

# Guide to Application for Professional Services Advancement Support Scheme

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# **1. GENERAL**

## **1.1 Background and Objectives**

1.1.1 The Professional Services Advancement Support Scheme (PASS) provides funding support for non-profit-making projects, aimed at meeting at least one of the following objectives:

- (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 and Economic Development Bureau administers PASS and provides secretariat support to the Vetting Committee<sup>1</sup>.

## **1.2 Eligible Beneficiaries and Applicants**

1.2.1 Eligible beneficiaries under PASS refer to Hong Kong professionals from eligible professional services sectors listed at **Annex I**<sup>2</sup>.

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

<sup>2</sup> Students and the general public are generally not considered eligible beneficiaries under PASS.

- 1.2.2 Non-profit-distributing<sup>3</sup> organisations operating as trade and industrial organisations, professional bodies, research institutes, etc., which must either be statutory organisations or organisations formed or registered under the laws of the Hong Kong Special Administrative Region<sup>4</sup>, are eligible to apply for funding under PASS. Government departments are not eligible for funding under PASS, but they may act as collaborating organisations or supporting bodies.
- 1.2.3 To ensure that a project has practical benefits to a professional services sector and is supported by it, a Government-subvented organisation<sup>5</sup> must secure cash sponsorship from non-subvented professional, trade and industrial organisation(s), or company(ies) in the private sector. The amount of sponsorship must 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 promotional activities, e.g. exhibitions, promotional seminars and sectoral networking/business-matching events;
  - (ii) exchange activities, e.g. international conferences/forums, visits and exchange meetings;

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<sup>3</sup> 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 to any of its directors, members, shareholders, employees or any other persons in the past and will not do so in future.

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

<sup>4</sup> The Applicant should provide supplementary information, such as copy of its Certificate of Incorporation, to illustrate the Applicant's legal status.

<sup>5</sup> 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.

- (iii) capacity-building programmes, e.g. post-professional training courses/workshops, study tours and expert briefings; and
  - (iv) researches and studies, e.g. market researches, studies on framework/best practice guidelines for professional standards and additional accreditations for professionals.
- 1.3.2 Projects which are or will be funded by other government sources will not be considered.
- 1.3.3 Projects should 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 under PASS. Costs not directly related to the delivery of PASS projects, such as office overheads, entertainment, etc. would not be funded under PASS. 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 must 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 must return to the Government the excess grant amount, plus the interest generated from the Project Account, within one month after the Final Audited Accounts of the project have been accepted by the Government in writing (as defined in paragraph 1.5.3). Please see paragraph 5.5 for details.

## **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 two staff members/office bearers of the organisation as the Project Co-ordinator and the Deputy Project Co-ordinator respectively. They will be responsible for overseeing the implementation of the project to ensure that all the terms and conditions laid down in the Project Agreement are complied with, monitoring the proper use of the project funds in accordance with the approved project proposal, liaising with the PASS Secretariat, reporting progress made on the project in writing or at meetings, etc.
- 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 final audited accounts of the project (Final Audited Accounts), which should include 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 accounts of the project (Audited Accounts) 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 are received all year round and processed on a quarterly basis. Applicants may refer to the PASS website for information on the general application and assessment cycle. Urgent applications, simple and straightforward projects<sup>6</sup> and smaller-scale projects of shorter duration<sup>7</sup> may be considered by the Vetting Committee outside the normal quarterly cycle, subject to justifications from the Applicants.

2.1.2 To apply for funding under PASS, the Applicant should complete the Application Form at **Annex II**. 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*<sup>8</sup>, in person or by mail:

- (i) copy of the Applicant's Constitution and Memorandum and 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 illustrate the Applicant's legal status;

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<sup>6</sup> E.g. single-deliverable projects and re-run of successfully completed PASS projects.

<sup>7</sup> Namely projects with PASS grant not exceeding HK\$300,000 and Project Duration not exceeding 18 months.

<sup>8</sup> All documents should be submitted together (scanned copies acceptable). If the application is submitted by email, the Applicant must subsequently provide an original copy of the duly completed and signed Application Form to the PASS Secretariat.

- (iii) copy of the Applicant's audited accounts (or management accounts if audited accounts are not available) of the latest financial year;
- (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 must be non-profit-making in nature. The major assessment criteria 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;
- (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 should 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 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 Chairperson or Vice-Chairperson or Member concerned may be requested 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 “approval-in-principle” will be given to the Applicant. The successful Applicant will then be required to:

- (i) submit a proposed cashflow projection of the project for consideration by the Vetting Committee and/or the PASS Secretariat; and
- (ii) revise the project proposal taking into account the comments of the Vetting Committee and/or the PASS Secretariat, if any. 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 finalised and approved project proposal together with the cashflow projection (Approved Project Proposal) 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 should 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”). Project must not commence before the Project Agreement is signed.

#### 4.1.2 Allowable Costs

All costs directly incurred for delivery of the project during the Project Duration may be funded by PASS. 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;

- (b) salary (including employer's contributions to the Mandatory Provident Fund) of existing staff deployed for the project (on a pro-rata basis if only a certain percentage of the working time of the staff is deployed)<sup>9</sup>. To avoid double subvention, 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;
- (c) external consultancy fees or service fees charged by implementation agent(s)<sup>10</sup> directly incurred for the project; and
- (d) honorarium for guest speakers<sup>11</sup>.

Unless otherwise agreed by the PASS Secretariat, annual increment of salary for any staff recruited or redeployed for implementing the project should not be charged to the project cost. A flat rate should be used to budget the salary cost 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 lease additional equipment as far as possible, instead of purchasing new equipment).

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<sup>9</sup> A record on the percentage of the working time devoted by the staff to the project must be maintained.

<sup>10</sup> If external consultancy services or the services of implementation agent(s) are required, please provide details of the services (including how they are related to the proposed Project Deliverables) together with cost breakdown to facilitate assessment. Detailed supporting documents to substantiate the consultancy fees and service fees charged by the implementation agent(s) may also be required.

<sup>11</sup> If honorarium for guest speakers is proposed, please provide benchmark references to facilitate assessment of the proposed amount of honorarium.

(iii) Other Direct Costs

- (a) external audit fees relating to the project and arising from compliance with the requirements of PASS. The maximum funding for each audit is HK\$10,000;
- (b) travel and accommodation costs for Project Team members and/or other individuals approved by the Government (e.g. non-local guest speakers travelling to/from Hong Kong). For flight charges, normally only cost of economy class fare is covered<sup>12</sup>;
- (c) travel and accommodation costs for participants with active roles (e.g. guest speakers and panellists) in events outside Hong Kong under PASS projects or participants of relatively longer professional internship/attachment programmes (say, six weeks or above);
- (d) event venue and set up cost<sup>13</sup> (e.g. venue rentals, basic light refreshments, backdrops and banners);
- (e) production and promotion cost of Project Deliverables<sup>14</sup> (e.g. design of promotional materials, advertising fees, kits for participants and souvenirs for guest speakers); and

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<sup>12</sup> Grantees may provide justifications and seek exceptional approval from the Government to top up the travel and accommodation arrangements at their own expenses.

<sup>13</sup> Venue insurance may be included if charged by venue holder(s).

<sup>14</sup> “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 Accounts and Final Audited Accounts referred to in paragraph 5.

- (f) other services (e.g. photography, simultaneous interpretation and bank charges for maintaining the Project Account (as defined in paragraph 5.6.1)).

In certain cases, the Vetting Committee may decide to release part or all of the PASS grant for a project on a reimbursement basis or provide PASS grant of less than 90% of cost in the interest of using public money prudently.

#### 4.1.3 Unallowable Costs

Unless otherwise approved by the Government in advance, the Applicant must 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;





## 4.2 Contribution

- 4.2.1 The Grantee is required to contribute to the project cost through self-financing and/or through third party sponsorship, project income or other means. The aggregate amount of such contribution must be equivalent to at least 10% of the actual eligible project expenditure<sup>15</sup>. Contributions can either be in cash or in-kind. The latter can take the form of required manpower and resources (e.g. venue rentals) directly related to the implementation of the project and be included in the Project Budget. In-kind sponsorship(s) can be sourced by phases. In assessing the monetary value of manpower contribution, references will be made to the actual salary of the existing staff deployed for the project or 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 must not be less than 5% of the project cost.
- 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 and course enrolment fees) may be counted towards the Grantee's contribution to the project cost.

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<sup>15</sup> Applicants are required to provide documentary proof on the valuation and supplementary information on the usage of in-kind contribution, if any.

4.2.5 The Grantee is required to make available the Project Deliverables to the professional services sector in Hong Kong through, for example, online publication 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 must 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 expected, the Grantee must cover the shortfall required for implementing the project. PASS will not provide any additional funds. Nevertheless, in case the actual project income is higher than expected, the Grantee must return the surplus project income, but up to the amount of the PASS grant plus the interest generated from the Project Account, to the Government within one month after the Final Audited Accounts of the project have been accepted by the Government in writing. Please see paragraph 5.5 for details.

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 actual eligible project expenditure will exceed the approved project cost by whatever amount. Without the written approval from the Government, the Grantee must not:

- (i) incur project expenditure for any individual item if the actual expenditure for that item will exceed the approved project cost for that item by 20% or more and the revised total amount (i.e. actual expenditure) for that item will exceed HK\$60,000;
- (ii) create new project cost item(s) (e.g. new rank of project staff, new equipment item and 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 and change of consumable item).

4.3.3 As a rule, the Government will not provide additional grant to an approved project after a Project Agreement is signed. In case the actual eligible project expenditure 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 actual eligible project expenditure, 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) must be equivalent to at least 10% of the actual eligible project expenditure. 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 eligible project expenditure, the Grantee will be required to cover the shortfall. The Government will not provide more than 90% of the actual eligible project expenditure, 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 disbursed upfront 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 by the Government for any reason whatsoever.

### **5.1 Projects with Project Duration Not Exceeding Two Years**

5.1.1 For projects with Project Duration not exceeding two years, the PASS funding 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 Project Account has been opened (see paragraph 5.6.1);
  - (b) the Grantee has deposited 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) into the Project Account in accordance with the Approved Project Proposal; and

- (c) in-kind contribution and/or sponsorship (if any) are available in accordance with the Approved Project Proposal.

Contribution and sponsorship referred to under (b) and (c) above must be free from encumbrances and restrictions and may 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 Accounts; and

- (b) the Grantee's production to the Government's satisfaction of documentary evidence showing that the Grantee has deposited 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) into the Project Account and has written confirmation for all other in-kind contribution and/or sponsorship (if any) in accordance with the Approved Project Proposal. The aforementioned contribution and sponsorship must be free from encumbrances and restrictions and can be used by the Grantee at any time during the Project Duration.

The Grantee must submit the Project Progress Report and the Audited Accounts 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.



- (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 Project Account has been opened (see paragraph 5.6.1);
  - (b) the Grantee has deposited 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) into the Project Account in accordance with the Approved Project Proposal; and
  - (c) in-kind contribution and/or sponsorship (if any) are available in accordance with the Approved Project Proposal.

Contribution and sponsorship referred to under (b) and (c) above must be free from encumbrances and restrictions and may 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 Accounts; and

- (b) the Grantee's production to the Government's satisfaction of documentary evidence showing that the Grantee has deposited 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) into the Project Account and has written confirmation for in-kind contribution and/or sponsorship (if any) in accordance with the Approved Project Proposal. The aforementioned contribution and sponsorship must be free from encumbrances and restrictions and may be used by the Grantee at any time during the Project Duration.

The Grantee must submit the first Project Progress Report and the first Audited Accounts 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 Accounts; and





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 PASS Grant Not Exceeding HK\$300,000 and Project Duration Not Exceeding 18 Months**

For projects with PASS grant not exceeding HK\$300,000 and Project Duration not exceeding 18 months, the PASS funding will normally be disbursed upfront in one lump sum.

Upon the signing of the Project Agreement and subject to the Grantee's compliance with the terms and conditions of the Project Agreement, the PASS funding will normally be disbursed upfront in one lump sum to the Grantee after the Grantee's production to the Government's satisfaction of documentary evidence showing that:

- (a) the Project Account has been opened (see paragraph 5.6.1);
- (b) the Grantee has deposited 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) into the Project Account in accordance with the Approved Project Proposal; and
- (c) all in-kind contribution or sponsorship (if any) are available in accordance with the Approved Project Proposal.

Contribution and sponsorship referred to under (b) and (c) above must be free from encumbrances and restrictions and may be used by the Grantee at any time during the Project Duration.

## **5.4 Reporting and Auditing Requirements**

(This section applies to projects of all sizes and duration)

5.4.1 In addition to the Project Progress Report(s) and Audited Accounts mentioned in paragraphs 5.1.1 and 5.2.1, the Grantee will also be required to submit a Project Final Report and Final Audited Accounts, including an Account of Residual Funds, covering the Project Duration (or up to the expiry or termination of the Project Agreement, whichever is earlier) to the PASS Secretariat within three months upon completion of the project (or the expiry or termination of the Project Agreement, whichever is earlier).

### 5.4.2 Post-Project Evaluation Report

Depending on the project nature<sup>16</sup>, 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.

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<sup>16</sup> 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 must be audited by an independent auditor who must be either a Certified Public Accountant (Practising), a CPA Firm or a Corporate Practice registered under the Accounting and Financial Reporting Council Ordinance, Cap.588. The Government or its authorised representatives will have the right to communicate with the auditor on matters concerning the accounts and the supporting statements. An Audited Accounts must cover all receipts and receivables including the PASS funding, project income, contributions from the Grantee, sponsor(s) and other means (whether in cash or in-kind), sale proceeds from any equipment disposed of, as well as payments and payables for the project, etc.

The Audited Accounts must also include a Statement of Income and Expenditure, a Statement of Financial Position, a Statement of Cashflows, Notes to the Accounts and an Auditor's Report. The accounts of the project must be properly prepared from and in agreement with the books and records of the project. In the Audited Accounts, the auditor must express an audit opinion on whether the Grantee and the accounts of the project have complied with the provisions set out in the Project Agreement (including all the requirements set out in the Notes for Auditors of Grantees at **Annex IV**) as well as the requirements or directives relating to the project given by the Government, the Vetting Committee and/or the PASS Secretariat (including requirements to keep proper books and records and to prepare proper accounts of the project), and must 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 must 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 should 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, the PASS Secretariat may organise site visits for local events and progress review meetings with Grantees for non-local events, where necessary. This arrangement applies to all approved projects.

- (vi) Each completed project will be evaluated. Unsatisfactory evaluation result and 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. All these may affect the future chance of the same Applicant or the Project Team in obtaining funding under PASS.

## **5.5 Return of Residual Funds**

The Grantee must, within one month after the Final Audited Accounts of the project are accepted by the Vetting Committee and/or the PASS Secretariat in writing, return to the Government the residual funds (including all unspent PASS funding, surplus income (referred to in paragraph 4.2.5), interest income and sale proceeds from any equipment disposed of) up to the amount of the PASS grant paid by the Government plus the interest generated from the Project Account. 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 from the Grantee and sponsor(s), project income and sale proceeds from any equipment disposed of must be paid into the Project Account. All project payments must be paid out from the Project Account. All project funds must 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 must ensure that all interests generated from the Project Account are 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 income<sup>17</sup> if the project funds are not properly handled in accordance with paragraph 5.6.1 above.

## **5.7 Books and Records**

5.7.1 The Grantee must keep a proper and separate set of books and records for the project. The books and records must be maintained in such a manner so as to enable the production of Statement of Income and Expenditure (with the same expenditure items as shown in the Approved Project Proposal) and Statement of Financial Position and Statement of Cash Flows in respect of each project. All transactions relating to the project must be properly and timely recorded in its books of accounts.

5.7.2 Accrual basis of accounting must be adopted for the project. Expenditure can only be charged to the accounts of the project after the equipment and goods have been received and used, or services delivered. Accordingly, prepayments or deposits should not be recognised as expenditure for charging to the accounts of the project unless and until the equipment and goods have been received or services delivered. Moreover, the expenditure so charged must be incurred within the Project Duration only. All receipts and expenditure of the project, including the PASS funding, expected project income as well as contribution from the Grantee and sponsor(s) must be fully and properly recorded in the books and records in accordance with the Project Agreement, and all requirements or directives given by the Government in respect of the project.

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<sup>17</sup> 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.

5.7.3 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 must 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 must 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, must go through tendering/quotation exercise(s) to appoint implementation agent(s), if any, instead of appointing the proposed implementation agent(s) direct.



- (iii) The Grantee must 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 must not exceed HK\$5,000 each. Any single transaction by the Grantee with a value exceeding HK\$5,000 must 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 must 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) must 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 must abide by the principles of openness, fairness and competitiveness, and must follow the General Guidelines on Hire of Project Staff at **Annex VI**.

- (ii) The Grantee must 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 funding 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 must comply with such requirement and credit the sale proceeds to the Project Account.

## **5.10 References**

5.10.1 The Grantee must 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”<sup>18</sup>;
- (ii) “Best Practice Checklist – Staff Administration”<sup>19</sup>; and
- (iii) “Best Practice Checklist – Procurement”<sup>20</sup>.

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<sup>18</sup> [https://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf](https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf)

<sup>19</sup> [https://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2016/533652e2-ab2b-4381-ab34-a13478ef4908.pdf](https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/533652e2-ab2b-4381-ab34-a13478ef4908.pdf)

<sup>20</sup> [https://cpas.icac.hk/UploadImages/InfoFile/cate\\_43/2016/b4e94be0-46d9-4edd-abc8-5b89e431e32b.pdf](https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/b4e94be0-46d9-4edd-abc8-5b89e431e32b.pdf)

5.10.2 The Grantee should 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 should 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 Guide<sup>21</sup> 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.

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<sup>21</sup> Unless otherwise approved by the Government in writing.

## **6.2 Approval Requirements**

An approved project must be carried out in strict 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) will require written approval by the Government.

## **6.3 Suspension or Termination of Funding Support**

6.3.1 The Applicant shall comply with all applicable laws (including the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of Hong Kong in carrying out the project. 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:

- (i) a lack of satisfactory progress or a slim chance of completion of a project;
- (ii) the objectives and relevance of the project having been overtaken by events;
- (iii) a breach of the terms and conditions of the Project Agreement;
- (iv) when the Grantee has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- (v) the continued provision of funding support for an approved project being contrary to the interest of national security; or

(vi) if the Government sees fit to terminate the project in 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 a time specified by the Government. The Government reserves the right to claim from the Grantee for repayment of all or part of the disbursed PASS grant *plus* interest generated from the Project Account, together with all administrative, legal and other costs incurred by the Government for the project.

#### **6.4 Intellectual Property Rights**<sup>22</sup>

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 appropriate, the Grantee will be required to widely disseminate its Project Deliverables within the professional services sector and allow the Project Deliverables be used 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

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<sup>22</sup> 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.

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)

## **6.5 Acknowledgment of Support and Disclaimer**

6.5.1 The following disclaimer must be included in any publications and media events arising from or relating to a PASS 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."*

6.5.2 The logos of PASS and Government-funded programme (in the format as specified by the Government) and the following acknowledgment of the funding support under PASS must be displayed on all equipment, publicity, publications and at facilities and media events arising from or relating to a PASS project:

*"This material / event is funded by the Professional Services Advancement Support Scheme of the Government of the Hong Kong Special Administrative Region."*

6.5.3 The content and manner of the disclaimer and acknowledgement mentioned in paragraphs 6.5.1 and 6.5.2 must be approved by the Government in advance.

## **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 do 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 Form<sup>23</sup>.

## **6.7 Probity**

- 6.7.1 The Applicant must observe the Prevention of Bribery Ordinance, Cap. 201 (PBO) and must 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

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<sup>23</sup> Form OPS003 specified by the Privacy Commissioner for Personal Data (<https://www.pcpd.org.hk/english/publications/files/Dforme.pdf>).



approved and hold the Applicant liable for any loss or damage which the Government may sustain.

- 6.7.3 The Applicant must ensure that the Relevant Personnel avoids conflict of interest situations as and when necessary and does not disclose any confidential information in the conduct of or in relation to the project.
- 6.7.4 The Applicant must ensure that the Relevant Personnel does 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 must 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 (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 (as defined in paragraph 6.4) 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*

**January 2024**

**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) Other services**

- 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

**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
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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
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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-subsided 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-subsided organisation(s) <i>(at least 5% of the total project cost)</i>	23,000
(b) Contribution in-kind from the Government-subsided 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
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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-subsided organisation, can only be included for the purposes of calculating the total project cost and the contribution in-kind by the Government-subsided organisation. Any grant approved under PASS must not be used to finance such manpower cost. In the above example, the PASS grant must 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 accounts<sup>1</sup> 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 had 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 Auditors<sup>2</sup> of Grantees in conducting a reasonable assurance engagement and in preparing an auditor's report for each PASS project.

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<sup>1</sup> The "audited accounts" comprise a Statement of Income and Expenditure (with the same expenditure items as shown in the Approved Project Proposal), a Statement of Financial Position, a Statement of Cashflows, Notes to the Accounts and an Auditor's Report. The Final Audited Accounts should also include an Account of Residual Funds and an account of actual reimbursement required for reimbursement items, if any.

<sup>2</sup> "Auditor" means a person who at material times is registered as a Certified Public Accountant (Practising), a CPA firm or a Corporate Practice under the Accounting and Financial Reporting Council Ordinance, Cap 588.

3. In conducting a reasonable assurance engagement, the auditors should perform such procedures<sup>3</sup> 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 PASS 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 PASS 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 Financial Reporting Standards and Auditing and Assurance Standards 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:

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<sup>3</sup> 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 above<sup>4</sup>;
- (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.

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<sup>4</sup> 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**  
**January 2024**

**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 LIMITED<sup>5</sup>**

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 (Approved Project) for the period from DD/MM/YYYY to DD/MM/YYYY on pages x to y (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.

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<sup>5</sup> 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.

## **Quality Management and Independence**

Our firm applies Hong Kong Standard on Quality Management 1 issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), which requires the firm to design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## **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 HKICPA 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 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. 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 must not be the officer authorising the acceptance of the offer for that procurement. In devising the procurement mechanism for the funded projects, the Grantee must 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, if the aggregate value of which does not exceed HK\$2,000 and the Project Co-ordinator confirms that the prices obtained are reasonable in the Project Final Report, a quotation exercise is not required for that item.
- (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\$2,000 but does not exceed HK\$50,000, the Grantee must invite quotations in writing from at least two suppliers or service providers or lessors and accept the lowest conforming bid. The Grantee must 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 in rank than 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 and full justifications must be given.

- (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 is over HK\$50,000 but does not exceed HK\$300,000, the Grantee must invite quotations in writing from at least three suppliers or service providers or lessors and accept the lowest conforming bid. The Grantee must 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 in rank than the officer inviting the quotations. Full justifications must be given if less than three 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 and full justifications must be given.
- (iv) 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\$300,000 but does not exceed HK\$1.36 million, the Grantee must invite quotations in writing from at least five suppliers or service providers or lessors and accept the lowest conforming bid. The Grantee must 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 in rank than 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 and full justifications must be given.
- (v) 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\$1.36 million, the Grantee must use open and competitive tendering procedures and accept the lowest conforming bid. The Grantee must 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. The main issues are openness, fairness and competitiveness in staff recruitment.

**Staff Recruitment**

The Grantee must appoint an officer bearer or 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 the officer bearer or 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 must 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) is 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 the Project Account should any irregularities or criminal elements are discovered after the disbursement of funding to a Grantee.

**Professional Services Advancement Support Scheme (PASS)**

**List of Key Points in Recruitment Procedures**

- Job vacancies should be widely advertised in local newspapers and/or other channels.
- The advertisement should 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 should be systematically recorded.
- Shortlisting for interview should be based on specified criteria.
- A recruitment panel should be formed to conduct selection interviews and skill tests as necessary.
- A standard assessment form should be devised to record assessment by individual panel members.
- Assessment of candidates and recommendations of panel members should be properly documented.
- Approving authority for the staff appointment should be defined clearly.