

CHAPTER 6

ADMINISTRATION OF THE SYSTEM OF
JOB-RELATED ALLOWANCES

6.1 In the past the administration of the job-related allowance system has been criticised by the Director of Audit in his annual reports. These criticisms related mainly to the over-payment of job-related allowances in some departments, the continuation of the payment of certain allowances even though the original justification for them no longer applied, and the extension of the payment of allowances to new categories of staff without the prior approval of the Secretary for the Civil Service.

6.2 We recognise that the administration of an allowance system involving some 65,000 payments a month is not an easy task and we are aware that a number of improvements have already been made, including the introduction of computerisation. We consider however that the proposals in this chapter would help to improve it even further.

Overall Administration

6.3 The administration of job-related allowances is currently centralised in the Government Secretariat. Routine approvals within existing policy are dealt with by the Civil Service Branch whereas the introduction of new allowances and the revision of eligibility criteria and the rates for allowances require the approval of both the Civil Service Branch and the Finance Branch. On the other hand, routine work such as the processing of allowances payable to individual officers is handled by Heads of Department. In their replies to the Consultative Document, most departmental managements recommended that the present arrangements should continue but staff associations generally favoured more delegation to departments.

6.4 On the general view of staff that given clearly-defined eligibility criteria, Heads of Department should be delegated more authority to deal with routine applications within existing policies, we feel that even if every effort were made to spell out as clearly as possible the criteria under which allowances are payable, there would inevitably still be areas in which problems of interpretation could arise.

6.5 In order that eligibility criteria can be consistently and uniformly applied, we consider that the overall administration of the allowance system must be centralised. We therefore recommend that the Secretary for the Civil Service should continue to be responsible for the interpretation of the criteria governing eligibility for and the payment of job-related allowances and for the administration of the allowance system as a whole.

6.6 At the same time we recommend that Heads of Department should bear the responsibility for ensuring that the payment of allowances is adequately controlled and confined to eligible staff. Heads of Department should also seek the approval of the Civil Service Branch for the payment of allowances only where there is sufficient justification.

Effective Date of Payment

6.7 Apart from some exceptional cases, the current practice is that the payment of allowances should not pre-date its approval i.e. allowances are paid from a current date. However, in some of the representations received, it was suggested that backdating should be approved in cases where payment of an allowance was extended to a group of staff who had already been performing extra duties for some time or where there was an undue delay in the processing of an application.

6.8 We consider that the current date policy should be retained as it reduces the scope for abuse and avoids argument over how much backdating would be appropriate in any particular case. Although such a policy could give rise to problems if there were emergency situations where approval could not be obtained sufficiently quickly, we have been informed that such situations are rare and that there are adequate administrative arrangements for dealing with them. We therefore recommend that the payment of new allowances should continue to be made from a current date, that is, the first day of the month after that in which approval is given.

Review of Payments of Allowances

6.9 One observation made in the course of our review is that many of the problems associated with the existing job-related allowance system could be avoided if the Administration were to undertake regular reviews of existing payments of allowances. It appears that some allowances, once approved, have been paid continuously, and that reviews of the justification for them are only carried out by the Civil Service Branch on an ad hoc basis, with the exception of non-standard allowances, the majority of which are reviewed on a triennial basis. We consider this to be unsatisfactory and recommend that payments of all job-related allowances should be regularly reviewed to determine whether they are still justified and whether their rates are still appropriate.

6.10 We recommend that the following review procedures should be adopted : -

- (a) Reviews of the general principles governing the payment of job-related allowances and eligibility for them should be carried out by the Standing Commission as and when the need arises.

- (b) All cases where the payment of standard allowances has been approved should be reviewed by Heads of Department at least once every two years. To ensure that reviews are not overlooked, approvals for the payment of standard allowances on a continuing basis should only be given for a period of not more than two years and any application to extend an allowance for a longer period should be considered only after the respective Head of Department has carried out a review of the allowance and certified that its payment is still justified.
- (c) The approval of payments of non-standard allowances should be reviewed by the Civil Service Branch, in consultation with Heads of Department, at least once every two years.

Recent Improvements by the Administration

6.11 We have recently been informed that the Civil Service Branch is carrying out a comprehensive review of the procedures for the authorization of job-related allowances in the course of which a number of weaknesses in the existing system have been identified and remedial measures devised. Some of the more significant improvements reported to us are as follows : -

- (a) the imposition of limits on the length of time for which the payment of allowances may be approved in any case;
- (b) the introduction of payroll control procedures into the processing of payments of allowances;
- (c) the imposition of regulations emphasizing that it is the responsibility of Heads of Department to ensure the proper payment of allowances;
- (d) the introduction of regular checks on the names of officers receiving allowances; and
- (e) the commencement of a comprehensive programme of reviews of the justification for the payment of all job-related allowances.

We are confident that these improvements, together with the proposals which we put forward in this chapter, will go a long way towards improving the administration of the job-related allowance system.

Reviews of Posts

6.12 To reduce the need to pay job-related allowances, we consider that the job descriptions for civil service posts, which are only reviewed on an ad hoc basis at present, should be reviewed more regularly to include changes in the nature of the posts arising from new operational requirements. Where the nature of the posts has changed to the extent that more than half of an officer's time is spent on work which is outside the normal duties of his rank, we consider that it would be more appropriate for the post to be regraded wherever practicable.

6.13 We recognise that the need to carry out regular reviews of the duties and responsibilities for a rank is likely to arise mainly as a result of new operational requirements in the departments concerned. We therefore recommend that the attention of the Administration should be drawn to this issue and its effect on the allowance system and that it be left to the Administration to consider how best regular reviews of the duties required of a rank can be carried out.