

## FOCUS

### Succeed to a Century-old Charitable Foundation with Innovative Services Interview with Dr Lee Yuk Lun, JP, Chairman of Tung Wah Group of Hospitals

After eight years of servicing in the Board of Tung Wah Group of Hospitals (TWGHs) since 2009, Dr Lee Yuk Lun assumed chairmanship in April 2017.

Dr Lee and TWGHs have a long history of acquaintance. Not only is his family a frequent patron of Kwong Wah Hospital, the Hospital was Dr Lee's venue of birth, which explains the strong ties he has with the Group. In his new role as Chairman, he believes it is of utmost importance to understand the organization thoroughly. "This encompasses its unique culture, mission, and different services. When I first joined the Board, all Directors were required to visit different service units shortly after inauguration," said Dr Lee. "Vivid memories of my first visit to Kwong Fook I-tsz always stay with me, which serve to remind me of founders' altruism, and continue to encourage me to dedicate myself to paying forward their charitable work."

A century-old institution that provides a wide range of medical, educational and social services, TWGHs has over 300 service units, staffed by more than 14,000 employees. Its recurrent expenditure exceeds HK\$8.4billion.

The governance of the Group is distinct from that of most local charities. Unremunerated, the Board including Chairman, Vice-Chairmen and Directors has to make yearly donations and assist in fundraising. They also have to serve in different committees rotationally in order to get to the bottom of operation at the service and departmental levels, so as to learn the actual needs and challenges these executive arms have, which is essential for making grounded policies. The Group also has a governance code that stipulates Board term limit with succession mechanism, Board and committees' roles, governance structure, oversight and monitoring, as well as code of ethics for Chairman, Vice-Chairmen, Directors and staff, all of which are subject to yearly reviews.

Pertinent replacement of Board Directors could expand an organization's network, bringing in new resources and fresh thinking. During his nine years of service in TWGHs' Board and committees, Dr Lee has gladly seen through the realization of his many suggestions that have helped the Group better responds to emerging societal needs, including some that capitalizes on extra-governmental funding. "With regard to the increasing demand for Chinese medicine, after the Centralized Decoction Centre, TWGHs will soon open a Chinese Medicine Clinic. 'EscortEasy' is yet another new initiative that addresses pressing needs for picking up elders to visit hospitals and district clinics."

Dr Lee believes that governors' and staff's concerted effort is required for an effective implementation of policies. "The Board highly values the participation of the youth, and is eager to engage them in all ways possible. For instance, the stickers for flag days have been redesigned, reflecting TWGHs' revitalized brand. Our new social enterprises also promote charitable spending among youngsters."

Shouldering the weighty chairmanship, Dr Lee has stilled his personal businesses in 2017-18, to completely devote himself to the voluntary work with TWGHs. He looks forward to driving even more social services appropriate to the latest needs for the benefits of the most.



Dr Lee (far right) and other Board members regularly visit TWGHs' service units. Apart from familiarizing themselves with unit operation, they communicate with service users to better learn their needs, which is essential for their improving and devising service-related policies.



Dr Lee (fifth from left) is very keen on TWGHs' fundraising activities. At "TWGHs Charity Cantonese Opera" held in June, not only did he make a donation, but he also joined the show crew on stage.

# GOVERNANCE IN ACTION

## A Step-by-Step Guide to Governing Risk Management

“Risks are necessary evil in any organizations’ operation,” said Dr C K Lo, trainer at the second dialogue session on NGO board governance themed “Governing Risk Management” held in May 2017.

Emphasizing the inherent nature of risks to operation, Dr Lo expounded on a board’s role in managing risks, and put forward a step-by-step guide that could help NGO governors formulate risk policies, from risk identification and prioritization, to implementation, monitoring and review of risk policies.

### Risks are inevitable and complex

The risks an NGO faces are multifold, and require different ways to be dealt with. Further, while some can be more proactively hedged, some “realize” into harm or even crisis that is of little control by the organization. This, again, speaks to risks’ inevitability. For example, a board attendee of the aforesaid workshop shared that their organization suffered from tarnished reputation due to some wrongdoing of a sister organization. Another noted how public perception of the sector at large, sometimes swayed by unverified or even unfounded accusation against a particular NGO reported in the media or online, detriment their organizations’ public trust.

It is indeed no exaggeration to claim that risks can be found in all aspects, and are extremely complex. Hence, the essential first steps to governing risk management are to better understand and properly identify risks.

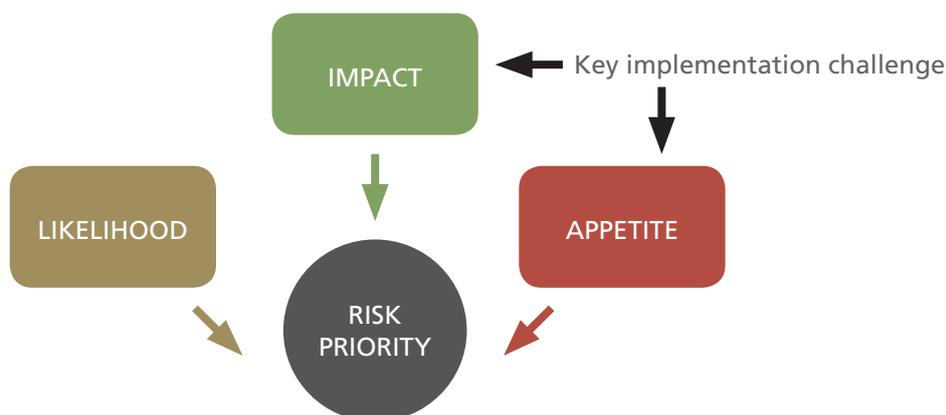
### First steps to governing risk management: understand, identify and prioritize risks

One way to do so is to comprehend risks in categories, such as governance risks, legal and regulatory compliance risks, operational risks, financial risks, and lastly, external risks.<sup>1</sup> As one can easily appreciate, the two risks raised above are external risks, which are in general extremely difficult for any individual NGO to avoid.

Having identified the myriad of risks an organization faces, given the resource limitation, it is essential to prioritize the risks. One way to undertake this exercise of prioritization is to rate risks by three meters:

1. likelihood - what the odds are for the risk to realize;
2. impact - in the event of risk realization, how and to what extent it would affect the organization; and
3. appetite - how worthy it is for the organization to bear the risk i.e. if the action that entails the risk contributes to achieving organization goals.

Needless to say, with regard to their varying goals and missions, as well as their diversified backgrounds, histories, cultures, stages of development and so on, individual NGOs have different appetites pertaining to their unique circumstances; hence, NGOs could have widely different assessment of the same type of risk, in terms of relevance and potential severity.



<sup>1</sup> National Council for Voluntary Organisations, “Stress testing your charity - risk management for trustees”, <https://www.slideshare.net/NCVO/stress-testing-your-charity-risk-management-for-trustees>, (November 5, 2015). Slide 13-17.

# GOVERNANCE IN ACTION

## Ongoing monitoring and regular review are key

Apart from the understanding and identification of risks, the contextual perspective is also imperative for the monitoring of the implementation of the risk policies – and, precisely because circumstances evolve over time, risks and how they are being managed should be constantly registered and reported to the board. It is the board's responsibility to stay abreast of how the organization performs in terms of risk management.

Internal audit is one of the effective means through which the board and the organization as a whole learn how well or how badly it is managing its risks. Nonetheless, it is not uncommon for organizations to encounter resistance from staff when internal audit is first introduced, who perceives it as an action of distrust (which, paradoxically, is a type of risk in itself i.e. staff resentment, and calls for systematic dealing with). Therefore, as important as having internal audit or any other risk management systems in place is how they are carried out – they should be positioned as a health check that supports the organization including its staff, frontline and management with their work and hence the organization's overall operation; they neither aim to find faults nor assume wrongdoings or inefficiency of staff, but objectively gauge the health of the organization in different aspects and across levels of operation.

## Risk management takes the concerted effort of everyone in the organization

"The greatest risk of all," asserted Dr Lo, "is ignoring risk management." He could not emphasize enough the importance of risk awareness, instead of risk aversion, the latter of which may be conservatism in disguise since risk is inherent in any activity. He suggests NGO governors to regularize risk management in board agendas, and lay deliberate effort to grow the risk management culture throughout the organization. After all, effective risk management is only possible with the complementation of a lot of relevant policies: conflict of interests, whistle-blowing, complaint handling, staff remuneration, reserves, privacy, IT security, equal opportunities, and many more, all of which constitute an effective risk management system.



Participants shared their agencies' experience in risk management.



Dr C K Lo led the discussion on governing risk management, which was very well received by workshop participants.

*Special thanks to Dr C K Lo, who has provided the rich contents for this article by presenting and leading the aforementioned dialogue workshop co-organized by this Project and GAME (Governance And Management for Excellence) for Public Benefit.*

*One of the Founders of GAME for Public Benefit, Dr C K Lo is a renowned and respected public affairs and communications expert. He has long been active in public and community service, and was a member of the Council of Oxfam Hong Kong, the Board of Supervisors of Oxfam International, and the Executive Committee of The Hong Kong Council of Social Service. He also currently sits on the Board of Hong Kong Policy Research Institute.*

# UPCOMING ACTIVITIES

## New “Directors of Self-help Organizations’ Network”

The second network to support directors of self-help organizations is now recruiting new participants, the six workshops of which will take place in 2017/18. The new network will provide participants with networking and mutual learning opportunities, with an aim to foster a support network among them. More details are as follows:

Goals:	1) solution-focused sharing and networking on governance issues 2) co-creation of governance practices of local self-help organizations		
Facilitator:	Dr Chan Yu, Associate Director, HKU-HKJC ExCEL3 Project		
Targets:	Board or committee members of self-help organizations which are agency members of HKCSS / The Hong Kong Joint Council for People with Disabilities, or receiving funding from Social Welfare Department.		
Quota:	30 (each organization can nominate up to 3 persons)		
Fees:	HK\$500 per person, including a deposit of HK\$400* <i>*On the condition of attendance at 5 or more sessions, deposit will be refunded and participants will receive a certificate of attendance.</i>		
Dates:	20/09/2017, 18/10/2017, 22/11/2017, 17/01/2018, 28/02/2018 and 21/03/2018		
Time:	9:30am-12:30pm		
District:	Diamond Hill	Language:	Cantonese

Please [click here](#) for further information and registration.

## Workshop on “Strategic Planning, Impact Management and Communications”

Co-organized with PricewaterhouseCoopers Limited, the Project will organize a workshop on agencies’ strategic planning for NGO governors in the coming September. Details as follows:

Date & Time:	23 September 2017 (Sat), 9:15am - 1:15pm	Quota:	25 - 40 persons (each organization can nominate up to three persons)
Targets:	Board and committee members (top priority), advisors and agency heads of HKCSS Agency Members	Language:	Cantonese (presentation materials and handouts in English)
Instructor:	Ms Catherine Tsui, Associate Director, Corporate Responsibility, PricewaterhouseCoopers Limited <i>Ms Tsui is an experienced consultant and has worked closely with a number of NGOs in recent years.</i>		
Format:	1) presentations by instructor, 2) small-group discussions led by PwC consultants, and 3) exercise		

Please [click here](#) for further information and registration.

# SNAPSHOTS



Co-organised by the Project and GAME (Governance And Management for Excellence) for Public Benefit, the **Dialogue Series on NGO Board Governance**, was held in April to June, 2017, covering the topics of “The Dynamic Relationship and Symbiosis of Management and Governance”, “Governing Risk Management” and “Organization Performance Assessment”.



At the **seminar on IT Governance** held on 30 June, 2017, speakers exchanged on “IT Governance & Strategies for NGOs: Trends, Risks & Opportunities” and shared the experience of their organizations in aligning IT strategies with organization goals.