

Guide to Application for Professional Services Advancement Support Scheme

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1. GENERAL

1.1 Background and Objectives

1.1.1 Following the announcement in the 2016 Policy Address and funding approval from the Legislative Council in July 2016, the HK\$200 million Professional Services Advancement Support Scheme (“PASS”) provides funding support for non-profit-making projects aimed at:

- (i) increasing the exchanges and co-operation of Hong Kong’s professional services with their counterparts in external markets;
- (ii) promoting relevant publicity activities; and
- (iii) enhancing the standards and external competitiveness of Hong Kong’s professional services.

1.1.2 Activities relating to exchanges, co-operations and publicity are encouraged in particular.

1.1.3 The Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau administers PASS and provides secretariat support to the Vetting Committee¹.

1.2 Eligible Applicants

1.2.1 The list of professional services sectors eligible for funding under PASS is at **Annex I**.

¹ Membership of the Vetting Committee is available at the PASS website (<http://www.pass.gov.hk>).

1.2.2 Non-profit-distributing² organisations operating as support organisations, trade and industrial organisations, professional bodies or research institutes, which shall either be statutory organisations or organisations formed or registered under the laws of the Hong Kong Special Administrative Region³, are eligible to apply for funding under PASS. Government departments are not eligible.

1.2.3 To ensure that a project has practical benefits to a professional services sector and is supported by it, a Government-subvented organisation⁴ must secure cash sponsorship from non-subvented professional, trade and industrial organisation(s), or company(ies) in the private sector. The amount of sponsorship shall not be less than 5% of the project cost.

1.3 Eligible Projects

1.3.1 There are no particular restrictions on the types of non-profit-making projects eligible under PASS. Eligible projects may include, but are not limited to:

- (i) outreach and home visit activities, e.g. conferences, roadshows, promotional seminars and visits;
- (ii) exchange programmes for professionals;
- (iii) capacity-building programmes, e.g. workshops and training courses and expert briefings;

² A non-profit-distributing organisation is defined as an organisation which does not distribute profits to its directors, members, shareholders, employees or any other persons. An Applicant is required to declare in the Application Form that it has not distributed any profits generated by the Applicant in the past to any of its directors, members, shareholders, employees or any other persons.

The Applicant shall provide supplementary information, such as Constitution and Articles of Association to prove that the Applicant is non-profit-distributing in nature.

³ The Applicant shall provide supplementary information, such as Certificate of Incorporation to prove the Applicant's legal status.

⁴ A Government-subvented organisation is defined as an organisation in receipt of direct government subvention. Examples include University Grants Committee-funded institutions and organisations such as the Hong Kong Trade Development Council and Hong Kong Productivity Council.

- (iv) researches and studies, e.g. researches on the development potential of external markets, development of guidebooks and manuals on new international standards or standards of external markets; and
- (v) others, e.g. establishment of professional networks.

1.3.2 Projects which are or will be funded by other government sources will not be considered.

1.3.3 Projects shall normally be completed within three years.

1.4 Amount of Grant

1.4.1 The maximum amount of grant for an approved project is 90% of the total eligible project cost, or HK\$3 million, whichever is lower. Only direct costs incurred for the delivery of the project are funded by the grant. Other costs such as office overheads, entertainment, etc. would not be funded by the grant. Please refer to the lists of typical allowable and unallowable costs at paragraphs 4.1.2 and 4.1.3.

1.4.2 The Grantee (as defined in paragraph 1.5.1) will have to meet the balance of the project cost through self-financing, third party sponsorship, income derived from the project or other means, all of which shall be free of any placement of commercial advertisements in the project venue or materials. The Grantee's contribution to the project cost may be in cash or in kind.

1.4.3 The excess grant amount, if any, paid by the Government will be recouped. The Grantee shall return to the Government the excess grant amount, plus the interest generated from it, within one month after submission of the Final Audited Account (as defined in paragraph 1.5.3). Please see paragraph 5.5.

1.5 Terms and Conditions for Funding Support

- 1.5.1 The successful Applicant (“Grantee”) will be required to sign a project agreement prepared by the PASS Secretariat (“Project Agreement”) and comply with all the terms and conditions laid down in the Project Agreement and this Guide to Application for Professional Services Advancement Support Scheme (“Guide”).
- 1.5.2 For each project, the Grantee must appoint a Project Co-ordinator and a Deputy Project Co-ordinator, who shall be responsible for overseeing the implementation of the project, monitoring the proper use of funds in accordance with the approved budget, liaising with the PASS Secretariat and reporting progress made on the project in writing or at meetings.
- 1.5.3 To facilitate the monitoring and evaluation of approved projects, the Grantee must submit to the PASS Secretariat a final report of the project (“Project Final Report”) together with a final audited account of the project (“Final Audited Account”) including an account of residual funds of the project (“Account of Residual Funds”). For longer projects, report(s) on the progress of the project (“Project Progress Report(s)”) together with audited account(s) of the project (“Audited Account(s)”) should also be submitted. The Grantee may also be required to submit a Post-Project Evaluation Report as set out in paragraph 5.4.2. The PASS Secretariat has the right to access any information and records related to an approved project.

2. APPLICATION

2.1 Application Procedure

2.1.1 Applications will normally be invited four times a year. Applicants may refer to the PASS website for information on the normal application and assessment cycle. Urgent applications may be submitted any time with justifications. The Vetting Committee and/or the PASS Secretariat may consider such justifications and consider processing such cases inter-sessionally.

2.1.2 To apply for funding under PASS, the Applicant shall complete the Application Form at **Annex II**. Copies of the Application Form can be downloaded from the PASS website (<http://www.pass.gov.hk>). The Application Form may be completed either in English or in Chinese. No application fee is charged.

2.1.3 When submitting an application, the Applicant is required to provide the following documents to the PASS Secretariat by email to *pass@cedb.gov.hk*⁵, in person or by mail:

- (i) copy of the Applicant's Constitution, Articles of Association or other official document(s) to prove that the Applicant is non-profit-distributing in nature;
- (ii) copy of the Applicant's Certificate of Incorporation or other official document(s) to prove the Applicant's legal status;
- (iii) copy of the Applicant's Audited Accounts (or Management Accounts) of the latest financial year;

⁵ All documents shall be submitted together (scanned copies acceptable). A digital certificate (Organisational) in accordance with the requirements of the Electronic Transactions Ordinance, Cap. 553 shall support the electronic submission. If such a digital certificate is not available, the Applicant may still submit the application electronically, but the Applicant must subsequently provide an original copy of the duly completed and signed Application Form to the PASS Secretariat.

- (iv) letter(s) of support from the collaborating organisation(s), if applicable;
- (v) letter(s) from sponsoring organisation(s) pledging the sponsorship, if applicable;
- (vi) supporting document for the basis on which the project income figures are calculated, if applicable;
- (vii) documentary proof on the valuation and supplementary information on the usage of in kind contribution, if applicable;
- (viii) curriculum vitae of the key members of the Project Team (as listed in Section E of the Application Form); and
- (ix) duly completed and signed Application Form, with a soft copy (*preferably in MS Word format*).

2.1.4 The PASS Secretariat will send an acknowledgement to the Applicant by email upon receipt of an application.

2.2 Withdrawal

The Applicant may write to the PASS Secretariat to withdraw an application any time before a Project Agreement has been entered into between the Government and the Applicant.

2.3 Re-submission

A rejected application may be re-submitted only if its content has been revised substantially or if it is supported by new supplementary information to address the comments made by the Vetting Committee and/or the PASS Secretariat. A resubmitted application will be treated as a new application and will be subject to the same assessment procedure.

2.4 Others

An Applicant submits its application at its own costs and expenses. The Government will not be liable for any costs or expenses whatsoever incurred by the Applicant in connection with the preparation and submission of its application.

3. ASSESSMENT

3.1 Assessment Procedure

3.1.1 The PASS Secretariat will conduct a preliminary screening of each application, and may seek clarification or supplementary information from the Applicant for consideration by the Vetting Committee.

3.1.2 Where necessary, the Applicant may be required to provide further clarification or supplementary information as requested by the Vetting Committee.

3.2 Assessment Timetable

3.2.1 Normally, the Vetting Committee will conduct meeting(s) to assess the applications in about six to eight weeks after the end of an application period. Applicants will be informed of the result in about two to three weeks after the Vetting Committee has formulated the recommendations.

3.2.2 The actual processing time will be subject to the amount of applications received, complexity of the application, comprehensiveness and clarity of the information provided, etc.. Where necessary, Applicants may be required to revise the original project proposal to fulfil the conditions for approval recommended by the Vetting Committee.

3.3 Assessment Criteria

Projects shall be non-profit-making in nature. The major assessment criteria⁶ are as follows:

Value of Project

- (i) whether the project has the potential to help increase the exchanges and co-operation of Hong Kong's professional services with their counterparts in external markets, promote the relevant publicity activities, or enhance the standards and external competitiveness of the sector;
- (ii) whether the result of the project is of practical use to the professional services concerned;
- (iii) whether the project scope, objectives and long-term impacts are realistic and expressed in clear terms in the application;

Cost-effectiveness

- (iv) whether the project can benefit a good number of professionals in the professional services sector concerned or whether the project can benefit the society significantly through the professional services sector;
- (v) whether the cost of the project is broadly commensurate with the expected results;

Project Implementation

- (vi) whether the Applicant has sufficient project management capabilities, taking into account the Applicant's experience, qualifications, track record and the resources available for the project;

⁶ Subject to endorsement by the Vetting Committee.

- (vii) whether the implementation schedule of the proposed project is properly planned, and whether major milestones are set in the project to facilitate future monitoring of progress and achievement of performance targets;
- (viii) whether there are clearly stated outcome with specified performance indicators for assessing the attainment of project objectives;
- (ix) whether the proposed budget is full, itemised, reasonable and realistic;
- (x) whether the project can be completed in three years. If not, the Applicant shall demonstrate the project's sustainability upon the cessation of funding support from PASS;
- (xi) whether there is or will be any duplication in terms of the work of other institutions or organisations;

Other Factors

- (xii) whether the project may be delivered by the Applicant as part of its normal business activities without the funding support from PASS; and
- (xiii) in determining the level of funding support for a project, whether beneficiaries of the project can reasonably contribute to the cost of the project.

3.4 Conflict of Interest

Vetting Committee Members (including the Chairperson and the Vice-Chairperson) will be required to register their interests upon appointment and declare whether they have actual, potential or perceived conflict of interests in any matter under consideration by the Vetting Committee, including any applications for funding under PASS. Where considered appropriate, the Vetting Committee may request the Chairperson or the Vice-Chairperson or the Member concerned to refrain from participating in the consideration of the application.

3.5 Notification of Result

3.5.1 The PASS Secretariat will notify the Applicant of the assessment result in writing. If an application is rejected, the PASS Secretariat will inform the Applicant of the reasons for the decision.

3.5.2 For a successful application, an initial approval-in-principle will be given to the Applicant. The successful Applicant will then be required to:

- (i) submit a cashflow projection of the project for consideration by the Vetting Committee and/or the PASS Secretariat; and
- (ii) where necessary, revise the original project proposal taking into account the comments of the Vetting Committee and/or the PASS Secretariat. The revised project proposal will be further examined by the Vetting Committee and/or the PASS Secretariat.

3.6 Signing of Project Agreement

If the cashflow projection and the revised project proposal are approved by the Vetting Committee and/or the PASS Secretariat, the PASS Secretariat will prepare a Project Agreement for the project, which will be entered into between the successful Applicant and the Government. The approved project proposal, the cashflow projection and this Guide will be appended to and form part of the Project Agreement.

4. PROJECT BUDGET

4.1 Project Cost

4.1.1 The Applicant shall clearly state the project cost in accordance with the format stated in the Application Form. Only direct costs incurred for the delivery of the project are funded by PASS. Unless otherwise expressly approved by the Government in advance, all project cost items must be incurred between the commencement and completion dates of the project (hereunder referred to as “project duration”).

4.1.2 Allowable Costs

All costs directly incurred for delivery of the project during the project duration may be funded by the PASS grant. Typically fundable direct costs may include:

(i) Manpower

- (a) salary (including employer’s contributions to the Mandatory Provident Fund) of additional manpower directly incurred for the project; and

(b) salary (including employer's contributions to the Mandatory Provident Fund) of existing staff deployed for the project (on a pro-rata/hourly basis if only a certain percentage of the working time of the staff is deployed)⁷. To avoid double subvention, a PASS grant cannot be used to pay any emolument to a person who is already on the payroll of a Government-subvented organisation, but the salary of existing staff may be included in the project cost and considered as a contribution in kind by the Government-subvented organisation. Please see paragraph 4.2.3.

Unless otherwise agreed by the PASS Secretariat, annual increment of salary for any staff recruited or redeployed for implementing the project shall not be charged to the project cost. A flat rate shall be used to budget the salary of every Project Team member throughout the project duration.

(ii) Equipment

Cost of procuring or leasing of additional equipment for implementing the project (Applicants are encouraged to use their existing equipment or to lease additional equipment to the extent possible, rather than to purchase new equipment);

⁷ A record on the percentage of the working time devoted by the staff to the project must be maintained.

(iii) Other Direct Costs

- (a) consumable expenses;
- (b) event venue and set up cost;
- (c) production and promotion cost of Project Deliverables⁸ (e.g. printing of leaflets, advertising fees);
- (d) travel and accommodation cost for Project Team members and/or other individuals approved by the Government (e.g. overseas speaker travelling to Hong Kong to conduct a seminar). For flight charges, normally only cost of economy class fare is covered;
- (e) expenses for dissemination of Project Deliverables;
- (f) external audit fees relating to the project and arising from compliance with the requirements of PASS. The maximum funding allowed for each audit of the project shall not be more than HK\$10,000; and
- (g) external consultancy fees⁹.

⁸ “Project Deliverables” mean all the tangible and intangible subject matters created, developed, produced or made by the Grantee during the course of and/or for the purpose of the project, stored in whatever media and whether in their completed forms or not, including but not limited to, the Project Progress Report(s), Project Final Report, Post-Project Evaluation Report, Audited Account(s) and Final Audited Account referred to in paragraph 5.

⁹ In case consultancy services are required and will be provided by the proposed implementation agent(s) and/or consultant(s), please provide cost breakdown of consultancy fees together with details of consultancy services to be provided, including Project Deliverables, if any, so as to facilitate assessing the reasonableness of consultancy fees. Detailed supporting documents to substantiate the payment of consultancy fees to the proposed implementation agent(s) and/or consultant(s) shall be properly kept.

4.1.3 Unallowable Costs

Unless otherwise approved by the Government in advance, the Applicant shall not charge to the project cost expenses such as:

- (i) annual increment, allowances, fringe benefits, gratuity, year-end double payment, etc. of additional manpower and existing staff;
- (ii) entertainment expenses and meals;
- (iii) participation fees for visits and mission trips;
- (iv) general office equipment (e.g. computers, projectors and fax machines) and mobile devices (e.g. mobile phones and tablets);
- (v) property acquisition expenses;
- (vi) costs of renting, renovating or setting up an office;
- (vii) utility expenses;
- (viii) costs of forming or establishing a limited company or organisation;
- (ix) depreciation, amortisation or provisions not representing actual expenses incurred;
- (x) home to workplace travelling expenses;
- (xi) cash prizes for competitions;
- (xii) capital financing expenses (e.g. mortgage and interest on loans/overdrafts); and
- (xiii) office overheads.

For the avoidance of doubt, the Grantee may carry out self-funded activities outside the PASS-funded project, including profit-making activities, provided that the cost and income of such activities are not included in the project cost and the Grantee's contribution to the project cost. The cost and income of such self-funded activities shall not be charged to the Project Account (as defined in paragraph 5.6.1). PASS grant and the Grantee's contribution to the PASS project cost must not be used to fund the self-funded activities.

The Grantee is required to inform the Government as soon as possible if the Grantee will organise any self-funded activities that are similar or related in nature, content, timing or targeted participants to the approved project, within a period of six months before or after the approved project's duration.

4.2 Contribution

4.2.1 The Grantee is required to contribute to the project cost through self-financing and/or procure contribution through third party sponsorship, project income or other means. The aggregate amount of such contribution shall be equivalent to at least 10% of the total eligible project cost. Contributions could either be in cash or in kind¹⁰. The latter can be in the form of manpower and consumables directly related to the project. In assessing the monetary value of manpower contribution, references will be made to the prevailing market rates of the tasks undertaken by the staff involved.

4.2.2 For an application submitted by a Government-subvented organisation, the Applicant must secure cash contribution from non-subvented organisation(s) or company(ies) in the private sector and the amount shall not be less than 5% of the project cost.

¹⁰ Applicants are required to provide documentary proof on the valuation and supplementary information on the usage of in kind contribution (if any).

4.2.3 As stated in paragraph 4.1.2(i) above, for the purposes of calculating the amount of Grantee's contribution under PASS, manpower cost of existing staff in a Government-subvented organisation can be included in the project cost and considered as a contribution in kind by the Government-subvented organisation. However, any grant approved under PASS must not be used to finance such manpower cost.

Project Income

4.2.4 While only non-profit making projects are eligible under PASS, project income (e.g. admission fees, course enrolment fees) may be counted towards the Grantee's contribution to the project cost.

4.2.5 The Grantee is required to make available the Project Deliverables to the professional services sector in Hong Kong through, for example, publications and seminars. Where appropriate, the Grantee may charge fees for the use of these Project Deliverables so as to wholly or partly recoup the cost of the Project Deliverables. However, the fee level shall not be higher than the cost. The basis or assumptions on which the project income figures are calculated, such as the expected number of users/participants and the estimated fees must be realistic and set out in the application. In case the actual project income is lower than estimated, the Grantee must cover the shortfall required for implementing the project. PASS will not provide any additional grant. Nevertheless, in case the actual project income is higher than estimated, the Grantee must return the surplus project income, but up to the amount of the PASS grant plus the interest generated from it, to the Government within one month after submission of the Final Audited Account of the project. Please see paragraph 5.5.

4.2.6 Examples showing the calculation of PASS grant and contribution from Applicants are at **Annex III**.

4.3 Approved Grant

- 4.3.1 The approved grant for the project may be less than the proposed amount if the Vetting Committee considers that any of the budgeted project cost is excessive, does not fall within the scope of funding or for other considerations.
- 4.3.2 The Grantee is required to inform the Government as soon as possible if the Grantee foresees that the total actual project cost will exceed the approved project cost by whatever amount. Without the written approval from the Government, the Grantee shall not:
- (i) incur project cost for any individual item if the actual expenditure for that item will exceed the approved project cost for that item by 20% or more;
 - (ii) create new project cost item(s) (e.g. new rank of project staff, new equipment item, new consumable item); or
 - (iii) transfer approved project cost to a new project cost item (e.g. revised rank of project staff, change of equipment item, change of consumable item).
- 4.3.3 Under no circumstances will the Government provide any additional grant to an approved project after a Project Agreement is signed. In case the total actual project cost exceeds the approved project cost, the Grantee is required to cover the shortfall. For the avoidance of doubt, the Government will not provide any additional grant even if the approved grant for the project is lesser than 90% of the total eligible project cost, or HK\$3 million, whichever is lower.

4.3.4 Upon completion of the project, the actual aggregate amount of the Grantee's contribution (including third party sponsorship, project income and other means, if any) shall be equivalent to at least 10% of the actual total eligible project cost. If the actual aggregate amount of the Grantee's contribution (including third party sponsorship, project income and other means, if any) is lesser than 10% of the actual total eligible project cost, the Grantee will be required to cover the shortfall. Under no circumstances will the Government provide more than 90% of the actual total eligible project cost, or HK\$3 million, whichever is lower.

5. DISBURSEMENT AND MANAGEMENT OF FUNDS AND REPORTING AND AUDITING REQUIREMENTS

PASS grant for approved projects will primarily be released on an instalment basis subject to the fulfilment of project milestones.

The Grantee is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the Government in the event of any late or withholding of payment of the PASS grant for any reason whatsoever.

5.1 Projects with Implementation Period Not Exceeding Two Years

5.1.1 For projects with project duration not exceeding two years, the grant will be disbursed in two instalments in accordance with the following schedule. The amount of each instalment will depend on the cashflow projection of the project as stipulated in the approved project proposal.

- (i) Upon the signing of the Project Agreement and subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will provide the first instalment to the Grantee after the Grantee's production to the Government's satisfaction of documentary evidence showing that:

- (a) the Grantee has received at least 50% of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal;
- (b) all other in kind contribution or sponsorship (if any) are available in accordance with the approved project proposal; and
- (c) the Project Account has been opened (see paragraph 5.6.1).

Contribution and sponsorship referred to under (a) and (b) above shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

- (ii) Subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will normally provide the second instalment (i.e. final instalment) to the Grantee after:

- (a) the acceptance in writing by the Vetting Committee and/or the PASS Secretariat of the Project Progress Report and the Audited Account; and
- (b) the Grantee's production to the Government's satisfaction of documentary evidence showing that the Grantee has received the remaining balance of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal. The aforementioned contribution shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

The Grantee shall submit the Project Progress Report and the Audited Account not later than two months before the date of payment of the second instalment (i.e. final instalment) or such other date as may be agreed by the Government in writing.

5.1.2 Notwithstanding anything herein to the contrary, the Government shall have the power to withhold the payment of the second instalment (i.e. final instalment) or any part thereof under the Project Agreement if:

- (i) 50% or more of the sum of the disbursed grant plus the Grantee's contribution (including third party sponsorship, project income and other means, if any) remains unspent;
- (ii) the Government is of the opinion that the Grantee has failed or is likely to fail to execute the project in accordance with the approved project proposal; or
- (iii) any of the reports, financial statements or other Project Deliverables submitted by the Grantee under the Project Agreement does not meet the standards specified in the Project Agreement.

5.1.3 The timing of disbursement of the second instalment (i.e. final instalment) will be affected by, amongst others, the actual cashflow of the project, the actual progress of the project and/or if there is a delay in the submission of Project Progress Report and/or Audited Account.

5.2 Projects with Implementation Period Exceeding Two Years

5.2.1 For projects with project duration exceeding two years, the grant will be disbursed in three instalments in accordance with the following schedule. The amount of each instalment will depend on the cashflow projection of the project as stipulated in the approved project proposal.

- (i) Upon the signing of the Project Agreement and subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will provide the first instalment to the Grantee after the Grantee's production to the Government's satisfaction of documentary evidence showing that:
- (a) the Grantee has received at least 50% of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal;
 - (b) all other in kind contribution or sponsorship (if any) are available in accordance with the approved project proposal; and
 - (c) the Project Account has been opened (see paragraph 5.6.1).

Contribution and sponsorship referred to under (a) and (b) above shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

- (ii) Subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will normally provide the second instalment to the Grantee after:
- (a) the acceptance in writing by the Vetting Committee and/or the PASS Secretariat of the first Project Progress Report and the first Audited Account; and

- (b) the Grantee's production to the Government's satisfaction of documentary evidence showing that the Grantee has received at least 75% of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal. The aforementioned contribution shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

The Grantee shall submit the first Project Progress Report and the first Audited Account not later than two months before the date of payment of the second instalment or such other date as may be agreed by the Government in writing.

- (iii) Subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will normally provide the third instalment (i.e. final instalment) to the Grantee after:
 - (a) the acceptance in writing by the Vetting Committee and/or the PASS Secretariat of the second Project Progress Report and the second Audited Account; and
 - (b) the Grantee's production to the Government's satisfaction of documentary evidence showing that the Grantee has received the remaining balance of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal. The aforementioned contribution shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

The Grantee shall submit the second Project Progress Report and the second Audited Account not later than two months before the date of payment of the third instalment (i.e. final instalment) or such other date as may be agreed by the Government in writing.

5.2.2 Notwithstanding anything herein to the contrary, the Government shall have the power to withhold the payment of the second instalment and/or the third instalment (i.e. final instalment) or any part thereof under the Project Agreement if:

- (i) 50% or more of the sum of the disbursed grant plus the Grantee's contribution (including third party sponsorship, project income and other means, if any) remains unspent;
- (ii) the Government is of the opinion that the Grantee has failed or is likely to fail to execute the project in accordance with the approved project proposal; or
- (iii) any of the reports, financial statements or other Project Deliverables submitted by the Grantee under the Project Agreement does not meet the standards specified in the Project Agreement.

5.2.3 The timing of disbursement of the second instalment and/or the third instalment (i.e. final instalment) will be affected by, amongst others, the actual cashflow of the project, the actual progress of the project and/or if there is a delay in the submission of Project Progress Reports and/or Audited Accounts.

5.3 Projects with Implementation Period Not Exceeding 18 Months and Grant Not Exceeding HK\$300,000

For projects with project duration not exceeding 18 months and grant not exceeding HK\$300,000, the Grantee may apply and provide justifications for exceptional consideration for the grant to be disbursed in one lump sum. The Government, having regard to the Vetting Committee's recommendation, may consider the application and provide the grant to the Grantee as follows:

Upon the signing of the Project Agreement and subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the Government will provide the grant to the Grantee after the Grantee's production to the Government's satisfaction of documentary evidence showing that:

- (a) the Grantee has received 100% of the total cash contribution (including expected project income as well as cash contribution from the Grantee, sponsor(s) and other means, if any) in accordance with the approved project proposal;
- (b) proof of availability of all other in kind contribution or sponsorship (if any) in accordance with the approved project proposal; and
- (c) the Project Account has been opened (see paragraph 5.6.1).

Contribution and sponsorship referred to under (a) and (b) above shall be free from encumbrance and can be used by the Grantee at any time during the project duration.

5.4 Reporting and Auditing Requirements

5.4.1 In addition to the Project Progress Report(s) and Audited Account(s) mentioned in paragraphs 5.1.1 and 5.2.1, the Grantee will also be required to submit a Project Final Report and a Final Audited Account to the PASS Secretariat:

- (i) For a project with a project duration not exceeding three years, the Grantee shall submit a Project Final Report and a Final Audited Account including an Account of Residual Funds covering the project duration (or up to the expiry or termination date of the Project Agreement) not later than three months upon completion of the project (or the expiry or termination of the Project Agreement, whichever is earlier).
- (i) For a project with a project duration exceeding three years, the Grantee shall submit a Project Final Report and a Final Audited Account including an Account of Residual Funds within three months upon cessation of funding support under PASS.

5.4.2 Post-Project Evaluation Report

Depending on the project nature¹¹, the PASS Secretariat may require the Grantee to submit a Post-Project Evaluation Report for a project normally within one year from its completion to report on the efforts in publicising the Project Deliverables, with quantitative measurement on the feedback of the Project Deliverables by the professional services sector.

¹¹ Applicant's evaluation of the project is normally included in the Project Final Report. However, if, for example, the impact of certain promotion and publicity projects requires a longer time to realise, the Grantee may be required to submit a Post-Project Evaluation Report.

5.4.3 Auditing Requirements

The accounts of the project shall be audited by an independent auditor who must be either a Certified Public Accountant or a Public Accountant registered under the Professional Accountants Ordinance, Cap. 50. The Government or its authorised representatives shall have the right to communicate with the auditor on matters concerning the accounts and the supporting statements. An Audited Account shall cover all receipts and receivables including the PASS grant, contributions from the Applicant (whether in cash or in kind) (including third party sponsorship, project income and other means, if any), as well as payments for the project. The Audited Account shall also include a Statement of Income and Expenditure, a Balance Sheet, a Cashflow Statement, Notes to the Accounts and an Auditor's Report. The accounts of the project shall be properly prepared from and in agreement with the books and records of the project. In the Audited Accounts, the auditor shall express an audit opinion on whether the Grantee and the accountants of the project have complied with all the requirements set out in the Notes for Auditors of Grantees at **Annex IV**, and shall make full disclosure of any non-compliance in the Auditor's Report.

5.4.4 Reporting Requirements

- (i) The format of Project Progress Report(s) and Project Final Report will be specified by the PASS Secretariat.
- (ii) Among other things, the Project Final Report shall include a detailed account of the implementation of the project, quantifiable results and achievements of the project, the Grantee's evaluation of the project and an evaluation of the Project Deliverables by the users/participants.

- (iii) In order to benefit those professionals who may not be able to participate in the project, information in the relevant parts of the Project Final Report as specified by the Government shall be made public and disseminated amongst the professional services sector.
- (iv) The Vetting Committee and/or the PASS Secretariat will assess the effectiveness of a project by comparing the Project Deliverables against its original objectives and targets as set out in the approved project proposal. The Project Final Report will be submitted to the Vetting Committee and/or the PASS Secretariat for consideration and comments. The Project Co-ordinator may be invited to present the Project Deliverables to the Vetting Committee.
- (v) In addition to the above reporting requirements, where necessary, the PASS Secretariat may organise visits or progress review meetings. This arrangement applies to all approved projects.
- (vi) Each completed project will be evaluated and unsatisfactory evaluation result may affect the future chance of the same Applicant or the Project Team in obtaining grant under PASS.
- (vii) Any record of mishandling of public funds or lack of discipline in financial management or any breach of the Project Agreement by an organisation will be taken into account by the Vetting Committee and the PASS Secretariat in considering future applications from the same Applicant or the same Project Team. Any such record may prejudice that organisation's future applications under PASS.

5.5 Return of Residual Funds

The Grantee shall, within one month after submission of the Final Audited Account of the project to the PASS Secretariat, return to the Government the residual funds (including all unspent PASS grant, surplus income (referred to in paragraph 4.2.5), interest income and the sale proceeds from any equipment disposed of) up to the amount of the PASS grant plus the interest generated from it. The Government reserves the right to seek legal remedy in case of unreasonable delay in the return of residual funds to the Government.

5.6 Account and Interest

- 5.6.1 A Grantee is required to open under its name and maintain a separate risk-free interest-bearing bank account (“Project Account”) with a licensed bank registered under the Banking Ordinance, Cap. 155 solely and exclusively for processing and transacting all receipts and payments of the project. All project funds, including the approved grant, cash contribution by the Grantee and sponsors, project income and other means (if any), shall be deposited into the Project Account. All project payments shall be paid out from the Project Account. All project funds shall be kept in the Project Account by the Grantee until such funds are spent (or paid) in compliance with the Project Agreement or returned to the Government by the Grantee in accordance with the Project Agreement.
- 5.6.2 The Grantee shall ensure that all interest generated from the Project Account shall be reflected in the financial statements and Audited Accounts of the project.
- 5.6.3 Without prejudice to any other rights or remedies which the Government may have, the Grantee may be required to compensate the Government for loss of interest income¹² if the project funds are not properly handled in accordance with paragraph 5.6.1 above.

¹² The interest income is calculated on the basis of the interest rate offered by the Hongkong and Shanghai Banking Corporation for savings account during the material time.

5.7 Books and Records

- 5.7.1 The Grantee shall keep a proper and separate set of books and records for the project. The books and records shall be maintained in such a manner so as to enable the production of Statement of Income and Expenditure (items in the same format as shown in the approved project cost) and Balance Sheet in respect of each project. All transactions relating to the project shall be properly and timely recorded in its books of accounts.
- 5.7.2 Accrual basis of accounting shall be adopted for the project. Expenditure can only be charged to the Project Account after the equipment and goods have been received and used, or services delivered. Accordingly, prepayments or deposits will not be recognised as expenditure for charging to the Project Account unless and until the equipment and goods have been received or services delivered. Moreover, the expenditure so charged shall be incurred within the project duration only. All receipts and expenditure of the project, including the grant, contribution by the Grantee and sponsors, project income and other means (if any) shall be fully and properly recorded in the books and records in accordance with the Project Agreement, and all requirements, instructions and correspondences issued by the Government in respect of the project (if any).

5.7.3 The Grantee is required to maintain, during the continuance of the Project Agreement and for a minimum of seven years after the completion of the project or termination of the Project Agreement (whichever is earlier), full and proper books of accounts and records of the project (including receipts, counterfoils, vouchers, quotations and tendering documents and other supporting documents). In this connection, the Government and its authorised representatives shall be allowed access to all or any of the books and records for conducting audit, inspection, verification and copying from time to time upon reasonable notice of such books and records at any time when such books and records are kept. When so requested in this connection, the Grantee will be obliged to make available all project books of accounts and records and explain to the Government or its authorised representatives any matters relating to the receipt, expenditure or custody of any money derived from the project. The Government reserves the right to require the Grantee to return the mis-spent amount together with the interest income accrued to the Government.

5.8 Procurement and Hire of Project Staff

5.8.1 Procurement

- (i) The Grantee shall exercise the utmost prudence in the procurement of goods or services for the project and must adhere to the procurement procedures at **Annex V** unless the Government agrees otherwise in writing in advance.
- (ii) The Grantee, after securing funding support, shall go through a tendering/quotation exercise to appoint the proposed implementation agent (if any), instead of appointing the implementation agent direct.

- (iii) The Grantee shall procure goods or services for the project through non-cash methods such as credit card, cheque, bank transfer, etc.. However, the Grantee may make the procurement in cash to meet immediate needs, provided that the total value of the single purchase of goods or services shall not exceed HK\$5,000 each. Any single transaction by the Grantee with a value exceeding HK\$5,000 shall not be made in cash without the written approval of the PASS Secretariat.
- (iv) Unless prior written approval from the Government is obtained, the Grantee or any person authorised by the Grantee to procure goods or services for the project by conducting a tendering/quotation exercise shall not submit any bid in the tendering/quotation exercise, whether on its own or in joint venture with others.
- (v) Notwithstanding anything herein to the contrary, all quotations, tender documents, or proposals and all procurement agreements with tenderers or suppliers must be kept for inspection by the Government at any time during the implementation of the project and seven years after completion thereof.
- (vi) Government-subsidised organisations (such as University Grants Committee-funded institutions) shall adhere to their established/current standard procedures in relation to procurement of goods and services for the project.

5.8.2 Hire of Project Staff

- (i) In recruiting staff for the project, the Grantee shall abide by the principles of openness, fairness and competitiveness, and shall follow the General Guidelines on Hire of Project Staff at **Annex VI**.

- (ii) The Grantee shall ensure that proper safeguards are put in place to avoid any actual, potential or perceived conflict of interest situations arising from the staff recruitment process, and set up a mechanism to mitigate any such conflicts. It is the responsibility of the Grantee to ensure that staff recruitment by or on behalf of the Grantee for the project complies with all applicable laws in relation to employment, equal opportunities and data protection.

5.9 Title to Equipment

The title of the equipment purchased for the project by using PASS grant will be held by the Grantee. However, upon the completion of the project or the expiry or termination of the Project Agreement, whichever is earlier, the PASS Secretariat may require the Grantee to dispose of the equipment at market price or make other arrangements for disposal. The Grantee shall comply with such requirement and credit the sale proceeds to the Project Account.

5.10 References

5.10.1 The Grantee shall study and as far as possible adopt the practices set out in the following guidebooks prepared by the Independent Commission Against Corruption (“ICAC”):

- (i) “Strengthening Integrity and Accountability – Government Funding Schemes Grantee’s Guidebook”¹³;
- (ii) “Best Practice Checklist – Staff Administration”¹⁴; and
- (iii) “Best Practice Checklist – Procurement”¹⁵.

¹³ http://www.icac.org.hk/filemanager/en/Content_1031/GranteeBPC.pdf

¹⁴ http://www.icac.org.hk/filemanager/en/Content_1031/staff_admin.pdf

¹⁵ http://www.icac.org.hk/filemanager/en/Content_1031/procurepractices.pdf

5.10.2 The Grantee shall also use best endeavours to seek the ICAC's assistance in adopting the best practices stated in the guidebooks, drawing up a Code of Conduct, and ensuring proper corruption prevention safeguards are incorporated into its procurement and staff recruitment procedures. The Grantee may make reference to the sample Code of Conduct in Appendix I of the guidebook under paragraph 5.10.1(i). The Grantee shall permit the ICAC to examine its management and control procedures to provide corruption prevention advice. ;

6. OTHER ADMINISTRATIVE HIGHLIGHTS

6.1 Contractual Requirements

6.1.1 The successful Applicant (i.e. the Grantee) will be required to enter into with the Government a Project Agreement prepared by the Government and comply with all the terms and conditions of the Project Agreement, this Guide¹⁶ and the instructions and correspondences issued by the Government from time to time in respect of the project (if any) in order to obtain the grant.

6.1.2 The Project Agreement will contain the complete terms and conditions of the grant, including without limitation matters such as the additional obligations, undertakings and indemnity of the Grantee, payment of the grant, treatment of IPRs (as defined in paragraph 6.4), conflict of interest and governing law and jurisdiction. Under no circumstances will the Government be required to provide any indemnity. Nothing in PASS or the Project Agreement will render an Applicant or a Grantee a director, employee, agent, consultant, contractor, associate or associated person of the Government.

¹⁶ Unless otherwise approved by the Government in writing.

6.2 Approval Requirements

An approved project has to be carried out strictly in accordance with the Project Agreement. Any modification to the project (including but not limited to change of project duration, project scope, budget or cashflow projection, or replacement of the Project Co-ordinator, Deputy Project Co-ordinator or any key Project Team members) shall require written approval by the Government.

6.3 Suspension or Termination of Funding Support

6.3.1 The Government reserves the right to suspend or terminate, after consultation with the Vetting Committee as necessary, funding support for a project. Circumstances which warrant suspension or termination of funding support may include without limitation: a lack of satisfactory progress or a slim chance of completion of a project, the objectives and relevance of the project having been overtaken by events, a breach of the terms and conditions of the Project Agreement, or the Government seeing fit to terminate the project in the public interest because of changing circumstances.

6.3.2 In the event of suspension or termination of funding support for a project, the Grantee will be required to return all or part of the grant within the time to be specified by the Government. The Government reserves the right to claim from the Grantee all or part of the disbursed grant plus the interest generated from it, that have been used by the Grantee.

6.4 **Intellectual Property Rights**¹⁷

- 6.4.1 Except for any third party intellectual property rights (“IPRs”) materials incorporated into the Project Deliverables, all IPRs in the Project Deliverables shall be and remain vested in the Grantee upon creation. To ensure that the Grantee shall own all IPRs in its sole name, the Grantee shall make it a condition of its contracts with any sponsors, employees, subcontractors, agents or other personnel who may in any way contribute toward or in any way involved in the project that the Grantee shall be the sole absolute legal and beneficial owner of any and all IPRs arising from the project except any third party IPRs materials incorporated into the Project Deliverables.
- 6.4.2 Where relevant, the Grantee will be required to widely disseminate its Project Deliverables to the professional services sector and allow the professional services sector to make use of the Project Deliverables for non-commercial purposes. The Grantee shall, at its own cost and expense, grant for the benefit of the Government, its authorised users, assigns and successors-in-title an unconditional, irrevocable, non-exclusive, sub-licensable, perpetual, royalty-free and worldwide licence to use the Project Deliverables (and in relation to any Project Deliverables to which the Grantee is not empowered to grant sub-licence(s) the Grantee will be required to undertake to procure at its sole cost and expense the grant of such rights for the benefits of the Government, its authorised users, assigns and successors-in-title by the relevant third parties in respect of such Project Deliverables).

¹⁷ IPRs means patents, trade marks, service marks, trade names, design rights, copyright, domain names, database rights, rights in know-how, new inventions, designs or processes and other IPRs whether now known or created in future (of whatever nature and wherever arising) and in each case whether registered or unregistered and including applications for the grant of any such rights.

6.5 Acknowledgment of Support and Disclaimer

6.5.1 Acknowledgment of the funding support under PASS as approved in writing by the Government must appear on all equipment, facilities, publicity or media events related to a PASS-funded project or in publications arising from the project.

6.5.2 The following disclaimer shall also be included in any publications and media events related to a PASS-funded project:

"Any opinions, findings, conclusions or recommendations expressed in this material/any event organised under this project do not reflect the views of the Government of the Hong Kong Special Administrative Region or the Vetting Committee of the Professional Services Advancement Support Scheme."

6.6 Handling of Information

6.6.1 The Government is committed to ensuring that all personal data submitted under PASS are handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance, Cap. 486 ("PD(P)O"). In this regard, the personal data provided in relation to applications made under PASS will be used by the PASS Secretariat or its authorised agents for activities related to:

- (i) processing and assessing the applications, conducting related checks, and authentication of applications for grant;
- (ii) payment of grants under PASS and any refund thereof;
- (iii) arranging public announcement and publicity;
- (iv) meeting any disclosure requirements under any applicable law, rules and regulations;

- (v) monitoring the performance of PASS projects and evaluating the funded projects;
- (vi) preparing statistics and research; and
- (vii) purposes related to the above.

6.6.2 The personal data that the Applicants provided in their applications will be kept in confidence provided that such obligations and restrictions shall not apply to any disclosure which is necessary for the purposes mentioned in paragraph 6.6.1, or any disclosure which is authorised or required by law, or any disclosure which is consented by the Applicant/data subject.

6.6.3 If necessary, the PASS Secretariat will contact other government agencies and relevant parties to verify the personal data provided in the applications with those held by them for the purposes mentioned in paragraph 6.6.1.

6.6.4 Applicants/data subjects whose personal data are collected by the PASS Secretariat may request access to them under PD(P)O. A charge will be made to cover the cost of photocopying the data supplied. In addition, if the data subject considers that the data supplied to the PASS Secretariat is inaccurate, a request for correction of the personal data may be made in writing after a data access request has been complied with. Requests for access to personal data submitted under applications to PASS can be made in writing to the PASS Secretariat by completing the Data Access Request Form¹⁸.

¹⁸ Form OPS003 specified by the Privacy Commissioner for Personal Data (<https://www.pcpd.org.hk/english/publications/files/Dforme.pdf>).

6.7 Probity

- 6.7.1 The Applicant shall observe the Prevention of Bribery Ordinance, Cap. 201 (“PBO”) and shall advise its associates, associated persons, Project Team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project (including the collaborating organisation and implementation agent, if any) (collectively, the “Relevant Personnel”) that they are prohibited from offering, soliciting or accepting any advantages as defined under the PBO, such as money, gifts, loans, discounts, favour, etc. in the conduct of or in relation to the project.
- 6.7.2 The offer of an advantage to any government officers or the Chairperson or the Vice-Chairperson or Members of the Vetting Committee while having business dealing with them or with a view to influencing the approval of the application is an offence under the PBO. Any such offer by the Applicant, or the Relevant Personnel may cause conflict of interest with the government officers involved in PASS or the Chairperson or the Vice-Chairperson or Members of the Vetting Committee and those be seen as such will render the application null and void. The Government may also cancel the application approved and hold the Applicant liable for any loss or damage which the Government may sustain.
- 6.7.3 The Applicant shall ensure that the Relevant Personnel shall avoid conflict of interest situations as and when necessary and not to disclose any confidential information in the conduct of or in relation to the project.
- 6.7.4 The Applicant shall ensure that the Relevant Personnel shall not accept lavish, unreasonably generous or frequent entertainment, or which is likely to give rise to any actual, potential or perceived conflict of interest situations.

6.8 Indemnity

6.8.1 The Grantee shall indemnify and keep the Government, its authorised users, assigns and successors-in-title fully and effectively indemnified against:

- (i) any and all claims (whether or not successful, compromised, settled, withdrawn or discontinued, in whole or in part), actions, investigations, liabilities, demands, proceedings or judgments, joint or several, threatened, brought or established against the Government (the “Claims”); and
- (ii) any and all liabilities, losses, damages, costs, charges or expenses (including all legal fees and other awards, costs, payments, charges and expenses) which the Government may pay or incur as a result of or in relation to any Claims,

which in any case arise directly or indirectly in connection with, out of or in relation to:

- (a) the breach of any provisions of the Project Agreement by the Grantee;
- (b) any default, unauthorised act or wilful omission of the Grantee, its employees, agents or sub-contractor(s) in the implementation of the project;
- (c) the non-compliance by the Grantee, its employees, agents or sub-contractor(s) with any applicable law (including but not limited to the PD(P)O), or regulation, order or requirement of any government agency or authority in the implementation of the project;
- (d) any allegation of or claim for infringement of the IPRs of any person arising from or in any way related to the implementation of the project; or

- (e) the possession, operation, provision, use or reproduction at any time of the Project Deliverables by the Government, its authorised users, assigns and successors-in-title.

7. **ENQUIRIES**

Enquiries regarding PASS may be addressed to the Secretariat:

Address : 23/F, West Wing, Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Telephone No. : 3655 5418

Fax No. : 2918 9330

Email : *pass@cedb.gov.hk*

Website : *http://www.pass.gov.hk*

November 2016

Professional Services Advancement Support Scheme (“PASS”)

List of Eligible Professional Services Sectors

(i) Accounting-related services

- Accounting, auditing, book-keeping and tax services

(ii) Legal services

- Legal, arbitration and mediation services

(iii) Building and construction-related services

- Architecture and landscape architectural services
- Engineering services
- Integrated engineering services
- Planning services
- Project development and project finance services
- Real estate services (including agency services, facilities management and valuation and surveying services)
- Surveying services

(iv) Health-related services

- Medical, dental and Chinese medicine services
- Services provided by midwives, nurses, physiotherapists and paramedical personnel

(v) Others

- Information and communications technology services
- Company secretary services
- Design services (including graphic, product, interior and fashion design)
- Business consultancy services (including human resource management consultancy services; management consultancy services; financial consultancy services, etc.)
- Waste management and environmental consultancy services
- Technical testing and analysis services
- Veterinary services

To: PASS Secretariat
23/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong
Email: pass@cedb.gov.hk

<i>(Official Use Only)</i>	
Date of Receipt :	_____ / _____ / _____
Reference No. :	PS _____

Application Form for Professional Services Advancement Support Scheme (“PASS”)

Please read the “Guide to Application for Professional Services Advancement Support Scheme” (the “Guide”) before completing the application form. A sample of a completed application form is available at the PASS website (www.pass.gov.hk). Enquiry hotline is at 3655 5418.

Section A – Project Overview

1. Applicant¹

Name in English : _____

Name in Chinese : _____

2. Project Title

English : _____

Chinese : _____

(Please put a "√" in the appropriate box.)

- First submission
- Resubmission (reference no. of previous application: _____)

3. Project Objective(s)

(a) Please state the scope and objective(s) of the Project in about 50 words. The description should be in clear and concise terms and in point form.

<ul style="list-style-type: none"> • • •

(b) The Project is expected to meet the following PASS' objective(s) –

(The proposed project shall meet at least one of PASS' objectives. Please put a "√" in the appropriate box(es).)

- Increasing the exchanges and co-operation of Hong Kong's professional services with their counterparts in external markets
- Promoting relevant publicity activities
- Enhancing the standards and external competitiveness of Hong Kong's professional services

¹ The Applicant shall be a non-profit-distributing organisation operating as a support organisation, trade and industrial organisation, professional body or research institute. Please provide a copy of Constitution, Articles of Association or other official document(s) to prove that the Applicant is non-profit-distributing in nature.

There should be only one Applicant and it shall be a statutory organisation or an organisation formed or registered under the laws of the Hong Kong Special Administrative Region.

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4. Target Beneficiary(ies)

The Project aims to benefit the following professional services sector(s) –
(May be more than one sector. Please put a "√" in the appropriate box(es).)

(a) Accounting-related services

Accounting, auditing, book-keeping and tax services

(b) Legal services

Legal services
 Arbitration and mediation services

(c) Building and construction-related services

Architecture and landscape architectural services
 Engineering services (please specify: _____)
 Integrated engineering services
 Planning services
 Project development and project finance services
 Real estate services (including agency services, facilities management and valuation and surveying services) (please specify: _____)
 Surveying services

(d) Health-related services

Medical services
 Dental services
 Chinese medicine services
 Services provided by midwives, nurses, physiotherapists and paramedical personnel
(please specify: _____)

(e) Others

Information and communications technology services
 Company secretary services
 Design services (including graphic, product, interior and fashion design) (please specify: _____)
 Business consultancy services (including human resource management consultancy services; management consultancy services; financial consultancy services, etc.) (please specify: _____)
 Waste management and environmental consultancy services
 Technical testing and analysis services
 Veterinary services

5. Project Duration²

<u>Commencement date</u> (dd/mm/yyyy)	<u>Completion date</u> (dd/mm/yyyy)	<u>Project duration</u> (No. of months)
/ /	/ /	

6. Funds Applied under PASS³

(i.e. Total Project Cost (I) minus Total Contribution (II) under Section D "Project Budget")

HK\$: _____ (Rounded down to the nearest thousand)

² Projects should normally be completed within three years. Applicants for projects containing deliverables that are intended to be operated on a long-term basis should explain the projects' sustainability upon the cessation of funding support from PASS in Section C4.

³ The maximum amount of grant for an approved project is 90% of the total eligible project cost, or HK\$3 million, whichever is lower. Breakdown of the funds applied under PASS should be provided in Section D.

Section B – Particulars of the Applicant

1. Applicant

Date of establishment: _____ Number of members : (corporate)_____ (individual)_____

Aim/Objective of the organisation : _____

Ordinance under which the Applicant is formed or registered⁴ : _____

Address : _____

Tel no.: _____ Fax no.: _____ Email address: _____

Website (if any) : _____

2. Collaborating Organisation(s)⁵, if any

(a) Name in English : _____

Name in Chinese : _____

Date of establishment: _____ Number of members : (corporate)_____ (individual)_____

Aim/Objective of the organisation : _____

Address : _____

Tel no.: _____ Fax no.: _____ Email address: _____

Website (if any) : _____

(b) Name in English : _____

Name in Chinese : _____

Date of establishment: _____ Number of members : (corporate)_____ (individual)_____

Aim/Objective of the organisation : _____

Address : _____

Tel no.: _____ Fax no.: _____ Email address: _____

Website (if any) : _____

3. Proposed Implementation Agent(s)⁶, if any

Name in English : _____

Name in Chinese : _____

Address : _____

Tel no.: _____ Fax no.: _____ Email address: _____

Website (if any) : _____

⁴ Please provide a copy of the Applicant's Certificate of Incorporation or other official document(s) to prove the Applicant's legal status. Please also provide a copy of the Audited Accounts (or Management Accounts) of the latest financial year.

⁵ There is no limit on the number of collaborating organisation.

⁶ There is no limit on the number of proposed implementation agent. The successful Applicant shall, after securing funding support, go through a tendering /quotation exercise to appoint the implementation agent.

Section C – Project Details

1. Justifications for the Project

- (a) Please state the justifications for the Project in about 200 words. The Project’s expected benefits and contributions to the objective(s) of PASS should be listed out. Evidence of the practical use of the expected deliverables to the relevant professional services sector, if any, should be provided. The description should be presented in clear and concise terms and in point form.

- (b) Please describe similar project(s) in the market or organised by your organisation in the past, and explain why the proposed Project and funding requirements are justified and bring added value despite such similar projects. Information on why the proposed Project cannot be delivered as part of your organisation’s normal activities without funding support from PASS should be provided.

- (c) Please provide details on any self-funded activities that are similar or related in nature, content, timing or targeted participants to the approved project, within a period of six months before or after the proposed Project’s duration.

- (d) If applicable: If the Project is proposed to be processed urgently, i.e. outside the normal application and assessment cycle⁷, please provide justifications, including problems arising from the deferred implementation of the Project.

2. Project Deliverable(s)

Project Deliverable <i>(Please list out all deliverable(s).)</i>	Quantity <i>(Please specify the quantity for each deliverable where applicable.)</i>	Description/Purpose(s) <i>(Please provide details of each deliverable, e.g. tentative topics, speakers for seminars, itinerary for visits, and explain how each deliverable can help achieve the project objective(s).)</i>	Target Participants/Users⁸ and Estimated No.
<i>Example:</i> 2-day seminar	<i>Example:</i> 2	<i>Example:</i> <ul style="list-style-type: none"> • For each seminar, about 10 speakers from Hong Kong and ASEAN countries, including [names of speakers], will present their experience on [topics] to achieve [project objectives]. A tentative programme is attached. 	<i>Example:</i> A total of 200 Hong Kong lawyers (100 for each seminar)
1.		•	
2.		•	
3.		•	

⁷ Information on the normal application and assessment cycle is available at the PASS website.

⁸ All project beneficiaries should fall within the eligible professional services sectors of PASS. For the avoidance of doubt, students are not generally considered eligible beneficiaries. Eligible professional services sectors are listed in **Annex I** of the Guide. Please also indicate whether the Project can benefit the society through the relevant professional services sector.

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3 Implementation Plan

Please describe in detail the implementation plan, methodology (if any) and marketing strategy to be applied in the Project.

Key Stage	Period <i>(dd/mm/yyyy to dd/mm/yyyy)</i>	Project Milestones <i>(Please include Project Deliverables, if any, to be completed in each key stage.)</i>	Implementation Plan, Methodology (if any) and Marketing Strategy <i>(Please describe how the Project will be carried out, and list out channels/means for promotion, dissemination of Project Deliverable's and conduct of survey, if any. The description should be presented in clear and concise terms and in point form.)</i>
<i>Example:</i> Preparation stage, development stage, promotion stage, implementation stage, dissemination stage, etc.	<i>Example:</i> 01/03/2019 to 30/06/2019	<i>Example:</i> <ul style="list-style-type: none"> • Conducting two 2-day seminars 	<i>Example:</i> <ul style="list-style-type: none"> • Upload seminar posters onto Applicant's website to promote participation • Disseminate deliverables, handouts and presentations to extend benefits to the relevant professional services sector • Conduct feedback surveys to assess the effectiveness of the Project
(1)		•	•
(2)		•	•
(3)		•	•
(4)		•	•
(5)		•	

4. Other Supporting Information

Please provide other information in support of the application that is not covered elsewhere in the form, e.g. resources to be put in by the Applicant, other parties in support of the Project, sustainability after the completion of the Project (or upon the cessation of funding support from PASS if the Project will not be completed within three years).

5. Other Government Funding Sources

Please indicate whether you have applied for or received funding support for this or similar project(s) from other government funding sources. Projects which are or will be in receipt of other government funding support will **NOT** be considered by PASS. Examples include the SME Development Fund and Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund).

(Please put a "√" in the appropriate box.)

- Yes, funding received.
- Yes, application submitted but pending results. Please specify –
Source of fund :
Funding scheme : _____
Amount applied : HK\$ _____
- No

⁹ A successful Applicant will be required to send the dissemination materials to the PASS Secretariat for uploading onto the PASS website upon completion of the Project. Please state other channels/means to be used for dissemination (if any), e.g. publishing deliverables on the Applicant's website, reporting project activities in the Applicant's newsletters, organising dissemination seminars.

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Section D – Project Budget

1. Project Cost¹⁰

Project Cost <i>(Please itemise as appropriate.)</i>	Amount <i>(HK\$)</i>	Remarks <i>(Please show calculation of each item as far as possible and indicate if the item is a contribution listed in Section D2 below.)</i>
(A) Manpower¹¹		
<i>Existing manpower of Applicant</i>		
(1)		
(2)		
<i>Additional manpower</i>		
(3)		
(4)		
<i>Cost of implementation agent(s)</i>		
(5)		
(6)		
<i>Cost of consultant(s)</i>		
(7)		
(8)		
Subtotal (A)		
(B) Equipment¹²		
(9)		
(10)		
Subtotal (B)		
(C) Other Direct Costs¹³		
(11) External audit fees		
<i>Travel cost</i>		
(12)		
(13)		
<i>Accommodation cost</i>		

¹⁰ All project cost items should be incurred between the commencement and completion dates of the Project.

¹¹ With reference to the lists of typical allowable and unallowable costs set out in the Guide –

- (a) The salary (including the employer’s contributions to the Mandatory Provident Fund, but excluding annual increments, allowances, fringe benefits, gratuity, year-end double-payment, etc.) of **additional manpower** directly incurred for the Project may be included. Please state clearly the number of staff to be recruited, their respective ranks, the number of man-hours/man-months to be contributed by each of them, their hourly rates/monthly salary, as well as the total cost for each staff.
- (b) The salary (including the employer’s contributions to the Mandatory Provident Fund, but excluding annual increments, allowances, fringe benefits, gratuity, year-end double-payment, etc.) of existing staff may be included only if the deployment is considered necessary for the Project. Calculation on a pro-rata/hourly basis should be made if a certain percentage of the working time of the staff is deployed for the Project.
- (c) To avoid double subvention, a PASS grant cannot be used to pay any emolument to a person who is already on the payroll of a Government-subsented organisation, but the salary of existing staff may be included in the project cost and considered as a contribution in kind by the Government-subsented organisation.

¹² The cost of procuring or leasing of **additional equipment** for implementing the Project may be included in the project cost. Please list out all additional equipment required. If more than one unit of the same equipment is required, please set out its unit cost, quantity required and the total cost. If additional equipment is to be shared among different projects, the cost shall be charged on a pro-rata basis. In general, common office equipment (e.g. computer, fax machine) will not be funded.

¹³ This includes all other costs, directly incurred for delivery of the Project, except office overheads and other unallowable cost items set out in the Guide. Fundable items may include consumable expenses, production and promotion cost of deliverables (e.g. printing of leaflets, advertising fees) and external audit fees.

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Project Cost <i>(Please itemise as appropriate.)</i>	Amount <i>(HK\$)</i>	Remarks <i>(Please show calculation of each item as far as possible and indicate if the item is a contribution listed in Section D2 below.)</i>
(14)		
(15)		
<i>Event venue and set up cost</i>		
(16)		
(17)		
<i>Refreshments</i>		
(18)		
(19)		
<i>Production cost</i>		
(20)		
(21)		
<i>Promotion cost</i>		
(22)		
(23)		
<i>Others</i>		
(24)		
(25)		
Subtotal (C)		
(I) Total Project Cost (A) + (B) + (C)		

2. Contribution

(including Applicant’s Contribution, Project Income, Third Party Sponsorship and/or Other Means)¹⁴

Please provide supporting document regarding the basis on which the project income (if any) is calculated, e.g. prevailing market prices. In case of third party sponsorship and/or other means, please provide documentary proof, e.g. confirmation letter from the sponsor.

Contribution Item <i>(Please itemise as far as possible.)</i>	Cash <i>(HK\$)</i>	In kind¹⁵ <i>(HK\$)</i>	Remarks <i>(Please show calculation of each item as far as possible.)</i>
<i>Applicant’s contribution</i>			
(1)			
(2)			
<i>Project income (if any)¹⁶</i>			
(3)			
(4)			

¹⁴ (a) Successful Applicants will be required to contribute to the project cost through self-financing and/or procure contribution through third party sponsorship, project income or other means. The aggregate amount of such contributions shall be equivalent to at least 10% of the total eligible project cost. Contributions could either be in cash or in kind.

(b) For Government-subsentved organisations, any PASS grant cannot be used to pay any emolument to a person who is already on the payroll of a Government-subsentved organisation, but the salary of existing staff may be included in the project cost and considered as a contribution in kind by the Government-subsentved organisation. Applications submitted by Government-subsentved organisations must secure cash contribution from non-subsentved organisation(s) and/or company(ies) in the private sector and the amount shall not be less than 5% of the project cost.

¹⁵ Applicants are required to provide documentary proof on the valuation and supplementary information on the usage of in kind contribution (if any).

¹⁶ The Applicant should make available the deliverables to the professional services sector and may charge fees for the deliverables. However, the fees should not be higher than the cost. Please indicate the basis with supporting document on which the project income figures are calculated, e.g. prevailing market prices.

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Contribution Item <i>(Please itemise as far as possible.)</i>	Cash <i>(HK\$)</i>	In kind¹⁵ <i>(HK\$)</i>	Remarks <i>(Please show calculation of each item as far as possible.)</i>
<i>Third party sponsorship (if any)</i>			
(5)			
(6)			
<i>Other means (if any)</i>			
(7)			
(8)			
(II) Total Contribution	(Cash)	(In kind)	[Cash + In kind]

3. Justifications for the Project Cost

Please provide justifications for each project cost item under 1. above. In case consultants are required for the Project, please provide full justifications for the need for consultancy services¹⁷. The open procurement procedures set out in the Guide should be followed. Please explain any deviation from the above procedures with justifications.

Manpower

1. _____
2. _____
3. _____

Equipment

Please state whether the Applicant possesses similar equipment. If so, please explain why the existing equipment cannot be deployed for the Project.

4. _____
5. _____
6. _____

Other Direct Costs

7. _____
8. _____
9. _____
10. _____

¹⁷ In case consultancy services are required and will be provided by the proposed implementation agent(s) and/or consultant(s), please provide the cost breakdown of consultancy fees together with the details of consultancy services to be provided, including deliverables, if any, so as to facilitate assessing the reasonableness of consultancy fees. Detailed supporting documents to substantiate the payment of consultancy fees to the proposed implementation agent(s) and/or consultant(s) should be properly kept.

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Section E – Project Team

1. Particulars of the Project Team

Please list out key members of the Project Team, e.g. Project Co-ordinator, Deputy Project Co-ordinator, Consultant(s), if any, and specify each of their roles.

(A) Project Co-ordinator

(B) Deputy Project Co-ordinator

Name in English :
(Mr/Ms/Prof/Dr/Ir)* _____
*Please delete as appropriate. (First Name/Last Name)
Name in Chinese : _____
Post Title : _____
Company/
Organisation : _____
Address : _____
Tel No. : _____
Fax No. : _____
Email Address : _____

Name in English :
(Mr/Ms/Prof/Dr/Ir) * _____
*Please delete as appropriate. (First Name/Last Name)
Name in Chinese : _____
Post Title : _____
Company/
Organisation : _____
Address : _____
Tel No. : _____
Fax No. : _____
Email Address : _____

Name		Position in the Project Team	Main Duties/Responsibilities
(English)	(Chinese)		
<i>Applicant</i>			
		Project Co-ordinator ¹⁸	
		Deputy Project Co-ordinator ¹⁹	
<i>Collaborating Organisation (if any)</i>			
<i>Proposed Implementation Agent (if any)</i>			
<i>Consultant(s) (if any)</i>			
<i>Others (if any)</i>			

2. Capability of the Applicant and Project Team

Please explain how the Applicant and Project Team will contribute to the successful delivery of the Project, with reference to their experience, qualifications and track record in organising similar projects etc.. Please also provide the Curriculum Vitae of key members of the Project Team at **Appendix**.

¹⁸ A successful Applicant shall appoint a staff member from its organisation as the Project Co-ordinator for overseeing the implementation of the project, monitoring the proper use of funds, liaising with the PASS Secretariat and reporting progress made on the project in writing or at meetings.

¹⁹ A successful Applicant shall appoint a staff member from its organisation as the Deputy Project Co-ordinator to assist the Project Co-ordinator in performing the duties.

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Section F – Declaration by the Applicant

I, on behalf of, _____, declare that –
(Name of Applicant)

- (A) all factual information provided in this application as well as the accompanying information are true and accurate and reflect the status of affairs as at the date of submission. I undertake to inform the PASS Secretariat immediately if there are any subsequent changes to the above information (in particular, subsequent approval of funds by other government funding sources after this application is submitted);
- (B) utmost dedication and determination will be given to complete and monitor the project according to the proposal stated in this application;
- (C) the Government, its authorised users, assigns and successors-in-title shall not be restricted from doing any acts which are restricted by copyright under sections 22 to 29 of the Copyright Ordinance (Cap. 528) in respect of this application form and its accompanying documents submitted by the Applicant for the purposes including the evaluation of the Applicant’s application, management of the PASS and all other purposes incidental thereto;
- (D) the application form and all the related materials submitted by the Applicant does not and will not infringe the Intellectual Property Rights of any person;
- (E) the Applicant will indemnify the Government against all losses, liabilities and claims that it may suffer, incur or subject to in relation to this application or the Project;
- (F) no profit generated by the Applicant had been distributed in the past to any of its directors, members, shareholders, employees, or any other persons; and
- (G) no other government funding support has been or will be received for the Project.

I understand that any false declaration or withholding any material information would lead to termination of the Project Agreement, refund of any funds given plus the interest generated from it, and the possibility of being prosecuted.

I authorise the PASS Secretariat to handle the personal data/information provided in this form and other information relating to the application in accordance with the Guide, if applicable.

Authorised signature with organisation chop

Name of signatory

Name of Applicant

Position

/ /
Date

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Notes for Applicant

1. Please read the “Guide to Application for Professional Services Advancement Support Scheme” carefully before completing the application form.
2. This application form is available in English and Chinese and only needs to be completed in either language. The completed form should be duly signed by the Applicant. All information provided should be concise. If the space provided is insufficient, please use additional sheets.
3. Information provided in the form will be used for processing the application and for related purposes. Such information may be disclosed to other government agencies or third parties if such disclosure is necessary for the purpose of processing the application and related purposes. You have the rights to access or correct your personal data provided in this form. If you wish to exercise such rights, please contact the PASS Secretariat.
4. Please note that the information of this application form may be made available for public information at the PASS website after funding approval is given. Members of the public can copy, distribute copies, or make use of the materials available at this website for non-commercial use.

5. **Checklist of Required Supporting Documents**

The following documents/items should be submitted together with the duly completed and signed application form –

- Copy of the Applicant’s Constitution, Articles of Association or other official document(s) to prove that the Applicant is non-profit-distributing in nature
 - Copy of the Applicant’s Certificate of Incorporation or other official document(s) to prove the Applicant’s legal status
 - Copy of the Applicant’s Audited Accounts (or Management Accounts) of the latest financial year
 - Letter(s) of support from the collaborating organisation(s), if applicable
 - Letter(s) from sponsoring organisation(s) pledging the sponsorship, if applicable
 - Supporting document for the basis on which the project income figures are calculated, if applicable
 - Documentary proof on the valuation and supplementary information on the usage of in kind contribution, if applicable
 - Curriculum Vitae of the key members of the Project Team as listed in Section E of the form.
 - Soft copy of this application form (preferably in MS Word format)
6. The completed application form and supporting documents should be sent to the PASS Secretariat by email (*to pass@cedb.gov.hk*), in person or by mail –
Address : 23/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong
Telephone no. : **3655 5418**

Curriculum Vitae of Key Members of the Project Team

Example: Project Co-ordinator, Deputy Co-ordinator, Consultant(s), if any.

The information provided will be used for processing your application under PASS. It may be disclosed to members of the PASS Vetting Committee, relevant government agencies and relevant parties for the purpose of vetting your application. You have the rights of access to or correction of your personal data provided in the form. If you wish to exercise such rights, please contact the PASS Secretariat.

Personal Particulars

Name in English : _____
(First name/Last name)

Name in Chinese : _____

Company/Organisation : _____

Position held in company/organisation : _____

Office address : _____

Nature of business : _____

Tel no. : _____ Fax no. : _____ Email address : _____

Academic/Professional Qualifications (in chronological order)

Relevant Working Experience (in chronological order)

Project management experience, if any, should be included.

Publications (maximum of five publications relevant to the application)

Professional Services Advancement Support Scheme (“PASS”)

Examples of Calculating PASS Grant and Contribution from Applicants

Example 1: Organising an exhibition by a non-Government-subsidised organisation

(i) Calculating the Project Cost:	<u>HK\$</u>
(a) Manpower cost of the deployment of 1 existing staff <i>(monthly salary of HK\$20,000 for 4 months)</i>	80,000
(b) Manpower cost of additional staff dedicated for this project	300,000
(c) Venue and set up cost	410,000
(d) Promotion	200,000
(e) Audit fee	10,000
<hr/>	
Total Project Cost:	1,000,000
(ii) Calculating the contribution:	<u>HK\$</u>
(a) Cash contribution from the Applicant	10,000
(b) Third party cash sponsorship	10,000
(c) Contribution in kind in terms of Manpower cost of the deployment of 1 existing staff <i>(monthly salary of HK\$20,000 for 4 months)</i>	80,000
<hr/>	
Total contribution from the Applicant (at least 10% of the project cost):	100,000
Maximum grant from PASS (90% of the project cost):	900,000

Example 2: Research conducted by a Government-subvented organisation

(i) Calculating the Project Cost:	<u>HK\$</u>
(a) Manpower cost of the deployment of 1 professor for research work <i>(monthly salary of HK\$100,000 for 2 months)</i>	200,000
(b) Manpower cost of employing 2 additional research assistants dedicated for this research	120,000
(c) Venue and set up cost for promotion seminar	100,000
(d) Dissemination expenses for Project Deliverables <i>(e.g. printing reports)</i>	30,000
(e) Audit fee	10,000
<hr/>	
Total Project Cost:	460,000
(ii) Calculating the contribution:	<u>HK\$</u>
(a) Cash sponsorship from non-Government-subvented organisation(s) <i>(at least 5% of the total project cost)</i>	23,000
(b) Contribution in kind from the Government-subvented organisation (i.e. the Applicant) in terms of the manpower cost of the deployment of 1 professor for research work <i>(monthly salary of HK\$100,000 for 2 months)</i>	200,000
<hr/>	
Total contribution from the Applicant:	223,000
Maximum grant from PASS*:	237,000

* *The manpower cost of the professor, whose emolument is already on the payroll of the Government-subvented organisation, can only be included for the purposes of calculating the total project cost and the contribution in kind by the Government-subvented organisation. Any grant approved under PASS must not be used to finance such manpower cost. In the above example, the PASS grant shall only be used to finance items (i)(b) to (e).*

Professional Services Advancement Support Scheme (“PASS”)

Notes for Auditors of Grantees

Pursuant to the project agreement made between the Government of the Hong Kong Special Administrative Region (“Government”) and the Grantees in respect of each Professional Services Advancement Support Scheme (“PASS”) project and the Guide to Application for PASS, Grantees are required to submit audited accounts¹ of each PASS project to the Government according to a stipulated timeframe. The requirement to submit audited accounts is to assure the Government that:

- (a) the project funds were fully and properly applied to the project for which they were paid, and received and expended in accordance with the approved project budget; and
- (b) the Grantees complied with the funding terms and conditions in the administration and management of the PASS project, including the usage of the PASS grant.

2. These notes aim to provide guidance for the Auditors² of Grantees in conducting a reasonable assurance engagement and in preparing an auditor’s report for each PASS project.

¹ The “audited accounts” comprise a Statement of Income and Expenditure, a Balance Sheet, a Cashflow Statement, Notes to the Accounts and an Auditor’s Report.

² “Auditor” means a person who at material times is registered under the Professional Accountants Ordinance, Cap. 50 and holds a practicing certificate within the meaning of that Ordinance.

3. In conducting a reasonable assurance engagement, the auditors should perform such procedures³ as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the Grantee has complied with, in all material respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare audited accounts of the project), and all the terms and conditions of PASS grant, as specified in the following documents –

- (a) the project agreement made between the Government and the Grantee in respect of the project and the appendices thereto (which includes the project proposal);
- (b) chapters 4, 5 and 6 of the prevailing Guide to Application for PASS as at the date of submission of the application by the Grantee to the PASS Secretariat; and
- (c) all instructions and correspondences issued by the Government to the Grantee in respect of the project.

4. The Auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” as issued and updated by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) from time to time, as well as all relevant Accounting Standards, Accounting Guidelines and Standards on Auditing as issued and updated by the HKICPA from time to time. The following information is required in an auditor’s report prepared by the Auditors to be submitted to the Government –

³ The Auditors’ procedures would normally include –

- (a) performing tests of transactions and of the existence, ownership and valuation of assets and liabilities;
- (b) obtaining an understanding of the accounting systems and control in order to assess its adequacy as a basis for the preparation of the project accounts and to establish whether a proper and separate set of project books and records have been kept and maintained by the Grantee;
- (c) assessing significant estimates and judgments made by the Grantee in the preparation of the accounts, and whether the accounting policies have followed the requirements of PASS, consistently applied and adequately disclosed; and
- (d) evaluating the overall adequacy of the presentation of information in the accounts.

- (a) the Auditors should state whether, in their conclusion, the Grantee has complied with, in all material respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare audited accounts of the project), and all the terms and conditions of PASS grant, as specified in documents mentioned in paragraph 3 above⁴;
- (b) if the Auditors are of the opinion that there exists any material non-compliance as identified in paragraph 4(a) above, they should make full disclosure and quantify the effects of such non-compliance in the auditor's report; and
- (c) if the Auditors are of the opinion that a proper and separate set of books and records have not been kept by the Grantee for the project, or the project accounts have not been properly prepared, or if the Auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagement, they should make appropriate qualifications in the auditor's report.

5. The Auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 3 and 4 above. In case of any ambiguity regarding the terms and conditions contained in the project agreement and rules and regulations governing PASS projects, Auditors should seek clarification from the PASS Secretariat. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of PASS guidelines or requirements, expressed by Auditors in the auditor's report, will be returned to the Grantee for rectification before re-submission.

⁴ In expressing conclusion on the audited accounts, among other things, Auditors are required to report the Grantee's compliance with all the relevant provisions of chapters 4, 5 and 6 of the Guide to Application for PASS but are allowed to report the Grantee's compliance with paragraph 5.7.3 (keep books and records for at least seven years after completion of the project), and paragraph 5.8.1(v) (keep all quotations and tendering documents for at least seven years after completion of the project) of the Guide up to and including the project completion date.

6. The Auditors may come across during the course of their reasonable assurance engagement weaknesses/breakdown in internal control which are considered material. They should bring to the Grantee's attention the details of such weaknesses/breakdown and provide the Grantee with their recommendations for improvement by setting them out in a letter to the Grantee. A copy of such letter should be sent to the Government for reference and action as appropriate.

7. Auditors are expected to follow the specimen auditor's report at **Appendix**.

PASS Secretariat
November 2016

**SPECIMEN AUDITOR’S REPORT ON THE ACCOUNTS UNDER
THE PROFESSIONAL SERVICES ADVANCEMENT SUPPORT SCHEME –
UNQUALIFIED CONCLUSION**

**XYZ PROJECT
FOR THE PERIOD FROM DD/MM/YYYY [COMMENCEMENT
DATE]
TO DD/MM/YYYY [COMPLETION DATE]**

AUDITOR’S REPORT TO THE DIRECTORS OF ABC LIMITED¹

Pursuant to the project agreement made between the Government of the Hong Kong Special Administrative Region (“Government”) and ABC Limited and the Guide to Application for Professional Services Advancement Support Scheme (“PASS”) in respect of the project funded by the PASS, we have performed a reasonable assurance engagement to report on whether ABC Limited has complied with, in all material respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare proper accounts of XYZ Project (the “Project”) for the period from DD/MM/YYYY to DD/MM/YYYY on pages x to y (the “Project Accounts”)), and all the terms and conditions of PASS grant, as specified in the following documents –

- (a) the project agreement made between the Government and ABC Limited in respect of the Project and the appendices thereto (which includes the Project proposal);
- (b) chapters 4, 5 and 6 of the Guide to Application for PASS; and
- (c) all instructions and correspondences issued by the Government to ABC Limited in respect of the Project.

¹ For universities, the addressee should be either the President or the Vice-Chancellor of the university. For trade associations, the addressee should normally be the chairman of the association. In case of doubt, please invite the Grantee to approach the PASS Secretariat for advice.

Respective responsibilities of ABC Limited and auditors

The Government requires ABC Limited to comply with the requirements set by it (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of PASS grant, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our reasonable assurance engagement, and to report our conclusion to you.

Basis of conclusion

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and the latest Notes for Auditors of Grantees issued in [date to be inserted as appropriate] by the PASS Secretariat.

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to ABC Limited’s compliance with the requirements set by the Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of PASS grant, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgments made by ABC Limited in the preparation of the Project Accounts, and of whether the accounting policies have followed the requirements of PASS, consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our conclusion as to whether ABC Limited has complied with, in all materials respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of PASS grant, as specified in the documents mentioned in the above first paragraph. In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the Project Accounts. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

Conclusion

Based on the foregoing, in our opinion, ABC Limited has complied with, in all material respects, the requirements set by the Government (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of PASS grant, as specified in the documents mentioned in the above first paragraph.

Use of this report

This report is intended for filing by ABC Limited with the Government, and is not intended to be, and should not be, used by anyone except the above two parties for any other purposes.

PQR & Co.
Certified Public Accountants
Hong Kong
Date

Professional Services Advancement Support Scheme (“PASS”)

Procurement Procedures

There must be clear segregation of roles and responsibilities in the procurement process. An officer who approves and/or selects the suppliers or service providers or lessors for inviting quotations shall not be the officer authorising the acceptance of the offer for that procurement. In devising the procurement mechanism for the funded projects, the Grantee shall make reference to the following procurement procedures and practices –

- (i) For every purchase or lease of the equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which does not exceed HK\$50,000, the Grantee shall invite at least two suppliers or service providers or lessors for written quotations and accept the lowest conforming bid. The Grantee shall designate an officer to approve the issue of invitations and/or selection of suppliers or service providers or lessors for inviting quotations to ensure that the process is fair and there are no actual, potential or perceived conflict of interest situations. The acceptance of an offer can only be approved by another officer not lower than the rank of the officer inviting the quotations. Full justifications must be given if less than two suppliers or service providers or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from the Government.

- (ii) For every purchase or lease of the equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$50,000 but does not exceed HK\$1.43 million, the Grantee shall invite at least five suppliers or service providers or lessors for written quotations and accept the lowest conforming bid. The Grantee shall designate an officer to approve the issue of invitations and/or selection of suppliers or service providers or lessors for inviting quotations to ensure that the process is fair and there are no actual, potential or perceived conflict of interest situations. The acceptance of an offer can only be approved by another officer not lower than the rank of the officer inviting the quotations. Full justifications must be given if less than five suppliers or service providers or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from the Government.

- (iii) For every purchase or lease of the equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.43 million, the Grantee shall use open and competitive tendering procedures and accept the lowest conforming bid. The Grantee shall make use of the public channels that are easily accessible by the general public to publicise the tender notices and appoint a tender board of not less than three persons to consider and decide on the acceptance of tenders or to advise on the acceptance of tenders. If the lowest conforming bid is not selected, prior written consent must be obtained from the Government and full justifications must be given.

Professional Services Advancement Support Scheme (“PASS”)

Guidelines on Hire of Project Staff

Introduction

These guidelines deal with the adoption of a system of staff recruitment where staff is employed to carry out the PASS projects. They serve as a ready reference for the Grantee who is allocated with any grant from PASS. The main issues are openness, fairness and competitiveness in staff recruitment.

Staff Recruitment

The Grantee shall appoint a staff member from its organisation to oversee and lead the project. As a general rule, no award in the form of cash allowance to these staff is permitted. Project managers, consultants, or other professionals and personnel outside the organisation may be recruited to help with the implementation of the PASS projects as stipulated in the project proposals by adopting a credible recruitment procedure. To ensure fairness, staff shall be recruited through an open and competitive system. A list of key points in recruitment procedures is at **Appendix** for reference.

Conflict of Interest

Any staff member taking part in a recruitment exercise (e.g. as a recruitment panel member) shall be required to declare any conflict of interest and refrain from participating in the selection process if a candidate under consideration is his/her family member, relative or close personal friend. Please note that failure to avoid or properly handle conflict of interest situations may give rise to criticism of favouritism, abuse of authority and even allegations of corruption. The Government reserves the right to recall the grant in full plus interest generated from it should any irregularities or criminal elements are discovered after the disbursement of grant to a Grantee.

Professional Services Advancement Support Scheme (“PASS”)

List of Key Points in Recruitment Procedures

- Job vacancies shall be widely advertised in local newspapers and/or other channels.
- The advertisement shall set out clearly the job descriptions and requirements, and other essential information such as the application deadline and the contact point for enquiries.
- All applications received shall be systematically recorded.
- Shortlisting for interview shall be based on specified criteria.
- If practicable, a recruitment panel shall be formed to conduct selection interviews and skill tests as necessary.
- A standard assessment form shall be devised to record assessment by individual panel members.
- Assessment of candidates and recommendations of panel members shall be properly documented.
- Approving authority for the staff appointment shall be defined clearly.