, Audit noted that the justifications for the charging of special/individualised items and whether the voucher holders/their family members were given the option to buy the items on their own (see para. 3.14(b)) were not documented; and

- (c) ***SWD not timely informed of adjustments in incidental charges.*** In March 2023, RSPs D and F informed voucher holders, their family members and any persons responsible for the voucher holders of adjustments in monthly air-conditioning fees for each voucher holder from \$350 to \$500 and \$320 to \$400 respectively with effect from May 2023. However, SWD was only informed of such adjustments in August 2023 (against the required timeframe of at least 30 days in advance of the effective date of implementation). Also, RSPs D and F charged the voucher holders the increased fees starting from May 2023 (i.e. prior to SWD's scrutiny) and the total over-charged amount was \$6,480. In this connection, Audit noted that the mechanism (including timeframes) for scrutinising fees and charges was not specified in SWD guidelines (see also paras. 2.46 to 2.48 and 2.51(b) and (d)).

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3.16 To ensure RSPs' compliance with the service agreements, Audit considers that SWD needs to step up measures to ensure that RSPs charge voucher holders for consumable items and incidental charges items in accordance with the price lists and document the justifications for charging fees not in the price lists. SWD also needs to review the over-charged cases identified by Audit in paragraph 3.15(a) and (c) and take follow-up actions as appropriate (e.g. requesting the RSPs concerned to refund any over-paid amounts to the voucher holders as appropriate).

Need to enhance monitoring of RSPs' handling of care supplement matters

3.17 ***Voucher holders charged for care supplements payable by Government.*** According to the service agreements, RSPs shall not charge voucher holders for any item in respect of which care supplement subsidy (see para. 1.10(b)) is payable or will be payable by the Government. Audit examination of care supplement subsidy records of and official receipts issued to the 30 voucher holders (see para. 3.15) in the period from April 2023 to March 2024 found that RSP D had charged 2 voucher holders receiving care supplement subsidy for the relevant care supplements. The total over-charged amount was \$1,155 (i.e. \$30 and \$1,125). For example, a voucher holder was charged \$1,125 for blood sugar monitoring items even though the voucher holder had been granted care supplement subsidy for these items. To ensure RSPs' compliance with the service agreements, Audit considers that SWD needs to step up measures to ensure that RSPs do not charge voucher holders for care supplements payable by the Government. SWD also needs to review the over-charged cases identified by Audit and take follow-up actions as appropriate (e.g. requesting RSP D to refund any over-paid amounts to the voucher holders as appropriate).

3.18 ***Need to enhance monitoring of provision of diapers to voucher holders receiving relevant care supplement subsidy.*** According to the service agreements, RSPs must in each month provide each voucher holder receiving care supplement subsidy for diapers at least 6 pieces of diapers per day or such larger quantity as may be prescribed by medical practitioner. Audit examined the daily care supplement consumption records of the 30 voucher holders in the period from October 2023 to March 2024 and found that:

- (a) ***Justifications for not providing required quantity of diapers not documented.*** RSPs D and E did not provide 5 and 2 voucher holders receiving care supplement subsidy for diapers respectively with the required

quantity (i.e. at least 6 pieces each per day) and the justifications for the shortfall were not documented. In the extreme case, 1 voucher holder of RSP E was provided with 1 to 3 pieces of diapers per day in the period. Upon enquiry, SWD informed Audit in October 2024 that apart from 1 voucher holder (of RSP D) who had deceased (i.e. consumption of diaper could not be ascertained), the remaining 6 voucher holders had low consumption of diapers due to various reasons (e.g. going to toilet sometimes by themselves, undergoing toilet training or using diapers only during night time); and

- (b) ***Number of diapers provided not recorded.*** While indicating in the daily care supplement consumption records that diapers had been provided to the voucher holders, RSP F did not record the number of diapers provided to each voucher holder per day. As such, whether the required quantity of at least 6 pieces per day had been provided to each voucher holder could not be ascertained.

3.19 To ensure RSPs' compliance with the service agreements, Audit considers that SWD needs to step up measures to ensure that voucher holders receiving care supplement subsidy for diapers are provided with the required quantity and require RSPs to document justifications for the shortfall. To facilitate monitoring, SWD also needs to require RSPs to record the number of diapers provided to voucher holders receiving relevant care supplement subsidy.

Need to ensure that RSPs do not over-charge voucher holders on top-up payment

3.20 According to the service agreements, RSPs may charge voucher holders at their requests for non-essential services outside the scope of voucher services (i.e. additional services), subject to certain circumstances including:

- (a) the total amount charged to a voucher holder in a calendar month shall not exceed 150% of the prevailing voucher value;
- (b) the amount (to be collected on the first day of each month from the voucher holder) shall be adjusted on a pro-rata basis if admission, discharge or deemed discharge (see para. 4.6(c)) of the voucher holder takes place in that month; and

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- (c) any over-payment by the voucher holder arising from his/her early discharge or deemed discharge from RSP shall be refunded by the RSP as soon as practicable or in any event no later than 3 months after the date of discharge or deemed discharge.

3.21 Audit noted that in one case, a voucher holder paid an additional service fee for an upgraded dormitory (i.e. top-up payment) for October 2023 to RSP E. The voucher holder was subsequently discharged on 21 October 2023 but there was no evidence showing that RSP E had adjusted the top-up payment upon his discharge on a pro-rata basis as required (see para. 3.20(b)). Besides, up to June 2024, the over-paid amount of \$1,290 had not been refunded (i.e. over 8 months after the date of discharge), contrary to the requirement of no later than 3 months (see para. 3.20(c)). To ensure RSPs' compliance with the service agreements, Audit considers that SWD needs to step up measures to ensure that RSPs do not over-charge voucher holders on top-up payment, including making adjustments on the payment upon discharge of voucher holders and timely refund of any over-paid amounts. SWD also needs to review the over-charged case identified by Audit and take follow-up actions as appropriate (e.g. requesting RSP E to refund any over-paid amount to the voucher holder as appropriate).

Room for improvement in monitoring RSPs' fulfilment of minimum staffing requirements

3.22 As stipulated in the service agreements, meeting staffing requirements is one of the essential service requirements (see para. 3.13). According to SWD, non-compliance with RCSV requirements (such as staffing requirements) shall be followed up in accordance with a mechanism for handling identified non-compliances (Note 40). Audit noted the following issues:

Note 40: *According to SWD guidelines, since April 2024, if non-compliance is identified, verbal advice, notification for non-compliance, advisory notice, reminder of advisory notice and/or warning letter shall be issued to the RSP concerned depending on the level of seriousness and/or the progress of RSP to rectify the non-compliance. For example, a notification for non-compliance shall be issued for non-compliance item slightly affecting the provision of voucher services, and a warning letter shall be issued for repeated failure in rectifying the non-compliance, or for non-compliance item severely affecting the provision of voucher services or the voucher holder's welfare is seriously jeopardised. Prior to April 2024, verbal advice and/or notification for non-compliance shall be issued if non-compliance is identified.*

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- (a) *Attendance rate of some types of staff were below 100%.* According to the service agreements, RSPs shall ensure that at all times during the contract period comply with a minimum staffing level (see Note 33 to para. 3.2(b)) on the basis of each staff working 8 hours per day and 6 days per week (i.e. minimum staffing requirements). Audit examined the staff attendance records of RSPs D to F of March 2024 and noted that only RSP E attained the attendance rates of 100% (i.e. at all times) for all types of staff. For RSPs D and F, the shortfall in attendance rates for some types of staff ranged from 1% to 14% (see Table 6);

Table 6

**Staff attendance rates of RSPs D and F
(March 2024)**

Type of staff	RSP D	RSP F
Home manager	159%	131%
Registered nurse/enrolled nurse	99%	118%
Physiotherapist/occupational therapist	93%	102%
Health worker	97%	145%
Care worker	94%	119%
Ancillary worker	93%	86%
Overall	95%	113%

Source: Audit analysis of RSPs D and F records

- (b) *Need to lay down assessment procedures of fulfilment of minimum staffing requirements.* While noting the shortfall in attendance rates for some types of staff for RSPs D and F (see (a) above), Audit examination of the inspection reports for RSPs D and F (for inspections conducted in February 2024 and June 2023 respectively) furnished and submitted by LORCHE (responsible for monitoring RSPs' compliance with the staffing requirements — see para. 3.28(b)) noted that figures similar to those shown in Table 6 were reported. Upon enquiry, SWD informed Audit in October 2024 that RCSVO would assess RSPs' fulfilment of the minimum staffing requirements based on various factors (e.g. making reference to EBPS guidelines as appropriate) after receiving the inspection reports. If the assessment results indicated that RSPs did not fully fulfil the minimum

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staffing requirements, RCSVO would follow up with the RSPs concerned. However, Audit noted that the relevant procedures (including consideration factors during the assessment process) were not specified in SWD guidelines for RCSV Scheme and the assessment results of RSPs D and F by RCSVO upon receipt of LORCHE's inspection reports were not documented; and

- (c) ***Remedial measures for manpower shortage not included in contingency plans.*** According to the service agreements, RSPs shall develop contingency plans to ensure the uninterrupted provision of voucher services during emergency situations or when there are difficulties for RSPs in providing any of the voucher services. Audit noted that RSP E included various remedial measures in tackling manpower shortage in its contingency plan (Note 41). On the other hand, contingency plan was not prepared by RSPs D and F (with shortfall in the staff attendance rates for some types of staff ranging from 1% to 14% — see Table 6) in this regard.

3.23 Under RCSV Scheme, RSPs are disbursed with subsidies according to the number of RCSV holders admitted (Note 42) and the minimum staffing level is set to ensure service quality. In this regard, Audit considers that SWD needs to lay down the assessment procedures of RSPs' fulfilment of minimum staffing requirements in its guidelines for RCSV Scheme and take measures to ensure that the assessment results are documented. SWD also needs to consider requiring RSPs with manpower shortage to include remedial measures in their contingency plans.

Need to continue to monitor RSP's compliance with its own SQSs

3.24 According to the service agreements, RSPs shall provide services to voucher holders to the standards set out in SQSs. According to SWD, SQSs define the level of management and service provision that RSPs are expected to attain and

Note 41: *These remedial measures include assessing the roles and responsibilities of staff that are essential in service provision and daily operation, and employing part-time staff (e.g. temporary and contract staff, and freelancers) in filling the vacancies.*

Note 42: *According to SWD, provided that all services have been provided in accordance with the terms and conditions of the service agreements, subsidies are disbursed to RSPs according to the number of RCSV holders admitted.*

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are generic descriptions of basic requirements which RSPs may suitably apply for meeting the SQS requirements. In other words, RSPs are expected to tailor-make their own SQSs. Audit noted the following issues:

- (a) ***RSP D's non-compliance with its own SQS 6.*** SQS 6 requires RSPs to regularly plan, review and evaluate their own performance, and have an effective mechanism by which service users, staff and other interested parties can provide feedback on their performance. RSP D's own SQS stipulates that biannual meetings shall be arranged with the family members of elderly residents to collect their comments and feedback on the service quality. However, RSP D only conducted meetings with the family members of elderly residents once a year (i.e. in June 2022, July 2023 and May 2024) (Note 43), contrary to the requirement in its own SQS; and

- (b) ***RSP D's non-compliance with its own SQS 9.*** SQS 9 requires RSPs to take all reasonable steps to ensure that they provide safe physical environment for their staff and service users (including regularly reviewing facilities for repairs). RSP D's own SQS stipulates that ground shall be smooth and avoid unevenness or gaps. During the visit to RSP D (see para. 3.13), Audit noted that a piece of plastic floor tile in the main corridor was damaged (i.e. the ground was uneven) and increased the risk of falls, particularly for the elderly residents, and no reasonable step had been taken (e.g. provision of a warning sign/notice) by RSP D to draw attention of staff and residents.

3.25 To ensure service quality, SWD needs to continue to monitor the compliance of the RSP concerned with its own SQSs including the arrangement of biannual meetings with the family members of elderly residents and provision of a safe physical environment for staff and service users.

Note 43: *According to SWD, the RSP concerned reported that the arrangements of meetings with family members of elderly residents were affected during COVID-19 epidemic, and meetings had been arranged in mid-2023 and mid-2024 after the resumption of normalcy.*

Audit recommendations

- 3.26 **Audit has recommended that the Director of Social Welfare should:**
- (a) **step up measures to ensure that RSPs charge voucher holders for consumable items and incidental charges items in accordance with the price lists and document the justifications for charging fees not in the price lists;**
 - (b) **step up measures to ensure that RSPs do not charge voucher holders for care supplements payable by the Government;**
 - (c) **step up measures to ensure that voucher holders receiving care supplement subsidy for diapers are provided with the required quantity and require RSPs to document justifications for the shortfall;**
 - (d) **require RSPs to record the number of diapers provided to voucher holders receiving relevant care supplement subsidy to facilitate monitoring;**
 - (e) **step up measures to ensure that RSPs do not over-charge voucher holders on top-up payment, including making adjustments on the payment upon discharge of voucher holders and timely refund of any over-paid amounts;**
 - (f) **review the over-charged cases identified by Audit in paragraphs 3.15(a) and (c), 3.17 and 3.21 and take follow-up actions as appropriate (e.g. requesting the RSPs concerned to refund any over-paid amounts to the voucher holders as appropriate);**
 - (g) **lay down the assessment procedures of RSPs' fulfilment of minimum staffing requirements in SWD guidelines for RCSV Scheme and take measures to ensure that the assessment results are documented;**
 - (h) **consider requiring RSPs with manpower shortage to include remedial measures in their contingency plans; and**

- (i) **continue to monitor the compliance of the RSP mentioned in paragraph 3.24 with its own SQSs including the arrangement of biannual meetings with the family members of elderly residents and provision of a safe physical environment for staff and service users.**

Response from the Government

3.27 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

- (a) SWD will step up measures in monitoring the fee-charging of RSPs as recommended in paragraph 3.26(a), (b) and (e);
- (b) regarding the audit recommendations in paragraph 3.26(c) and (d), SWD has reminded RSPs to ensure that voucher holders receiving care supplement subsidy are provided with diapers as required;
- (c) regarding the audit recommendation in paragraph 3.26(f), SWD has examined all over-charged cases as mentioned in paragraphs 3.15(a) and (c), 3.17 and 3.21. The RSPs concerned have agreed to refund all over-paid amounts to the voucher holders or their relatives as appropriate;
- (d) regarding the audit recommendations in paragraph 3.26(g) and (h), SWD will specify in its guidelines the assessment procedures of RSP's fulfilment of minimum staffing requirements and require RSPs which fail to fulfil the requirements to include remedial measures in their contingency plans; and
- (e) regarding the audit recommendation in paragraph 3.26(i), the RSP concerned reported that the arrangement of meeting with elderly residents' family members twice a year to collect service feedback, among others, has been reinstated since 2024-25 and the first such meeting was held in May 2024. The RSP concerned also fixed the damaged plastic floor tile in August 2024. SWD will continue to monitor the RSP's compliance to its own SQSs through inspections and service monitoring visits.

Service monitoring by the Social Welfare Department

3.28 *Monitoring mechanism.* According to SWD guidelines, to ensure the service quality of RSPs, SWD has established a monitoring mechanism under RCSV Scheme as follows:

- (a) *Monitoring by RCSVO.* Regular checks comprise service monitoring visits and on-site supervisory checks. Unannounced service monitoring visits are conducted by Assistant Social Work Officers to RSPs (Note 44) to monitor various areas of RCSV Scheme (Note 45). Social Work Officers conduct on-site supervisory checks for each Assistant Social Work Officer under their purview (Note 46) to check the work done during the service monitoring visits. Apart from regular checks, RCSVO also conducts other unannounced visits to RSPs for special conditions such as complaints made by voucher holders, subject to the severity of the complaint issues; and
- (b) *Inspections by LORCHE.* In general, RSPs' compliance with the space and staffing requirements as well as SQSs are monitored by LORCHE through regular unannounced inspections (see para. 1.18) to RSPs

Note 44: *According to SWD:*

- (a) *prior to April 2024, the RSPs concerned would be informed of the service monitoring visits by RCSVO within one week in advance (i.e. on an announced basis) so that they could prepare all relevant documents for checking; and*
- (b) *since April 2024, all service monitoring visits, as randomly selected by senior officers of RCSVO, have been carried out without prior notification to RSPs.*

Note 45: *According to SWD, these areas include the delivery of standard service package to voucher holders and fee charging for voucher holders, but exclude those covered by LORCHE's inspection (e.g. staffing requirements) (see para. 3.28(b)) to avoid duplicated efforts.*

Note 46: *According to SWD, on-site supervisory check has been strengthened since April 2024.*

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(Note 47) and LORCHE furnishes and submits an inspection report to RCSVO for follow-up actions after each inspection (Note 48).

3.29 **Sanctions.** Sanctions may be imposed by SWD if an RSP is found to have breached the service agreement. Specifically, if an RSP has received more than 2 warning items or more than 2 warning letters (see Note 40 to para. 3.22) on the same item from SWD in any 12-month period, the RSP will be suspended from admission of voucher holders for a period of at least 6 months. If an RSP has been convicted under the Residential Care Homes (Elderly Persons) Ordinance or for criminal offence directly related to the RSP's operation, the period of suspension will be at least 3 years. If the licence of an RSP is not renewed or is being terminated, its RSP status will be revoked.

Need to ensure that service monitoring visits and inspections are conducted in accordance with stipulated timeframes

3.30 According to SWD, RCSVO and LORCHE conduct regular checks (see para. 3.28(a)) and inspections respectively to RSPs according to the timeframes stipulated in SWD guidelines. Upon enquiry, SWD informed Audit in June and August 2024 that reports of service monitoring visits (Note 49) and inspections were kept in the subject files of individual RSPs, and RCSVO did not maintain a readily available overview on dates of regular checks and inspections, dates of reports, details of non-compliances (including the number of RSPs with non-compliances) and follow-up actions taken. In response to Audit's enquiry, SWD compiled a list of service monitoring visits and inspections conducted in the period from 2021-22 to 2023-24. Based on the list, Audit noted that:

Note 47: *According to SWD, for operational efficiency, contract homes' compliances with the space and staffing requirements as well as SQSs are monitored by CMS instead of LORCHE as meeting these requirements are terms in the service contracts (see Note 15 to para. 1.12). CMS regularly inform RCSVO of the follow-up actions taken (e.g. warning letter issued and sanction imposed) against contract homes in response to the identified non-compliances.*

Note 48: *Irregularities and non-compliances identified in LORCHE's inspection reports are followed up by CMS if the RSP concerned is an EA1 private home under EBPS. RCSVO collaborates with CMS to follow up the progress and result.*

Note 49: *According to SWD, the records of on-site supervisory checks (i.e. attendances of Social Work Officers) were included in the respective service monitoring visit reports.*

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- (a) the required service monitoring visits to 3 RSPs and required inspections to 1 RSP had not been conducted (Note 50), and the justifications for not meeting the requirements were not documented;
- (b) among the 562 service monitoring visits and 896 inspections conducted, there were delays in conducting 335 (60%) visits (involving 162 RSPs) and 345 (39%) inspections (involving 153 RSPs). The delays ranged from 1 to 858 days (with an average of 198 days and a median of 145 days) for service monitoring visits and from 1 to 217 days (with an average of 45 days and a median of 30 days) for inspections; and
- (c) as at 31 March 2024, service monitoring visits to 59 RSPs and inspections to 17 RSPs had been overdue for 3 to 723 days (with an average of 232 days and a median of 183 days) and for 3 to 216 days (with an average of 41 days and a median of 25 days) respectively.

Audit examination of the relevant records revealed that the time taken for LORCHE to furnish some inspection reports were long (e.g. 484 days) (see also paras. 3.37 and 3.38).

3.31 Upon enquiry, SWD informed Audit in October 2024 that:

- (a) the outbreak of COVID-19 epidemic during the period covered in the audit review had greatly affected the arrangements of service monitoring visits. For example, visitations to RCHEs were kept to minimal while staff of RCSVO were heavily engaged in various anti-epidemic duties. After the resumption of normalcy in 2023-24, RCSVO however had been greatly engaged in dealing with an upsurge of RCSV applications (an increase of

Note 50: *According to SWD:*

- (a) *the 3 RSPs joined RCSV Scheme in the period from April to September 2023. After resumption of normalcy from COVID-19 epidemic, RCSVO was fully engaged in inviting new RCHEs to join RCSV Scheme and eligible elderly persons to apply for RCSVs in 2023. As such, the service monitoring visits were conducted to the 3 RSPs in the period from June to August 2024; and*
- (b) *the 1 RSP joined RCSV Scheme in August 2023. LORCHE had conducted licensing inspections to the RSP in October 2023 and January 2024, and an inspection specifically for RCSV Scheme in May 2024.*

over 100% in the number of new applications in 2023-24 as compared with that of 2020-21). In the first two quarters of 2024-25, service monitoring visits to all RSPs (except the ones which newly joined RCSV Scheme or had no voucher holders residing there) had been conducted according to the stipulated timeframes. No service monitoring visits were overdue as of late September 2024; and

- (b) while the inspections were unannounced and might be planned strategically according to risk assessment of individual RCHEs, there might be some adjustments on the schedule of inspections. Similar to those of service monitoring visits, since the audit review covered the period during which there was the outbreak of COVID-19 epidemic, the inspectors were heavily engaged in offering extensive support to RCHEs in overcoming the challenging circumstances at that time. Coupled with the restricted visitation at RCHEs during the epidemic, the inspection schedule of individual RCHEs might be affected.

While noting SWD's explanations, Audit considers that SWD needs to take measures to ensure that service monitoring visits and inspections are conducted in accordance with the timeframes stipulated in its guidelines.

Need to enhance service monitoring visits and on-site supervisory checks

3.32 To facilitate monitoring of the work of RSPs, SWD designed and included in its guidelines a checklist listing out the items for checking during the service monitoring visits. Besides, RCSVO officers are also required to document the results of the visits in the service monitoring visit reports.

3.33 In June and July 2024, Audit accompanied 5 service monitoring visits cum on-site supervisory checks (Note 51) conducted by RCSVO to 5 RSPs (RSPs G to K). During the visits, Audit noted that RCSVO officers conducting the visits had randomly selected a certain number of voucher holders in each visit for examination in

Note 51: *For all these 5 service monitoring visits, Social Work Officers also conducted on-site supervisory checks for the Assistant Social Work Officers under their purview.*

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accordance with the checklist as required in SWD guidelines. Audit noted the following issues:

(a) ***Non-compliances with service agreement not identified by RCSVO officers during a service monitoring visit cum on-site supervisory check.***
In 1 of the 5 visits, Audit found that in the period from November 2023 to May 2024:

- (i) RSP G had over-charged the consumable items (e.g. formula milk and thickener) and incidental charges items (i.e. monthly air-conditioning fees and escorting service fees for medical consultation) for 90% of the voucher holders under examination. The total over-charged amount was \$2,503 (ranging from \$140 to \$540 for each voucher holder) by reference to the applicable price list; and
- (ii) RSP G had charged 80% of the voucher holders under examination some items (e.g. storage and shockwave treatment fees) not included in the applicable price list. The total amount involved was \$79,346 (ranging from \$818 to \$27,080 for each voucher holder); and

(b) ***Need to review designs of checklist and report of service monitoring visits.***
In 2 of the 5 visits, Audit found that:

- (i) RSP H had only provided 1 and 2 voucher holders with 1 and 4 pieces of diapers each per day (against the requirement of at least 6 pieces each per day — see para. 3.18) respectively in the period from December 2023 to May 2024 and the justifications for the shortfall were not documented. Upon enquiry, SWD informed Audit in October 2024 that the voucher holders concerned could go to toilet during daytime and diapers were only required during night time; and
- (ii) RSP G only indicated in the daily care supplement consumption records that diapers had been provided to the voucher holders, without recording the number of diapers provided to each voucher holder per day (i.e. whether the required quantity had been provided could not be ascertained) in the period from November 2023 to May 2024.

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In this regard, Audit noted that the checklist or the report of service monitoring visits did not require RCSVO officers to check or document whether the required quantity of diapers had been provided to relevant voucher holders.

3.34 To enhance the effectiveness of service monitoring visits on RSPs, Audit considers that SWD needs to strengthen measures (e.g. providing more guidance/training) to ensure that non-compliances involving areas requiring attention or of higher risks (e.g. not charging voucher holders according to the price lists) are identified by its officers. SWD also needs to review the designs of the checklist and report of service monitoring visits to ensure that all the key service provisions are covered properly (e.g. provision of the required quantity of diapers). Besides, SWD needs to review the over-charged cases identified by Audit in paragraph 3.33(a) and take follow-up actions as appropriate (e.g. requesting RSP G to refund any over-paid amounts to the voucher holders as appropriate).

Need to strengthen measures for repeated non-compliances by RSPs

3.35 Audit analysed the non-compliances identified by RCSVO in the 5 service monitoring visits accompanied by Audit (see para. 3.33) and in previous service monitoring visits conducted in the period from 2021-22 to 2023-24 to the 5 RSPs concerned, and found that there were repeated non-compliances identified for 2 of the 5 RSPs as follows:

- (a) RSP G failed to review individual care plans for its voucher holders at the required intervals (an essential service requirement stipulated in the service agreement) as indicated in the reports of service monitoring visits conducted in October 2023 and June 2024; and
- (b) RSP I charged voucher holders receiving care supplement subsidy for relevant care supplements as indicated in the reports of service monitoring visits conducted in February 2023 and July 2024.

3.36 Audit noted that as required in the mechanism for handling identified non-compliances (see Note 40 to para. 3.22), SWD had issued a verbal advice and a notification for non-compliance to each of the 2 RSPs in response to their non-compliances. However, in light of the repeated non-compliances by some RSPs

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identified in the service monitoring visits, Audit considers that SWD needs to strengthen measures in this regard (e.g. reviewing the effectiveness of the measures in preventing repeated non-compliances).

Need to improve timeliness in report submission for service monitoring visits and inspections

3.37 According to SWD guidelines, the service monitoring visit reports shall be furnished for submission by Assistant Social Work Officers (see para. 3.28(a)) within 1 month, and Assistant Social Work Officers shall report to Social Work Officers within 5 days if non-compliances are identified. However, there is no timeframe set for LORCHE to furnish inspection reports and report non-compliances identified to RCSVO for follow-up actions (see para. 3.28(b)) (Note 52). Audit examination of reports of service monitoring visits and inspections conducted to the 5 RSPs (see para. 3.33) in the period from 2021-22 to 2023-24 found that:

- (a) 8 (53%) of 15 reports of service monitoring visits were not furnished and submitted within 1 month following the visits, with delays ranging from 8 to 379 days (with an average of 120 days and a median of 88 days). There was no documentation showing the reasons for the delays; and
- (b) the time taken for LORCHE to furnish reports for 14 inspections conducted ranged from 1 to 31 days following the inspections (with an average of 10 days and a median of 6 days) (Note 53).

3.38 Audit considers that SWD needs to take measures to ensure that service monitoring visit reports are submitted within the stipulated timeframe. Given the long time taken for LORCHE to furnish some inspection reports (including non-compliances identified) to RCSVO for follow-up actions (see paras. 3.30 and 3.37(b)), SWD also needs to strengthen measures to monitor the timeliness of

Note 52: *According to SWD, it is the standing practice that LORCHE inspectors or their immediate supervisors will contact RCSVO for sharing of initial information prior to report submission if non-compliance items or special issues are identified during inspections.*

Note 53: *The time taken was calculated based on the dates of inspection reports as the submission dates of the reports from LORCHE to RCSVO were not readily available.*

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submission of the inspection reports (e.g. setting timeframes for monitoring purpose). As mentioned in paragraph 3.30, SWD did not compile management information (e.g. dates of regular checks and inspections, dates of reports, details of non-compliances and follow-up actions taken). In light of the audit observations in paragraphs 3.30, 3.35 and 3.37, Audit considers that SWD needs to compile such management information to facilitate monitoring of RSPs.

Room for improvement in administering SQG Scheme

3.39 According to SWD, SQG Scheme aims at enhancing the service quality of RCHEs through introducing the community's input to strengthen the public's understanding and monitoring on the service provision of RCHEs, and has been in full implementation since 2016. Under SQG Scheme, batches are set up on a two-year basis and SQG members (mostly community stakeholders, e.g. school principals and members of the District Councils) pay regular visits to RCHEs to make observations and suggestions about their facilities and services at an eight-month interval during the two years. According to the service agreements, participating in SQG Scheme coordinated by RCSS is an essential service requirement.

3.40 *Need to shorten the time gaps between batches of SQG Scheme.* Audit noted that there were time gaps ranging from 2 to 9 months between batches of SQG Scheme (see Table 7) and no visits to RSPs were arranged by DSWOs during the time gaps.

Table 7

Batches of SQG Scheme

Batch	Period		Time gap after the end of batch
	From	To	
2016-18	April 2016	March 2018	6 months
2018-20	October 2018	September 2020	9 months
2021-23	July 2021	June 2023	2 months
2023-25	September 2023	August 2025	N.A.

Source: Audit analysis of SWD records

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3.41 Upon enquiry, SWD informed Audit in August 2024 that:

- (a) the time gaps had been arranged to allow time to finalise the evaluation of SQG Scheme of previous batch (e.g. collecting and compiling information of SQG members' opinions and the subsequent actions taken by RSPs concerned in response to these opinions as visits might be arranged at the end stage of the batch) and to prepare for implementation of coming batch (e.g. inviting and arranging briefings for RSPs as well as nominating SQG members and arranging briefings for them); and
- (b) the time gap after the batch for 2021-23 was shortened to 2 months to assess feasibility, but DSWOs revealed that much time was required to ensure the nomination of suitable SQG members after evaluating their performance in previous batch and the optimal time gap between batches was 4 to 6 months.

3.42 While noting SWD's explanations, in order to enhance the service quality of RSPs through continuous monitoring from community stakeholders, there is merit for SWD to explore further measures to shorten the time gaps between batches of SQG Scheme as far as practicable (e.g. preparing the evaluation work of SQG Scheme and performance of SQG members as well as arranging briefings for RSPs as early as possible).

3.43 *Need to enhance monitoring of timeliness of report submission by RSPs in response to SQG members' opinions.* According to the guidelines of SQG Scheme, RSPs shall submit reports on follow-up actions taken in response to SQG members' opinions to the respective DSWOs within 14 days. Upon enquiry, SWD informed Audit in September 2024 that there was no central register for the submission dates of such reports. Audit examination of 16 reports (Note 54) submitted by the 5 RSPs (see para. 3.33) in the batches of 2018-20 and 2021-23 found that 2 (13%) reports were not submitted within the specified timeframe, with delays of 6 and 69 days. Audit noted that there was no documentation showing that follow-up actions had been taken by DSWOs as there were no guidelines. To ensure that RSPs follow up SQG members' opinions in a timely manner, Audit considers that SWD needs to enhance monitoring of the timeliness of report submission by RSPs in response to SQG

Note 54: *According to SWD, due to the outbreak of COVID-19 epidemic, some SQG members' visits to RSPs could not be arranged.*

members' opinions to DSWOs (e.g. specifying the timeframe for taking follow-up actions on delays in its guidelines).

Scope for improving monitoring of complaints

3.44 According to SWD guidelines, a complaint is an expression of dissatisfaction by the public with departmental policy or services, the way in which a policy is implemented or service is delivered irrespective of the complaint channel used. All written and verbal complaints including anonymous complaints, referrals from bureaux, other departments or agencies should be consistently recorded in a complaint register for keeping track of the progress of the complaints, facilitating supervision and the retrieval of information for statistical and management information analysis. SWD has maintained a Complaints Register System for recording details of the complaints, including nature of complaints, dates of complaints, acknowledgement and substantive reply.

3.45 In July 2024, SWD informed Audit that there were two complaints on RCSV Scheme for the period from 2016-17 to 2023-24 as recorded in the Complaints Register System. RCSVO had maintained two complaint-related administrative files on RCSV Scheme. Audit examined the two files and 20 case files of RCSV holders and found that three complaints (Note 55) related to RCSV Scheme (e.g. poor service quality of RSPs, pricing of fee-charging items and dissatisfaction on the means for checking bed vacancy information of RSPs) were not recorded in the Complaints Register System.

3.46 Upon enquiry, SWD informed Audit in September 2024 that for the three complaints not recorded in the Complaints Register System (see para. 3.45):

- (a) two complaints were made against RSPs and not related to departmental policy or services. Accordingly, they were not included in the system; and

Note 55: *The 20 files contained information on RCSV holders switching RSPs in the period from 2022-23 to 2023-24. The 3 complaints comprised 2 complaints from the complaint-related administrative files and 1 complaint from the case file in the period from July 2017 to March 2023.*

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- (b) one complaint was about care services and hygiene problem of RSP, which was handled by LORCHE. The complaint letter had been forwarded to RCSVO regarding the fee-charging of RSP.

3.47 Audit noted that while the three complaints and the related follow-up actions were recorded in individual subject files, there was no central register for recording complaints against RSPs. To facilitate management and monitoring, SWD needs to consider maintaining a central register for recording complaints against RSPs.

Audit recommendations

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

- (a) **take measures to ensure that service monitoring visits and inspections are conducted in accordance with the timeframes stipulated in SWD guidelines;**
- (b) **strengthen measures (e.g. providing more guidance/training) to ensure that non-compliances involving areas requiring attention or of higher risks (e.g. not charging voucher holders according to the price lists) are identified by SWD officers;**
- (c) **review the designs of the checklist and report of service monitoring visits to ensure that all the key service provisions are covered properly (e.g. provision of the required quantity of diapers);**
- (d) **review the over-charged cases identified by Audit in paragraph 3.33(a) and take follow-up actions as appropriate (e.g. requesting the RSP concerned to refund any over-paid amounts to the voucher holders as appropriate);**
- (e) **strengthen measures for repeated non-compliances by RSPs (e.g. reviewing the effectiveness of the measures for handling identified non-compliances in preventing repeated non-compliances);**
- (f) **take measures to ensure that service monitoring visit reports are submitted within the stipulated timeframe;**

- (g) **strengthen measures to monitor the timeliness of submission of the inspection reports (e.g. setting timeframes for monitoring purpose);**
- (h) **compile management information (e.g. dates of regular checks and inspections, dates of reports, details of non-compliances and follow-up actions taken) to facilitate monitoring of RSPs;**
- (i) **explore further measures to shorten the time gaps between batches of SQG Scheme as far as practicable (e.g. preparing the evaluation work of SQG Scheme and performance of SQG members as well as arranging briefings for RSPs as early as possible);**
- (j) **enhance monitoring of the timeliness of report submission by RSPs in response to SQG members' opinions to DSWOs (e.g. specifying the timeframe for taking follow-up actions on delays in SWD guidelines); and**
- (k) **consider maintaining a central register for recording complaints against RSPs.**

Response from the Government

3.49 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

- (a) whilst the arrangement of service monitoring visits was affected by COVID-19 epidemic, RCSVO officers had maintained contacts with the families of the voucher users for, among others, the latter's adjustment in RSPs and collection of feedback about the services provided by RSPs;
- (b) regarding the audit recommendations in paragraph 3.48(a), (b) and (f) to (h), SWD will enhance the functions of RCSVS to record dates, observations and follow-up actions of service monitoring visits as well as set up reminders to ensure that service monitoring visits are conducted and reports are submitted according to the stipulated timeframes. RCSVO and LORCHE will work out internal guidelines on the monitoring work, including the timeframe for inspections and submission of inspection

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reports to RCSVO. All management information can be generated from RCSVS after the enhancement to facilitate monitoring of RSPs;

- (c) the checklist and report of service monitoring visits have been updated with reference to the audit recommendation in paragraph 3.48(c);
- (d) regarding the audit recommendation in paragraph 3.48(d), SWD has reviewed the over-charged cases and the RSP concerned has agreed to refund the over-paid amounts as appropriate;
- (e) regarding the audit recommendations in paragraph 3.48(e), (i) and (j), SWD will strengthen measures in handling RSPs' repeated non-compliances and enhancing the mechanism in implementing SQG Scheme; and
- (f) regarding the audit recommendation in paragraph 3.48(k), SWD has set up a central register for recording and maintaining complaints against RSPs.

PART 4: OTHER RELATED ISSUES

4.1 This PART examines other issues relating to RCSV Scheme, focusing on the following areas:

- (a) VISE (paras. 4.2 to 4.14);
- (b) Elderly Information Website (paras. 4.15 to 4.25); and
- (c) way forward (paras. 4.26 to 4.38).

Voucher Information System for the Elderly

4.2 To implement RCSV Scheme more effectively and support continuous development, SWD has launched VISE since July 2023 to facilitate RSPs' handling of admission or discharge cases of elderly persons, updating of residential place vacancies, making applications for amending residential place information and reimbursement of government subsidies (see para. 1.16(b)). Elderly persons holding RCSVs and their family members may check the usage status of RCSVs on the system. Eligible elderly persons or their family members may submit RCSV applications through the system.

Need to take measures to ensure accuracy and timely submission of reimbursement forms

4.3 According to the service agreements signed between RSPs and SWD for RCSV Scheme, RSPs should by the 10th day of the month following each month provide SWD with reimbursement forms for RCSV subsidies in respect of the preceding month. Since July 2023, RSPs have been required to submit monthly reimbursement forms for RCSV subsidies through VISE. From July 2023 to May 2024 (i.e. 11 months), a total of 2,155 monthly reimbursement forms were submitted by 206 RSPs through VISE. Audit noted the following:

- (a) ***Late submission of some reimbursement forms.*** For the 2,155 monthly reimbursement forms, while 1,596 (74%) forms were submitted within the stipulated timeframe, there were delays for the remaining 559 (26%) forms,

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ranging from 1 to 39 days (with an average of about 8 days and a median of 7 days); and

- (b) ***Repeated re-submission of some reimbursement forms.*** For 625 (29%) of the 2,155 monthly reimbursement forms (including 439 forms submitted within the stipulated timeframe and 186 forms submitted late — see (a) above), re-submission of the reimbursement forms by RSPs was required, and the time lapse between the first and last submission dates ranged from 1 to 47 days (with both the average and the median being about 21 days). Audit further examined the records of 15 RSPs which submitted the reimbursement forms for March 2024 late for the longest time. The 15 RSPs had submitted 45 monthly reimbursement forms from March to May 2024, Audit noted that:
 - (i) re-submission of 26 (58%) forms (involving a total of 98 times of re-submission) was required; and
 - (ii) for the 26 forms, the RSPs had re-submitted 2 to 10 times (with an average of about 3.8 times and a median of 3 times) for each form.

4.4 Upon enquiry, SWD informed Audit in July to October 2024 that:

- (a) there was an established mechanism to remind RSPs to submit reimbursement forms for RCSV subsidies by emails at different time points. If the reimbursement forms had not been submitted in VISE, reminders to the RSPs by emails would be issued automatically through VISE. The responsible Assistant Social Work Officers of RCSVO would also directly follow up with those RSPs which failed to submit the reimbursement forms despite reminders; and
- (b) there were many reasons inducing several submissions/re-submissions of monthly reimbursement forms, including technical problems of RSPs, duplication or wrong reimbursement of care supplement subsidies, wrong counting of service days and information provided was inconsistent with the hospitalisation/home leave records. User manual, training and video demonstration in using VISE had been provided to RSPs so as to facilitate the process in claiming for reimbursement through VISE. The responsible

Assistant Social Work Officers also provided support and guidance to individual RSPs in completing the reimbursement procedures as needed.

4.5 In Audit's view, SWD needs to step up measures to ensure that RSPs timely submit reimbursement forms for RCSV subsidies including enhancing the monitoring of the compliance with the stipulated timeframe. In view of the fact that quite a number of forms required re-submissions, SWD also needs to step up measures to enhance the accuracy of information provided by RSPs in reimbursement forms for RCSV subsidies.

Need to ensure timely submission of information on admission or discharge of RCSV holders

4.6 According to the service agreements, RSPs should notify SWD in respect of the following events within 2 working days after the occurrence of such event:

- (a) admission of any new voucher holder;
- (b) death of or voluntary withdrawal from RCSV Scheme by any voucher holder (i.e. discharge cases); and
- (c) deemed discharge of any voucher holder who:
 - (i) is continuously absent from an RSP for 30 consecutive days other than due to hospitalisation (e.g. home leave) or 60 consecutive days due to hospitalisation; or
 - (ii) refuses or otherwise fails to pay the service fee in accordance with the co-payment level.

SWD will start disbursing RCSV subsidies to RSPs on the date of admission and stop disbursing RCSV subsidies from the date of discharge (for reasons other than death) or the next day of the deceased date of the voucher holders.

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4.7 Audit examined the records of 15 RSPs for the admission or discharge of RCSV holders in the period from July 2023 to March 2024 and found the following:

- (a) ***Delays in reporting admission cases.*** RSPs were required to submit admission information through VISE within 2 working days after admission. For the 15 RSPs, there were 266 admission cases. For 55 (21%) of the 266 cases, there were delays (ranging from 1 to 31 working days, with an average of about 7 working days and a median of 3 working days) in submission of admission information by RSPs. In Audit's view, SWD needs to step up measures to ensure that RSPs timely submit information on admission of RCSV holders including enhancing the monitoring of the compliance with the stipulated timeframe;

- (b) ***Delays in reporting discharge cases.*** RSPs were required to submit discharge information through VISE within 2 working days after discharge. For the 15 RSPs, Audit noted that:
 - (i) for 31 (25%) of 126 discharge cases, there were delays (ranging from 1 to 74 working days, with an average of about 12 working days and a median of 4 working days) in submission of the discharge information by RSPs; and
 - (ii) for 6 (86%) of 7 deemed discharge cases, there were delays (ranging from 4 to 34 working days, with an average of about 10 working days and a median of 5 working days) in submission of the discharge information by RSPs.

In Audit's view, SWD needs to step up measures to ensure that RSPs timely submit information on discharge of RCSV holders including enhancing the monitoring of the compliance with the stipulated timeframe;

- (c) ***Scope for improving guidelines on approval for extension of absence period.*** RCSV holder would be deemed to be discharged from RSP for hospitalisation for more than 60 consecutive days, and SWD would stop disbursing RCSV subsidies from the discharge date (see para. 4.6(c)(i)). For one deemed discharge case (see (b)(ii) above), the voucher holder was hospitalised for 90 consecutive days before deemed discharged from RSP, and the disbursement of RCSV subsidies was only stopped from the discharge date (i.e. subsidised for an additional 30 days). Upon enquiry,

SWD informed Audit in August 2024 that special approval had been given for extending the absence period and RCSV subsidies were disbursed accordingly. However, Audit noted that the relevant procedures (including approval criteria and authority) for granting extension of the absence period for RCSV holders were not specified in SWD guidelines. In Audit's view, SWD needs to specify such requirements in its guidelines; and

- (d) ***Need to explore feasibility of enhancing VISE for online submission of supporting information.*** For monthly reimbursement of RCSV subsidies, while reimbursement forms were submitted by RSPs through VISE (see para. 4.3), they were required to submit hospitalisation, discharge (regardless of period of absence) and medical examination (for co-payment Level 0) information of RCSV holders to SWD using paper forms. In Audit's view, to improve efficiency, SWD needs to explore the feasibility of enhancing VISE for online submission of the supporting information for monthly reimbursement of RCSV subsidies.

Scope for improving provision of bed vacancy information

4.8 ***Need to ensure timely update of number of vacant beds in VISE.*** According to the Notes to RSPs, RSPs should update the number of vacancy for beds open for accommodating RCSV holders in VISE on the last day of every month. From March to May 2024, there was a total of 607 records for updates of the bed vacancy information by 206 RSPs through VISE. Audit noted that 148 (24%) records were updated on time. The remaining 459 (76%) records were not updated on the last day of every month as required, including:

- (a) for 282 (61%) records, the number of vacant beds was updated 1 to 6 days (with both the average and the median being about 3 days) before the last day of every month; and
- (b) for 177 (39%) records, the number of vacant beds was updated 1 to 8 days (with both the average and the median being about 2 days) after the last day of every month.

4.9 Upon enquiry, SWD informed Audit in October 2024 that there was an established mechanism to remind RSPs to update bed vacancy in VISE by emails at different time points, and the responsible Assistant Social Work Officers of RCSVO

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would also directly follow up with those RSPs which failed to update the information despite reminders. In Audit's view, SWD needs to step up measures to ensure that RSPs update the number of vacancy for beds open for accommodating RCSV holders in VISE in accordance with the stipulated timeframe.

4.10 ***Scope for exploring feasibility of creating data interface between VISE and Elderly Information Website for bed vacancy information.*** For the number of vacancy for beds open for accommodating RCSV holders:

- (a) RSPs were required to update the number in VISE on the last day of every month (see para. 4.8);
- (b) RSPs were also required to update the number on the Elderly Information Website as necessary. For some RSPs, there were differences between the number shown on the website and in VISE (see paras. 4.17(b) and 4.18(b)); and
- (c) the elderly persons holding RCSVs and their family members might use VISE to search for information of RSPs. When searching the bed vacancy information, the link to the Elderly Information Website was shown.

4.11 Audit noted that the information on vacant beds open for accommodating RCSV holders in VISE and on the Elderly Information Website was not consistent. In Audit's view, to facilitate RSPs in updating the information and the elderly persons and family members in obtaining the latest information for making informed choices, there is merit for SWD to explore the feasibility of creating data interface between VISE and the Elderly Information Website for vacant beds open for accommodating RCSV holders.

Need to keep under review utilisation of VISE

4.12 According to SWD, VISE can facilitate eligible elderly persons and their family members to use voucher services of RCSV Scheme. Audit noted the following:

- (a) ***Need to encourage online submission of RCSV applications through VISE.*** According to SWD, VISE could support timely processing of

applications and minimise manual effort. Since September 2023, eligible elderly persons or their family members might submit RCSV applications through VISE (Note 56). Up to May 2024, a total of 2,626 RCSV applications were received by SWD, of which 2,261 (86%) applications were submitted using paper forms and only 365 (14%) applications were submitted through VISE. Upon enquiry, SWD informed Audit in October 2024 that:

- (i) a video demonstrating the application for RCSVs step by step through VISE had already been provided on SWD website; and
- (ii) while online submission might be new to some elderly persons or their carers, there had been a rising trend of online submission through VISE since its roll-out.

In Audit's view, SWD needs to step up measures to encourage the use of VISE for submitting RCSV applications to enhance efficiency;

- (b) ***Need to keep under review utilisation of VISE.*** RCSV holders and their family members might use VISE to enquire usage status of RCSVs and information of care supplements, search information of RSPs and use the calculator to estimate the co-payment levels. Audit noted that as of March 2024, 820 (21%) of the 4,000 current RCSV holders activated their accounts in VISE. Upon enquiry, SWD informed Audit in October 2024 that as casework support service from RCSVO would be rendered to the elderly persons/family members since RCSV application until service exit, the RCSV holders/family members could contact the Assistant Social Work Officers concerned direct for any enquiries, and thus activation of VISE accounts might be considered not necessary. To optimise the use of VISE, SWD needs to continue to keep under review its utilisation and take follow-up actions as appropriate (e.g. improving the functions of the system); and

Note 56: *When applying for RCSV through VISE, the Hong Kong identity card number of the elderly person is required to be input for checking the eligibility for joining RCSV Scheme. If the elderly person is eligible, the user can proceed to complete the application form online without creating an account in VISE.*

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- (c) *Scope for exploring feasibility of enhancing VISE for online submission of applications by RCHEs for joining RCSV Scheme.* If RCHEs wish to participate in RCSV Scheme, they need to submit applications to SWD. As of August 2024, VISE did not support online applications by RCHEs.

Audit recommendations

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

- (a) **step up measures to ensure that RSPs timely submit reimbursement forms for RCSV subsidies and information on admission and discharge of RCSV holders, including enhancing the monitoring of the compliance with the stipulated timeframes;**
- (b) **step up measures to enhance the accuracy of information provided by RSPs in reimbursement forms for RCSV subsidies;**
- (c) **specify the procedures (including approval criteria and authority) for granting extension of the absence period for RCSV holders in SWD guidelines;**
- (d) **explore the feasibility of enhancing VISE for online submission of hospitalisation, discharge and medical examination information of RCSV holders by RSPs and for online submission of applications by RCHEs for joining RCSV Scheme;**
- (e) **step up measures to ensure that RSPs update the number of vacancy for beds open for accommodating RCSV holders in VISE in accordance with the stipulated timeframe;**
- (f) **explore the feasibility of creating data interface between VISE and the Elderly Information Website for vacant beds open for accommodating RCSV holders;**
- (g) **step up measures to encourage the use of VISE for submitting RCSV applications to enhance efficiency; and**

- (h) **continue to keep under review the utilisation of VISE and take follow-up actions as appropriate.**

Response from the Government

4.14 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended.

Elderly Information Website

4.15 According to SWD, the Elderly Information Website provides various types of information related to RCHEs, including licences, services, fees, staffing, facilities and service quality. The website also enables the public to compare the services provided by different RCHEs and/or RSPs so as to make informed choices. The information available on the website relating to RCSV Scheme includes RSPs' number of beds open for accommodating RCSV holders, vacancy for beds open for accommodating RCSV holders, fee charging tables under RCSV Scheme and information on SQG Scheme.

4.16 Audit selected 30 RSPs and examined the related information provided on the Elderly Information Website as of May 2024 and found room for improvement. The details are shown in the ensuing paragraphs.

Need to ensure that RSPs' residential place information on website is complete and up-to-date

4.17 The Elderly Information Website provides RSPs' residential place information, including:

- (a) ***Number of beds open for accommodating RCSV holders.*** The information on the number of beds open for accommodating RCSV holders on the website for each RSP includes the breakdown by the number of beds charged at the voucher value and at value higher than the voucher value (see para. 2.25(b)). The information is uploaded to the website by SWD after approving the RSP for joining RCSV Scheme. An RSP is required to submit an application for changes in the number of beds open for

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accommodating RCSV holders for SWD's approval and updating of the information on the website; and

- (b) ***Number of vacant beds for accommodating RCSV holders.*** According to the notes to RSPs, in order to enhance the transparency of information for RSPs under RCSV Scheme and facilitate the elderly persons and their carers in making informed choices, RSPs are required to update the number of vacancy for beds open for accommodating RCSV holders on the website. Upon the update by RSPs, the updated number of vacant beds (including breakdown by the number of beds charged at the voucher value and at value higher than the voucher value) and the last update date will be shown on the website.

4.18 For the 30 RSPs examined (see para. 4.16), Audit reviewed the information on the Elderly Information Website as of May 2024 and noted discrepancies between RSPs' residential place information on the website and SWD's approval/WISE records, as follows:

- (a) for 7 (23%) RSPs, the total number of beds open for accommodating RCSV holders shown on the website was different from SWD's approval records in case files (see item (a) in Table 8);
- (b) for 24 (80%) RSPs, the number of vacancy for beds open for accommodating RCSV holders shown on the website was different from SWD's records (provided by RSPs through VISE) (see item (b) in Table 8); and
- (c) starting from 11 June 2024, SWD had expanded the coverage of the voucher from C&A places to NH places. According to SWD, as at 31 August 2024, 37 RSPs were offering 1,512 beds for NH places. However, as of August 2024, the number of beds open for accommodating RCSV holders and the bed vacancy information on the Elderly Information Website only represented the number for C&A places, and such information was not available for NH places.

Table 8

Discrepancies between RSPs’ residential place information on Elderly Information Website and SWD’s approval/VISE records (May 2024)

Type of information	No. of RSPs with discrepancy	Discrepancy	Period without updating website	Duration
(a) Number of beds open for accommodating RCSV holders	7 (23%) of 30 RSPs with discrepancies, including: <ul style="list-style-type: none"> 3 (43%) RSPs without changes in the number since joining RCSV Scheme 4 (57%) RSPs with changes in the number after joining RCSV Scheme 	<ul style="list-style-type: none"> 24 to 100 beds (91% to 100% based on SWD’s approval records) 9 to 98 beds (15% to 100% based on SWD’s approval records) 	<ul style="list-style-type: none"> From join dates of RCSV Scheme to 31 May 2024 From approval dates of the latest records to 31 May 2024 	<ul style="list-style-type: none"> 6.7 months to 9.5 months (averaging 8.2 months) 8.2 months to 1.2 years (averaging 11 months)
(b) Number of vacancy for beds open for accommodating RCSV holders	24 (80%) of 30 RSPs with discrepancies, including: <ul style="list-style-type: none"> 3 (13%) RSPs with last update dates on website not available (Note) 21 (87%) RSPs with last update dates shown on website 	<ul style="list-style-type: none"> 10 to 68 beds (100% based on VISE records) 1 to 90 beds (13% to 5.7 times based on VISE records) 	<ul style="list-style-type: none"> From join dates of RCSV Scheme to 31 May 2024 From last update date to 31 May 2024 	<ul style="list-style-type: none"> 6.7 months to 9.5 months (averaging 8.2 months) 18 days to 2.4 years (averaging 9.3 months)

Source: Audit analysis of SWD records

Note: As RSPs had not updated the bed vacancy information on the Elderly Information Website since joining RCSV Scheme, the last update dates were not available.

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4.19 Audit noted that the timeframes for updating the number of beds open for accommodating RCSV holders on the Elderly Information Website were not specified in SWD guidelines. In Audit's view, SWD needs to specify the timeframes for updating the latest residential place information on the Elderly Information Website in its guidelines and take measures to ensure compliance. SWD also needs to take measures to provide residential place information for RSPs' NH places on the Elderly Information Website.

Need to enhance RSPs' fee information on website

4.20 According to the Notes to RSPs, for reference of RCSV holders and the public, the price lists of fee-charging items provided by RSPs are uploaded to the Elderly Information Website by SWD after scrutiny. The fee-charging tables of individual RSPs uploaded to the website include the following forms:

- (a) bed fee form showing the prices for any beds located inside an upgraded dormitory which are charged at value higher than the prevailing voucher value (see para. 2.29); and
- (b) fee-charging form showing the prices of additional services, consumable items and incidental charges (see para. 2.45).

4.21 For the 30 RSPs examined (see para. 4.16), Audit reviewed the fee information on the Elderly Information Website as of May 2024 and noted the following:

- (a) **Bed fee form.** Of the 30 RSPs, 22 RSPs charged bed fees at value higher than the voucher value. For 21 (95%) of the 22 RSPs, Audit noted inadequacies in the fee information shown on the website, including bed fee forms not available on the website (for 4 RSPs), and the calculations of the top-up payments for upgraded dormitory in the bed fee forms based on outdated voucher values (for 17 RSPs) (see item (a) in Table 9); and
- (b) **Fee-charging form.** The fee-charging form included the reporting date of the fee schedule, the list of fee-charging items and the prices. Audit noted that the effective dates of the fee schedules were not indicated in the fee-charging forms on the website. In addition, for the 30 RSPs, Audit

noted inadequacies in the fee information shown on the website for 19 (63%) RSPs (see item (b) in Table 9), including:

- (i) for 10 (53%) RSPs, the fee-charging forms were not available on the website (Note 57);
- (ii) for 5 (26%) RSPs, the reporting dates of the fee-charging forms were not indicated in the forms; and
- (iii) for fee-charging forms with reporting dates (Note 58), the forms on the website for 3 (16%) RSPs were not up-to-date and the fee-charging form of 1 (5%) RSP was not available in the case file.

Note 57: *For the 10 RSPs, as of August 2024, fee-charging forms were found in the case files of 8 RSPs. As for the remaining 2 RSPs, as the fee-charging forms were not available in the case files, whether they charged fees for additional services, consumable items and incidental charges could not be ascertained.*

Note 58: *For 15 RSPs, the fee-charging forms on the website as of May 2024 were with reporting dates. Audit examined the case files of the 15 RSPs to ascertain whether the fee-charging forms on the website were up-to-date.*

Table 9

**RSPs' fee information on Elderly Information Website
(May 2024)**

Type of information	Inadequacy	Period without updating website	Duration
(a) Bed fee form	<p>21 (95%) of 22 RSPs' forms with inadequacies, including:</p> <ul style="list-style-type: none"> • 4 (19%) RSPs without bed fee form on website • 17 (81%) RSPs included top-up payment in bed fee forms based on outdated voucher values 	<ul style="list-style-type: none"> • From join dates of RCSV Scheme to 31 May 2024 • From last effective date of outdated voucher value to 31 May 2024 	<ul style="list-style-type: none"> • 1.5 years to 6.9 years (averaging 3.8 years) • 2 months to 7.2 years (averaging 1.2 years)
(b) Fee-charging form	<p>19 (63%) of 30 RSPs' forms with inadequacies, including:</p> <ul style="list-style-type: none"> • 10 (53%) RSPs without fee-charging form on website • 5 (26%) RSPs' fee-charging forms without reporting dates • 3 (16%) RSPs' fee-charging forms on website not up-to-date • 1 (5%) RSP's fee-charging form not available in case file 	<ul style="list-style-type: none"> • From join dates of RCSV Scheme to 31 May 2024 • N.A. • From reporting dates of the latest forms to 31 May 2024 • N.A. 	<ul style="list-style-type: none"> • 7 months to 7.2 years (averaging 3.9 years) • N.A. • 42 days to 9.5 months (averaging 5.7 months) • N.A.

Source: Audit analysis of SWD records

4.22 Audit noted that the timeframes for uploading the latest fee schedules to the Elderly Information Website were not specified in SWD guidelines. In Audit's view, SWD needs to specify the timeframes for updating the latest fee information on the website in its guidelines and take measures to ensure compliance. SWD also needs to take measures to improve completeness of RSPs' fee information on the website to enhance transparency, including providing the effective dates of fee schedules of RSPs on the website.

Need to timely update RSPs' information related to SQG Scheme on website

4.23 The Elderly Information Website provides information on whether RSPs have joined SQG Scheme. According to SWD, all RSPs under RCSV Scheme have joined the current batch of SQG Scheme for 2023-25 (from September 2023 to August 2025). For the 30 RSPs examined (see para. 4.16), Audit reviewed the information on the Elderly Information Website as of May 2024 and noted that the RSP's information related to SQG Scheme was not updated, as follows:

- (a) for 7 (23%) RSPs, the information on whether the RSPs had joined SQG Scheme was not available; and
- (b) for 23 (77%) RSPs, while the RSPs had joined the current batch of SQG Scheme for 2023-25, the information on the website indicated that the RSPs joined in earlier batches (i.e. 20 RSPs and 3 RSPs joined the batches for 2021-23 and 2018-20 respectively).

Audit recommendations

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

- (a) **specify the timeframes for updating the latest residential place and fee information on the Elderly Information Website in SWD guidelines and take measures to ensure compliance;**

Other related issues

- (b) **take measures to provide residential place information for RSPs' NH places (including the number of beds open for accommodating RCSV holders and bed vacancy information) on the Elderly Information Website;**
- (c) **take measures to improve completeness of RSPs' fee information on the Elderly Information Website, including providing the effective dates of fee schedules of RSPs on the website; and**
- (d) **timely update RSPs' information related to SQG Scheme on the Elderly Information Website.**

Response from the Government

4.25 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended.

Way forward

4.26 According to the 2023 Policy Address, Hong Kong has among the longest life expectancies in the world, and the proportion of elderly persons aged 65 and above will increase from 20% of Hong Kong's population to nearly one-third by the end of the next decade. As of December 2023, the number of elderly persons aged 65 and above was about 1.69 million (i.e. about 22% of Hong Kong's population of about 7.53 million). The number of elderly persons residing in RCHEs was 60,759 (accounting for about 4% of persons aged 65 and above).

4.27 As of June 2024, there were 818 RCHEs in Hong Kong providing a total of 79,147 residential care places, including 32,396 (41%) places subsidised by the Government (Note 59) and 46,751 (59%) non-subsidised places. With effect from 11 June 2024, the number of RCSVs under RCSV Scheme has increased to 5,000.

Note 59: *According to SWD, the expenditure on subsidised residential care services for 2023-24 was about \$8.7 billion.*

Scope for encouraging RCHEs to participate in RCSV Scheme and increasing residential places for RCSV holders

4.28 As announced in the 2017 Policy Address, the Government would include more RSPs in the Pilot Scheme on RCSV to turn the principle of “money-following-the-user” into reality and enhance the service quality of private elderly homes.

4.29 ***Scope for increasing residential places for RCSV holders for some RSPs.*** Audit examined the number of beds open for accommodating RCSV holders and the related bed vacancy information as of March 2024 and noted the following:

- (a) 203 RSPs were offering a total of 10,728 beds for accommodating RCSV holders. The number of beds offered varied among RSPs, ranging from 2 to 213 beds (averaging about 53 beds);
- (b) for 90 (44%) of the 203 RSPs, the percentage of vacant beds open for accommodating RCSV holders was 10% or less, of which the beds for RCSV holders for 25 RSPs were fully occupied (see Table 10) (Note 60); and

Note 60: *According to SWD, RCSV Scheme aims to allow eligible elderly persons to freely choose RCHEs participating in the Scheme without having to wait. Hence, there is no waitlisting mechanism under the Scheme.*

Table 10
**Percentage of vacant beds open for
accommodating RCSV holders
(31 March 2024)**

Percentage of vacant beds	No. of RSPs
0%	25 (12%) } 90
More than 0% and up to 10%	65 (32%) } (44%)
More than 10% and up to 20%	37 (18%)
More than 20% and up to 30%	31 (15%)
More than 30% and up to 40%	20 (10%)
More than 40% and up to 60%	13 (6%)
More than 60% and up to 80%	9 (5%)
More than 80% and up to 100%	3 (2%)
Total	203 (100%)

Source: Audit analysis of SWD records

- (c) in the period from roll-out of RCSV Scheme to March 2024, 3,110 RCSVs were cancelled, and the reasons for the voucher holders leaving RCSV Scheme included the preferred RSPs were full or no suitable RSPs (185 or 6%) (see Note 18 to para. 2.4).

4.30 **Scope for increasing choices of RSPs.** Since 11 June 2024, the RCSV quota has increased by 1,000 from 4,000 to 5,000 and the coverage of the voucher has been expanded from C&A places to NH places. Audit noted that the number of beds open for accommodating RCSV holders had not increased accordingly, as follows:

- (a) as of March 2024, the number of RCSV holders was 4,000 (with 262 RCSV holders yet to use the vouchers) and 203 RSPs were offering a total of 10,728 beds for RCSV holders. For the 10,728 beds, 3,738 (35%) beds were resided by RCSV holders, 4,971 (46%) beds were resided by non-RCSV holders and 2,019 (19%) beds were vacant; and
- (b) as at end August 2024, 211 RSPs were offering a total of 11,396 beds for RCSV holders (all could accommodate voucher holders requiring C&A

places, of which 1,512 beds could also accommodate voucher holders requiring NH places). While there were an additional 1,000 RCSVs, the number of beds open for accommodating RCSV holders only increased by 668 as compared to the figure as of March 2024.

4.31 Upon enquiry, SWD informed Audit in October 2024 that:

- (a) the consumption of the additional 1,000 RCSVs would be gradual, and the number of vacant beds open for accommodating RCSV holders as of August 2024 was actually over 2,000, which could fully meet the demand; and
- (b) the number of RSPs increased from 152 RSPs in March 2021 to 211 RSPs in August 2024. During the period from 2021-22 to 2024-25 (as of August 2024), a total of 68 RCHEs newly joined RCSV Scheme providing a total of 3,942 beds for RCSV holders (and 9 RSPs exited the Scheme mainly due to closure of RCHEs). As at end September 2024, SWD was handling 15 new RSP applications, involving around 900 beds open for accommodating RCSV holders.

4.32 As of June 2024, there were 818 RCHEs in Hong Kong (Note 61). In order to turn the principle of “money-following-the-user” into reality and provide more choices to RCSV holders in choosing RSPs, Audit considers that SWD needs to continue to encourage RSPs to increase residential places open for RCSV holders and invite eligible RCHEs to participate in RCSV Scheme.

Note 61: *According to SWD, all RCHEs having non-subsidised/self-financing vacancies are welcomed to join RCSV Scheme if they have met the spacing, staffing, and track record requirements. As various factors (such as staffing arrangement, adjustment of number of beds or floor space for each resident from business perspectives, receipts of warnings issued by SWD to RCHEs) are ever changing and may affect RCHEs’ eligibility in joining RCSV Scheme, SWD does not have estimates on the number of eligible RCHEs for joining the Scheme. For reference, as of October 2024, around 120 subvented RCHEs without self-financing places and around 40 EA2 private homes under EBPS would not join RCSV Scheme.*

Need to keep under review demand for RCSVs and service supply

4.33 When the Pilot Scheme on RCSV was launched in March 2017, a total of 3,000 RCSVs were to be issued by batches. The number of RCSVs was based on the feasibility study on introducing a voucher scheme on residential care services for the elderly completed in 2016. According to the study report, there should be sufficient demand for vouchers and supply of suitable residential care service places to support the roll-out of a pilot scheme, as follows:

- (a) on the demand side, based on the feedback to the questionnaire survey conducted by the consultant team with the waitlistees on CWL, the projected number of elderly persons interested in joining the scheme would be at around 3,000 at the commencement of a pilot scheme; and
- (b) on the supply side, the available places from RCHes interested in becoming a service provider under the scheme should also be enough to meet the demand from at least 3,000 voucher users.

The Government had accepted the recommendation put forward by the consultant team on the number of RCSVs to be issued.

4.34 The RCSV quota increased from 3,000 to 4,000 effective from April 2022, and further to 5,000 effective from 11 June 2024 (Note 62). Upon enquiry, SWD informed Audit in July 2024 that when projecting service demand and estimating the number of vouchers required, various factors had been taken into account, including the number of current RCSV users, anticipated number of new RCSV users and voucher users leaving the Scheme. The increase in the number of RCSVs was announced in the 2022-23 Budget and the 2023 Policy Address (see para. 1.8(b) and (c)).

4.35 As at 30 June 2024, there were 4,271 RCSV holders (accounting for about 85% of RCSV quota of 5,000). On the other hand, there were 16,368 applicants waitlisted for subsidised residential care services on CWL for subsidised long term care services, as follows:

Note 62: *As announced in the 2024 Policy Address in October 2024, the total number of RCSVs will be increased to 6,000 starting from the second quarter of 2025.*

- (a) 14,009 persons waitlisted for C&A places. As of June 2024, the average waiting time for C&A places for the past three months (i.e. from April to June 2024) was about 9 months (17 months for subvented homes and contract homes and 4 months for private homes under EBPS); and
- (b) 2,359 persons waitlisted for NH places. As of June 2024, the average waiting time for NH places for the past three months (i.e. from April to June 2024) was about 9 months.

4.36 SWD commissioned a tertiary institution to conduct two reviews on the effectiveness of the Pilot Scheme on RCSV in December 2017 and October 2020, which were completed in April 2020 and November 2022 respectively. According to SWD, the results of the two reviews showed that the Scheme was generally well-received by the elderly persons using RCSVs and the participating RCHEs. As of August 2024, RCSV Scheme has been regularised for about 1.5 years. With a view to providing more choices for elderly persons in need of residential services, SWD needs to keep under review the demand for RCSVs, the service supply of RCHEs and the users' feedback, and adjust the number of vouchers and RCSV Scheme as necessary.

Audit recommendations

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

- (a) **continue to encourage RSPs to increase residential places open for RCSV holders and invite eligible RCHEs to participate in RCSV Scheme; and**
- (b) **keep under review the demand for RCSVs, the service supply of RCHEs and the users' feedback, and adjust the number of vouchers and RCSV Scheme as necessary.**

Response from the Government

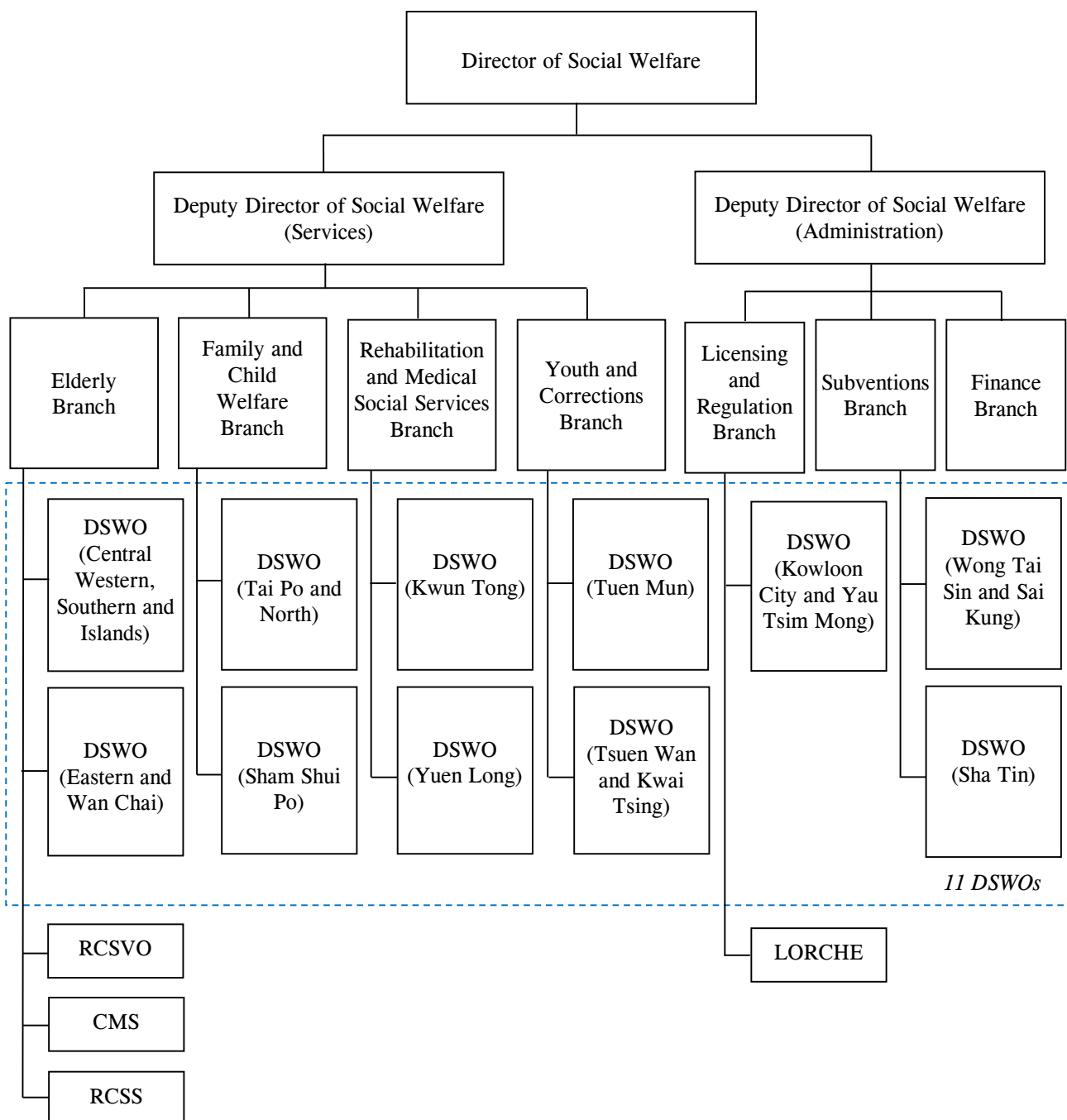
4.38 The Director of Social Welfare agrees with the audit recommendations and will take necessary follow-up actions as recommended. She has said that:

Other related issues

- (a) RCSV Scheme provides an additional choice for elderly persons waiting for subsidised residential care services. Eligible elderly persons do not have to wait and are offered with greater flexibility in room type, service contents, etc. when staying in an RSP under the subsidy of RCSV Scheme, and those who can afford less receive more subsidies from the Government. The Scheme also has the effect of incentivising improvements of service quality under market force; and

- (b) in view of the growing elderly population, the Government will give due regard to the “money-following-the-user” and “user pay in accordance with affordability” principles when introducing new or expanding existing services, to ensure their long-term financial sustainability. SWD will also continue to closely monitor the utilisation and quality of service provision of the Scheme.

**Social Welfare Department:
Organisation chart (extract)
(31 March 2024)**



Source: SWD records

Remarks: Only the branches/offices/sections related to the implementation of RCSV Scheme are shown.

Acronyms and abbreviations

Audit	Audit Commission
C&A	Care-and-attention
CMS	Contract Management Section
CSSA	Comprehensive Social Security Assistance
CWL	Central Waiting List
DSWOs	District Social Welfare Offices
EBPS	Enhanced Bought Place Scheme
LORCHE	Licensing Office of Residential Care Homes for the Elderly
NGOs	Non-governmental organisations
NH	Nursing home
RCHEs	Residential care homes for the elderly
RCSS	Residential Care Services Section
RCSV	Residential Care Service Voucher for the Elderly
RCSVO	Residential Care Service Voucher Office
RCSVs	Residential Care Service Voucher System
RCSV Scheme	Residential Care Service Voucher Scheme for the Elderly
RSPs	Recognised service providers
SCNAMES	Standardised Care Need Assessment Mechanism for Elderly Services
SQG	Service Quality Group
SQs	Service Quality Standards
SWD	Social Welfare Department
WISE	Voucher Information System for the Elderly