

Lotteries Fund Manual

(for Non-governmental Organisations)

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Social Welfare Department

The Government of the Hong Kong Special Administrative Region

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Chapter 1

Introduction

1.1 Ambit and Approving Authority of the Lotteries Fund

Revised
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1.1.1 The Lotteries Fund (LF) was established on 30 June 1965 by Resolution of the Legislative Council for the purpose of financing, by way of grant, loan or advance, the support and development of such social welfare services in Hong Kong as the Chief Executive, after consultation with the Social Welfare Advisory Committee (SWAC), may approve. The Fund is mainly funded from the proceeds of the Mark Six Lottery.

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1.1.2 The main types of services that can be financed by LF include –

- (a) rehabilitation;
- (b) elderly services;
- (c) family and child welfare;
- (d) services for young people;
- (e) services for offenders; and
- (f) social welfare support and community development.

Applications for LF should fall within the approved ambit of LF. Otherwise, advice of SWAC should have been sought for new types of social welfare services.

1.1.3 LF grants are primarily used to finance the capital expenditure of welfare projects and provide one-off grants to experimental projects with limited duration. They cover –

- (a) non-recurrent expenditure for construction, fitting-out, renovations, purchase of furniture and equipment (F&E) for premises providing social welfare services;
- (b) non-recurrent expenses incurred by organisations running services subvented by the Social Welfare Department (SWD) on routine repairs and maintenance works as well as replenishment of F&E; and
- (c) time-limited expenditure (e.g. staff and operating expenses)

provided the project concerned is of limited duration and is innovative in nature, not exceeding four years, on experimental projects, surveys or studies for enhancing the support to social welfare services. LF grants for this purpose will not commit the Government to provide any continuous recurrent funding for the related projects.

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When submitting the application, non-governmental organisations (NGOs) should declare whether their applications are eligible to receive/ have received/ would receive subventions from other sources (e.g. other government departments, other funds, etc.). SWD may consider such applications ineligible if double-benefits are/ would be involved.

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1.1.4 The Lotteries Fund Advisory Committee (LFAC) is set up to advise the Director of Social Welfare (DSW) on, amongst others, applications from welfare organisations for allocations from the LF. For experimental projects, prior endorsement should have been secured from the Labour and Welfare Bureau (LWB) from the policy angle and the Financial Services and the Treasury Bureau (FSTB) from financial management perspective. Under the authority delegated by the Financial Secretary (FS), DSW may approve the following LF grants –

- (a) for non-recurrent/ recurrent commitments with regard to creation of new commitment, increase in approved commitment or decrease in approved commitment for –
 - (i) non-experimental projects with aggregate amount below \$15 million;
 - (ii) for experimental projects with duration not exceeding four years and aggregate amount below \$4 million;
- (b) for Block Grant to subvented NGOs for –
 - (i) minor capital works project each costing below \$500,000 for each service unit;
 - (ii) minor capital expenditure on F&E and vehicles (excluding purchase and replacement of vehicles) of not exceeding \$50,000 per item; and
- (c) for Minor Grants for fitting-out works, renovations and purchase of additional or replacement F&E costing between \$10,000 and \$900,000.

For items under 1.1.4 (a) above, the approval of officers of FSTB in exercise of authority delegated from the FS is required for recommended commitments above the respective ceilings.

1.1.5 An NGO is eligible to apply for a grant from the LF for the above purposes if it is recognised by SWD, the Department of Health or the Education Bureau as a bona-fide non-profit-making organisation registered under Section 88 of the Inland Revenue Ordinance (Cap 112) providing a valuable service to the community.

1.1.6 Successful NGOs will be issued with an approval letter which includes an undertaking to be completed and returned to SWD within a specified time frame. The approval letter will list out the allocation conditions and compliance requirements. The grantee is required to follow all requirements for accepting the grant offered.

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1.2 The Lotteries Fund Manual (the Manual)

1.2.1 This Manual regulates matters relating to the use of the LF and guides NGOs through the procedures of application, payment and control of the LF grants. NGOs are required to comply with these provisions relating to the LF grants.

1.2.2 The provisions in the Manual are prescribed by DSW who may amend, supplement, apply, interpret and make exceptions to them. There will be regular reviews and updates of the Manual. Practice notes and guidance may also be issued by SWD from time to time to supplement the Manual.

1.2.3 Users of the Manual are reminded that even if they are only consulting this Manual on a specific type of project (e.g. Chapter 2 on experimental projects of limited duration), they should familiarise themselves with the background and requirements in Chapters 1, 6 and 7.

1.3 General Reminder

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- 1.3.1 Applicants should **not** enter into any financial commitment in respect of any projects before the LF grants concerned have been approved. SWD and LF will not be responsible for any financial commitment so made. Besides, no retrospective approval under the LF will be given for any previous financial commitments.

Chapter 2

Experimental Projects of Limited Duration

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2.1 Preamble

- 2.1.1 These projects are experimental and innovative in nature and for a limited duration of not exceeding four years. They may include, for example, research projects involving procurement of service, etc. initiated by the NGOs or the Government.
- 2.1.2 SWD may, if necessary, after consulting the SWAC, make a submission to the LFAC comprising –
- (a) a set of proposed themes to be accorded priority in allocation of LF grants for experimental projects, with the objective of such projects being developed to complement the government's policy objectives and initiatives to meet community needs;
 - (b) the allocation proposed to be granted to projects contributing to such themes for the purpose of financial planning in the use of LF; and
 - (c) the assessment criteria for the selection or prioritisation of such proposals from NGOs.
- 2.1.3 Experimental projects may also be submitted for consideration throughout the year, subject to confirmation with SWD on availability of funding. Existing or regularised projects and projects which are expected to be long-term in nature should not be included under this Chapter.
- 2.1.4 The LF grants concerned may be used to meet the staff and operating expenses (including personal emolument (PE), other costs (OC) and programme expenses) for these time-limited projects on a well-defined project basis.
- 2.1.5 Policy support from the LWB and clearance from the FSTB from the financial management perspective must be secured before submission of the proposal to the LFAC for endorsement.

- 2.1.6 In the application, the following information should be addressed in detail –
- (a) cost-effectiveness of the proposed project;
 - (b) the focus of promotion, attractiveness and policy merits of the proposed project;
 - (c) whether and if so, how to avoid duplication with existing services;
 - (d) read-across implications of the proposed project to other stakeholders/ sectors;
 - (e) effective monitoring for the proposed project;
 - (f) plan for future integration of the proposed project with existing services and synergy with existing services; and
 - (g) exit plan if the proposed project does not succeed.
- 2.1.7 Advice from the Finance Branch of SWD should be sought regarding the payment arrangement for these projects before seeking funding approval. The LFAC and FSTB should be informed of the proposed funding arrangements.

2.2 Invitation and Assessment

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- 2.2.1 In case applications are invited for a set of proposed themes under paragraph 2.1.2, SWD will advise NGOs of the selected themes after endorsement by the LFAC. Where necessary, SWD may arrange briefing sessions to elaborate on or explain the respective themes for the prospective applicants.
- 2.2.2 In the processing of the applications, especially those relating to the same theme and with similar coverage, SWD may liaise with the applicant NGOs to re-package their proposals in order to create greater synergy and achieve higher cost-efficiency.
- 2.2.3 SWD will consult the LFAC on all the proposals for experimental projects submitted by SWD or NGOs under selected themes or throughout the year with the Department's comments and recommendations. Applicant NGOs may be invited to attend before the LFAC to explain their projects or to answer any

queries.

2.2.4 To avoid abortive work and to speed up the processing of applications, applicant NGOs are requested to be economical in putting up budgets for their experimental projects. Applicant NGOs should pay particular attention to the number of staff required for implementing the project, the remuneration of these staff which should not be superior to comparable civil service staff needed for the job, the overhead administration cost¹ which should be kept to the minimum, etc. Since these projects are experimental in nature, applicant NGOs are also required to include means for evaluation and targets for performance measurement in their proposals.

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2.2.5 If the project is initiated by the Government, invitation for proposals, including service specifications, would be issued to NGOs after funding approval has been secured.

2.3 Monitoring and Payment

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2.3.1 Upon approval of the application after consulting the LFAC, SWD will issue an approval letter to notify the NGO the terms or conditions relating to the grant, including the monitoring arrangements to be in place and the consent to publication of evaluation result after completion of the experimental project, as well as, amongst others, a contact person from the Service Branch of SWD concerned for liaison with the NGO on that particular project. Details of other monitoring measures of the LF project are elaborated in paragraphs 6.12.1 to 6.12.12.

2.3.2 The successful NGO should implement the project in accordance with the endorsed programme and conditions, and should comply with the requirements in the approval letter which will normally refer to the relevant provisions of this Manual. It should follow Chapter 6 on the procurement and stores management issues. It has to ensure that staff with the appropriate qualification(s) (e.g. registered social worker) are appointed. Employment terms should comply with the relevant Ordinances and should not be better than those for comparable jobs in the civil service.

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2.3.3 Supplementary grants would normally not be considered. LF or SWD would not accept any liabilities arising from the project. Payment of approved grants from the LF can be made by the

¹ SWD may provide LF-funded projects with a reasonable provision for certain scopes of administrative overhead at a level between 5% and 15% of total project cost.

Treasury direct to the NGO's bank account if the NGO has completed the necessary authorisation. Otherwise, a cheque will be issued to the NGO. Any unspent balance of the grant should be kept at all times in a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong. Where a project has other source(s) of funding received on a lump sum basis, depending on the agreement between the operator and the SWD, the operator would be required normally to use up the other source(s) of funding as far as possible before calling on the allocation from the LF. The operator should submit evidence to show that such funding has been used up.

2.3.4 The grant would normally be made on a lump sum basis (including PE, OC, and programme expenses). Virement between the different cost items is generally permissible except where significant changes are made to the level of staff input to be devoted to the project, SWD's prior agreement should be sought as this might affect the subsequent evaluation of the project. Where the grant includes "rent and rates" as a cost item, this portion of the grant cannot be redeployed without the agreement of SWD.

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2.3.5 The grant would be disbursed in accordance with the pre-set payment schedule endorsed by the LFAC or arrangements as agreed among the NGO, relevant Service Branch(es), the Lotteries Fund Projects Section (LFPS) and Finance Branch of SWD, as appropriate. Where no payment schedule has been pre-set, the grant will be disbursed by Finance Branch of SWD in equal quarterly instalments after the NGO has informed SWD the actual date of commencement of the project. Payment will be made up to 95% of the grant or contract sum, whichever is lower. A percentage of the grant (not less than 5% of the grant or contract sum, whichever is lower) will normally be withheld until satisfactory completion of the project and submission of the outstanding documents. The percentage of grant to be withheld should be stipulated clearly in the approval letter to the NGO.

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2.3.6 The NGO will be required to submit an audited income and expenditure statement of the project to SWD not later than four months after –

- (a) end of each completed financial year after commencement of the project during the project period annually or as specified in the approval letter; and
- (b) completion of the project.

The recommended format of the income and expenditure

statement is shown at **Annex 2.1**, which should be duly signed by authorised persons of the NGO. The auditor should certify that he has examined the income and expenditure received and incurred by the NGO for the LF projects which are in accordance with the LF Manual and other instructions issued by SWD. The auditor shall be a certified public accountant holding a practising certificate as defined in the Professional Accountants Ordinance (Cap 50).

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2.3.7 Any **surplus** (including interest) of the grant paid over the recognised total expenditure of the project (e.g. excess in rent or rates requirements) will be clawed back by SWD and returned to the LF. However, any **deficit** exceeding the grant will be borne by the NGO. The time frame for return of the surplus should be set out in the approval letter which should normally be within one month after confirmation by the Service Branch of SWD concerned that the project has been completed.

2.3.8 The books of account and all other relevant records and information related to the LF grant should be retained by the NGO for at least seven years after the completion of the project or release of final payment or in accordance with prevailing statutory requirements, whichever is the longer. These books and records should, at all reasonable times, be available for inspection by any authorised staff of SWD and the Audit Commission.

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2.3.9 After completion of the project or during the period of the project where so required, the NGO concerned will have to submit to SWD an evaluation report on the impact of the project according to a pre-agreed format and time frame. The evaluation report (**Annex 2.2**) should cover, but not be limited to, the following areas –

- (a) assessment on whether the project has achieved its original objectives, and its cost-effectiveness (including but not limited to the extent of attainment of the objectives, evidence or indicators of having achieved the objectives, reasons for not attaining the objectives, if applicable, etc.);
- (b) description of deliverables (e.g. type, title, quantity, etc.), evaluation of the quality and dissemination value of the deliverables, dissemination activities conducted and responses of the participants/ recipients;
- (c) details of the resources employed with particular regard to the manpower structure for the delivery of service should be included;

- (d) particulars of activities conducted during the project period, such as types of activities, number of participants and feedback from participants;
- (e) assessment on the possibility for regularisation of the experimental/ pilot service;
- (f) analysis of feasibility of experimental/ pilot service to leverage with existing services and consider the model of integration into existing services; and
- (g) consideration of long-term cost-effectiveness of the model to ensure sustainability in provision of the experimental/ pilot service and identification of optimal model to be adopted in the long run, if proposed for regularisation (including consideration of possible alternative approaches for equivalent or similar benefits at less cost, if any, etc.).

The result of the evaluation should be reported to the LFAC promptly, together with the findings and way forward of the project. NGOs may be invited to explain the evaluation report at the LFAC meeting. The summary of the evaluation report would be uploaded to the website of SWD².

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- 2.3.10 Staff of SWD and Members of the LFAC may visit the NGO to inspect the implementation of the project as and when required.

2.4 Other Payment Alternatives

- 2.4.1 Where necessary (e.g. if the project is of a short duration), the payment for time-limited projects may be by way of reimbursement, the details of which are set out at paragraph 5.6.

² Summary of evaluation report of the experimental project endorsed by the LFAC on or after 23 November 2017 is required to be uploaded to SWD website.

Chapter 3

Fitting-out and Furniture and Equipment for New or Requisitioned Service Units

3.1 Preamble

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- 3.1.1 Lump sum grants may be allocated under this Chapter to fit out and/ or furnish **new/ requisitioned** service units. Meanwhile, separate grants may be allocated for fitting-out and procurement of F&E. The two grants may **not** be used interchangeably even for the same set of premises. Supplementary grant will normally not be provided but the operator may top up the provision from its own resources.
- 3.1.2 The above simplified arrangements are intended to encourage innovation in design and ensure efficiency in the commissioning of new service units. The approach adopted in this Chapter will normally cater for the fitting-out of those premises where a lump sum grant could be calculated by SWD in advance.

3.2 Funding and Procedure

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- 3.2.1 The lump sum grants will be calculated with reference to the type and scale of service, the configuration of the premises, the schedule of accommodation (S of A) and the technical schedule (TS) which specifies the standard fittings. Provisions will normally be made for the Authorised Person's (AP) fees. These represent generally average figures which should be adequate to meet the standard requirements. Where the premises concerned have unique characteristics or requirements to the extent that a lump sum grant is considered inappropriate, SWD will advise the operator the proper arrangement.
- 3.2.2 Since the operator of a service unit will only be identified upon completion of the allocation process and the intention is for fitting-out works/ F&E to commence as soon as possible by the operator, SWD will make a submission with SWD as grantee to the LFAC for the approval of the lump sum grants ahead of the allocation process. These grants would then be transferred to the selected operator.

- 3.2.3 SWD will include the following information in the bidding/ invitation documents for the future prospective service operator –
- (a) amount of the lump sum grant(s) approved together with the minimum standards specified in the S of A and TS;
 - (b) the F&E list based on which the grant is calculated;
 - (c) the time frame for the completion of the fitting-out/ furnishing and the commencement of the service delivery;
 - (d) the requirement that the use of the grant(s) is subject to the LF procedures;
 - (e) submission of checklist relating to the fitting-out works; and
 - (f) any other special requirements.
- 3.2.4 After the operator is identified, SWD would transfer the grant(s) to the selected operator and formally notify it the LF allocation(s) and the requisite procedures. No separate LF application needs to be made by the operator. The arrangement of transfer of grant would not be treated as a new grant allocation by SWD.

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3.3 Grant for Fitting-out

- 3.3.1 The operator will utilise the grant to fit out the premises at least up to the standards specified in the S of A and TS and within the time frame set by SWD, and should comply with other requirements stated in the approval letter, bidding/ invitation documents, this Manual, and those as specified by SWD, if any. The operator should engage an AP/ Consultant for this purpose according to the procedures of Chapter 6. With reference to the requirements and terms as stated in the approval letter, the NGO/ AP shall submit its proposed design to the Architectural Section of SWD before commencement of the proposed fitting-out works. Prior to commencement of the fitting-out works, the operator shall submit a copy (preferably soft copy) of the contract document of the works including detailed works programme, proposed layout plan, a comparison table showing the proposed area of functional area against the approved area under the S of A and a copy of the consultancy service agreement to the Architectural Section of SWD. Upon completion of the project but prior to the handing-over, the operator shall submit a set of as-constructed drawings signed by the AP/ Consultant, relevant certificates and other documents to prove the premises are fit for

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occupation to the Architectural Section of SWD. The operator may go for higher standards of provision through its own topping-up funds or donations or when such higher standards could well be accommodated within the lump sum grant but it should note that neither the LF nor SWD would accept any liability, recurrent or capital, arising therefrom, including but not limited to any subsequent renovation or replacement of those items.

3.3.2 Payment will be made on reimbursement basis up to 95% of the grant or contract sum, whichever is lower, at the practical completion stage. Claims for reimbursement should be supported by original receipts, invoices and certificates prepared by the AP/ Consultant and an undertaking submitted by the operator and the AP/ Consultant that the fitting-out works are up to the standard specified in the TS. The payment of the remaining balance of 5% or more of the grant or contract sum, as appropriate and where required or any adjustment for the previous reimbursements will be made upon the submission of undertaking from the AP/ Consultant that all the TS requirements have been met and of the final account certified by the AP/ Consultant and accepted by the Architectural Section of SWD based on the recognised works items and subject to vetting of final payment claims from the NGO.

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3.3.3 The operator shall submit the final account for the works project prepared by the AP/ Consultant to Architectural Section of SWD for settlement within three months from the date of expiry of the defect liability period (DLP) of the fitting-out works, and all payment claims to Finance Branch of SWD within three months after confirmation of final project cost; beyond which all the unspent grant will be returned to the LF. The normal time frames for works projects with DLP as outlined in **Annex 5.4**, or as specified in the approval letter, should be followed. For the works project without DLP, the operator shall submit final payment claims to Finance Branch of SWD within the time frame specified in the approval letter.

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3.4 Grant for Purchase of Furniture and Equipment

3.4.1 The operator will use the grant to furnish and equip the premises concerned. The lump sum grant for F&E is calculated on the basis of the standard or particular requirements of the service. Meanwhile, the grant for those to be reprovisioned service units will be adjusted to take into account the serviceable F&E items in the existing premises. While the list on which the calculation of the lump sum grant is based on will be provided

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to the operator, the list is meant for reference, not strict compliance, except where specified, e.g. purchase of vehicles and prescribed items, etc. Like fitting-out works, the operator may also go for non-standard F&E items through its own topping-up funds or donations or when such items could well be accommodated within the lump sum grant but it should note that neither the LF nor SWD would accept any liability, recurrent or capital, arising therefrom, including but not limited to, any subsequent replacement of these items or the additional recurrent requirements arising from the use of such items.

- 3.4.2 Payment will be made on a reimbursement basis supported by receipts or invoices. The purchase of F&E should be completed within the time frame set by SWD as outlined in **Annex 5.4**. Payment claims should be submitted to SWD within one month after completion of the purchase. The unclaimed balance of the grant will be returned to LF after the expiry of the respective payment claims dates.
- 3.4.3 For inventory control and auditing purposes, the operator is required to keep a separate list of all F&E items procured with LF grants.

3.5 Other Payment Issues for Projects Financed under this Chapter

- 3.5.1 Payment of the approved LF grants can be made by the Treasury direct to the operator's bank account if the operator has completed the necessary authorisation. Otherwise, a cheque will be issued to the operator.

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- 3.5.2 Where a project has other source(s) of funding received on a lump sum basis, depending on the agreement between the operator and the SWD, the operator would be required normally to use up the other source(s) of funding as far as possible before calling on the allocation from the LF. The operator should submit evidence to show that such funding has been used up.

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- 3.5.3 Operators are encouraged to stagger payment claims by stages or in batches in order to minimise the possible financial impact on their cashflow. When an operator is unable to meet the expenses first, it may apply for advance payment from the LF. Full justification must be given. The operator should undertake that receipts of purchase would be submitted to SWD as soon as possible, and in any case not later than one month after the receipt of payment from the LF. SWD would consider the application after taking into account the justifications provided and a number

of factors (e.g. the amount requested, the urgency of the matter, etc.). There is no guarantee that an application for advance payment would be approved with payment arranged within the time frame requested.

3.5.4 The LF grant should be entered as a separate item into the audited financial statements of the operator.

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3.5.5 Where circumstances justify (e.g. when the project is found not up to the requisite standard or where the original receipts, invoices or certificates submitted are found not acceptable), SWD may withhold or reclaim any payment from the operator.

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3.5.6 Operators should complete the projects and submit the payment claims to the Finance Branch of SWD within the normal time frames as outlined in **Annex 5.4** or as specified in the approval letter, together with the following documents (item (c) is only applicable to works project with AP/ Consultant) –

- (a) duly completed reimbursement claim form (see **Annex 5.3(a)**) signed by a person authorised by the operator;
- (b) original plus one copy of all the receipts and/ or invoices related to the claim; and
- (c) the original and one copy of the certificates prepared by the AP/ Consultant, if there is an AP/ Consultant for the project.

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3.5.7 The original invoices and receipts would be returned to operators after payment. Operators should retain the original copies of invoices and receipts until after finalisation of project costs and closure of project accounts. These documents may be required for inspection at the stage of finalisation of project costs and payments made without original receipts would normally be excluded from final project costs. In this regard, grantees are strongly requested to take actions to finalise the project costs as soon as possible after completion of the project.

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3.5.8 At the final account stage for works project with AP/ Consultant, the detailed contract account prepared by the AP/ Consultant with full supporting information detailed at **Annex 6.4.1** and **Annex 6.4.2** should be forwarded to the Finance Branch of SWD. Final payment will be made only after the Architectural Section of SWD has examined the final account and recommended a project cost admissible for the LF grant. If the final admissible project cost is less than the amount released from the LF grant, the NGO has to return the excess amount to

LF. Any deficit exceeding the grant will however be borne by the NGO.

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3.5.9 For all works projects, as a proof of completion of the project with reasonable environment being provided for satisfactory delivery of social welfare service, the operator should provide photographs showing the physical conditions of the premises before and after the works upon finalisation of project accounts. Site inspections for the completed works may be arranged by the Architectural Section of SWD. To facilitate such site inspections, the NGO should provide full addresses of the premises concerned and details of contact person(s) and telephone number(s) upon submission of final accounts. The NGO's staff should be available on site to indicate to staff of SWD the exact locations of all completed works. All variations and additional works should be provided in detail and explanation, preferably with sketch drawings.

3.6 Unspent Grants Returned to LF

3.6.1 The lump sum grants are meant for putting the new or replacement services into operation. Any unspent grants after a specified period of the project commissioning (see paragraphs 3.3.3, 3.4.2 and 3.5.8 above) should be returned to the LF.

3.7 Monitoring

3.7.1 During the construction period, the Architectural Section of SWD will carry out periodic inspections to monitor the programme of the fitting-out works for the purpose of timely delivery of services. The Architectural Section of SWD will also carry out handover inspections during which itemised checking over standard of fittings and furnishings will be carried out. It remains, however, the operator/ its AP/ Consultant's responsibility to ensure the minimum TS standards are met.

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3.7.2 For procurement of F&E, SWD may conduct site inspection after operation of service unit and before final payment from the operator in order to confirm that –

- (a) a satisfactory standard of environment is provided by the operator for service delivery and the spending of the LF is on items essential to the delivery of the service;
- (b) the operator has complied with the procurement and stores

management provisions in Chapter 6. In particular, the operator is required to –

- (i) keep books of account which should be retained for at least seven years after completion of project or release of final payment or in accordance with prevailing statutory requirements whichever the longer;
- (ii) maintain assets register for verification of the existence and completeness of the assets purchased; and
- (iii) institute sufficient internal controls, which is its management responsibility, to safeguard the assets, detect fraud or irregularities, and ensure reliability of records and compliance with relevant laws or regulation.

The books of account and all other relevant records and information related to LF must, at all reasonable time, be available for inspection by authorised staff of SWD and the Audit Commission. In case the operator is not cooperative to provide the information required to facilitate a thorough checking, or the checking reveals that LF has not been spent properly within the ambit of allocation, SWD reserves the right to require the NGO concerned to refund the grant allocated, in part or in full. SWD will take into consideration the past record of the NGO and its service unit(s) in using LF when processing applications for LF from the NGO in future.

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3.7.3 In general, the service unit concerned should remain in service for at least three years after completion of the related works or procurement of F&E items. SWD will conduct random check for this purpose. Application from a service unit which has been newly fitted out or undergone major renovations in the last five years would normally not be considered. Details of other monitoring measures of the LF project are elaborated in paragraphs 6.12.1 to 6.12.12.

Chapter 4

Block Grant for the Replenishment of F&E and Minor Works for Existing Premises Providing Subvented Welfare Services

4.1 Preamble

- 4.1.1 NGOs providing subvented welfare services are responsible for maintaining the physical environment of their service units in a decent condition including the provision of adequate and safe F&E. This will generate requirements for regular maintenance and refurbishment.
- 4.1.2 In recognition of the above, SWD will provide financial resources to assist NGOs to meet the needs in respect of subvented service units through grants from the LF.
- 4.1.3 Since the requirements are regular and routine in nature and usually involve a large volume of items each at small sums, the financial support will be made available in the form of a non-recurrent Block Grant, normally on an annual basis, upon application by individual NGO.
- 4.1.4 The grants may be used flexibly by NGOs for the said purposes within the pre-set parameters detailed below.
- 4.1.5 NGOs are responsible for the proper use of the funds according to the ambit and to account for the spending. Although the basic control requirements are set down by SWD, NGOs are responsible for setting up and implementing their respective control and monitoring systems.

4.2 Eligibility and Ambit

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- 4.2.1 The Block Grant shall be used for minor works or replenishment of F&E of existing premises providing **SWD-subvented services**. Subvented services include services subvented through Lump Sum Grant (LSG) or conventional modes. Service units not under the subventions of the SWD and service units to be closed down or no longer subvented within the next three years counting from the year for which Block Grant was applied, are not eligible. For the avoidance of doubt, services obtained by NGOs through contracting with SWD that are not governed by subvention rules are not eligible. As a general principle, Block Grant should **not** be used to meet –

- (a) recurrent expenses or their capitalisation such as repair and maintenance of F&E items (e.g. air-conditioners, washing machines and drying machines, maintenance of gas/ fire service installation);
- (b) minor works/ F&E items which have been covered by recently approved LF grants or by LF applications under vetting;
- (c) works in respect of non-premises-tied service units;
- (d) minor works project each costing **\$500,000 or above** for individual service unit;
- (e) minor works for premises fitted out or renovated within the recent five years counting from the practical completion date;
- (f) fitting-out works for new/ reprovisioned premises or in-situ expansion;
- (g) conversion of the existing premises as a result of in-situ expansion or addition/ reduction of space provided for the existing service unit;
- (h) engineer slope investigation/ remedial works;
- (i) non-standard works items such as changing the S of A without prior approval of SWD;
- (j) F&E items each **exceeding \$50,000**;
- (k) F&E items falling outside the categories on the Reference F&E Lists for respective subvented service units;
- (l) F&E items which have been purchased with allocations from LF within the recent five years;
- (m) ad-hoc F&E requirements for new/ reprovisioned premises or in-situ expansion;
- (n) procurement/ replacement of vehicles; and
- (o) implementation of information technology (IT) projects, such as enhancement/ development/ re-development of IT infrastructure/ system.

Minor Works

4.2.2 Minor works which may be charged to the Block Grant include repairs, renovation, and minor improvement works for existing premises and the associated AP/ Consultant fees. The following items, amongst other, should **not** be charged to the Block Grant

- (a) fitting-out of new or reprovisioned premises (should be charged to lump sum grant set out in Chapter 3 instead);
- (b) conversion of the existing premises as a result of in-situ expansion or addition/ reduction of space provided for the existing service unit (should be charged to grants set out in Chapter 5 instead);
- (c) engineer slope investigation or remedial works (should be charged to grants set out in Chapter 5 instead);
- (d) premises fitted out or renovated within the recent five years counting from the practical completion date; and
- (e) non-standard works items such as changing the S of A without prior approval of SWD.

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Replenishment of F&E

4.2.3 The Block Grant may be used to replenish F&E items, including the replacement of old F&E items except those which have been replenished with allocation from LF within the recent five years. NGOs should purchase F&E items according to the **categories on the respective Reference F&E Lists** according to their functions/ natures which are uploaded to SWD Website. NGOs wishing to purchase or replenish F&E items falling outside the existing categories on the Reference F&E List should provide justifications for SWD’s consideration and the purchase should only be made after approval by SWD.

4.2.4 The Block Grant may be used for replenishment of IT equipment, including computer hardware, computer softwares, and adaptive/ assistive computer devices, subject to the requirements set out in paragraph 4.2.1 above.

4.2.5 Implementation of IT projects, such as enhancement/ development/ re-development of IT infrastructure/ system, etc. should **not** be charged to the Block Grant and should be processed in accordance with the prevailing arrangement under Chapter 5 to

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achieve the objectives of IT strategy for the social welfare sector co-ordinated by SWD and overseen by the Joint Committee on IT for the Social Welfare Sector.

- 4.2.6 The following F&E items should **not** be charged to the Block Grant -
- (a) all procurement or replacement of vehicles (which should involve separate applications under Chapter 5) as well as their recurrent consequences such as the associated utilities/fuel charges, licence fees, etc. (which should be charged to the recurrent LSG subvention or Other Charges of the recurrent subventions). However, annual overhauling, including related repairs, if any, (not exceeding the cost of \$50,000) of vehicles of subvented service units may be charged to the Block Grant; and
 - (b) ad-hoc F&E requirements arising from new or reprovisioned service units or in-situ expansion. They are covered under the grants set out in Chapters 3 or 5.
- 4.2.7 The Block Grant should also not be used for purposes of PE, OC, rent and rates or other recurrent expenses, or for the capitalisation of these recurrent items.

4.3 Allocation of Grant

- 4.3.1 The LFPS of SWD will invite applications from the NGOs each year for the Block Grant for the next year. Allocation of the grant will be made with reference to the NGO's recurrent subventions, as well as the LF resource constraints and other relevant considerations. Provisions should normally not be made for renovation of service units which have undergone major renovation or have been fitted out/ furnished and equipped within the recent five years. Similarly, provisions should normally not be made for renovation of service units which are scheduled to be reprovisioned or closed down within the next three years. The LFPS of SWD will then make a submission to the LFAC for the latter's endorsement of the proposed allocations to individual NGO.
- 4.3.2 The grant will be provided on an NGO basis taking account of legitimate requirements of its service units. NGOs will be given the flexibility to use the grants to best meet the needs of its service units providing SWD-subvented services including unforeseen requirements such as emergency repairs.

4.3.3 The grant will not be topped up in the course of the year.

4.4 Payment and Control

4.4.1 The grant will normally be paid in equal instalments quarterly within the year concerned. NGOs need not apply for the release of the funds. Payment of the approved grants from LF can be made by the Treasury direct to the NGO's bank account if the NGO has completed the necessary authorisation. Otherwise a cheque will be issued to the NGO.

4.4.2 NGOs should keep the unspent balance of the Block Grant in a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong. The interest arising may be utilised as part of the grant.

4.4.3 The grant received by NGOs may be fully spent for expenditure incurred within the above ambit mentioned in paragraph 4.2. Any excess of expenditure will be borne by NGOs by using their own funds and may not be offset against future grants. However, any unspent balance of the grant can be carried forward to the next financial year for use to facilitate good planning and prudent spending, e.g. on F&E replenishment and minor works, etc. For accounting purpose, NGOs should create a special account "F&E Replenishment and Minor Works Block Grant" to record the details of these transactions (see **Annex 4.1**). In addition, these details and any unspent balance of the account should be shown in the NGOs' audited financial statements which should be submitted to Finance Branch of SWD no later than 31 October of each financial year. The Block Grant application of an NGO in the annual allocation exercise concerned will be rejected if it fails to meet this requirement. Moreover, if an NGO continues delaying submission of its audited financial statements of Block Grant or other supporting documents for payment claims, SWD may withhold the disbursement of Block Grant or may reserve the right to ask the NGO to refund the allocated Block Grant. Subsequent Block Grant applications from the NGO may also be rejected.

4.4.4 The NGOs should attach to the audited financial statements submitted to the Finance Branch of SWD a schedule providing information on the way the Block Grant has been spent within the year. It shall include a breakdown by the nature of the expenditure (minor works or F&E) and by the service units of the use of the Block Grant or the accumulated reserve within the year, and outstanding contractual commitment to be met from the Block

Grant, etc. The total amount of the expenditure should tally with the figure in the audited financial statements of accounts. The schedule should be certified by the Head and Chairman of the Board of the NGO.

- 4.4.5 NGOs are required to follow the procedures stipulated in Chapter 6 for procurement and stores management in using the Block Grant. NGOs will also have to ensure that they will be able to absorb all recurrent financial consequences arising from the use of the Block Grant.
- 4.4.6 NGOs are required to keep books of account which should be retained for at least seven years or in accordance with prevailing statutory requirements whichever the longer. Moreover, assets register should be maintained for verification of the existence and completeness of the assets purchased. It is the responsibility of the management of NGOs to institute sufficient internal controls to safeguard the assets, detect fraud or irregularities, and ensure reliability of records and compliance with relevant laws or regulations. The books of account and all other relevant records and information related to the LF should, at all reasonable times, be available for inspection by authorised staff of SWD and the Audit Commission.
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- 4.4.7 The onus of ensuring Block Grant to be spent on items within the ambit rests solely on NGOs. SWD may require the NGOs to provide evidence/ supporting documents for checking to ensure the expenditure is incurred properly within the approved ambit.

Chapter 5

Other Grants or Loans

(including Grants for Major Renovation and Construction of Purpose-built Premises, etc.)

5.1 Preamble

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5.1.1 Applications for grant to finance projects which are not covered by the earlier Chapters will be governed by the requirements and procedures set out in this Chapter. These projects may include, inter alia –

- (a) construction of purpose-built premises;
- (b) major renovation/ maintenance works for existing premises;
- (c) engineer slope investigation or remedial works;
- (d) conversion and fitting-out works related to in-situ expansion or addition/ reduction of space provided for the existing premises;
- (e) procurement of F&E items and IT equipment each exceeding \$50,000 or could not be covered by Block Grant under Chapter 4 for justified reasons;
- (f) purchase of vehicles; and
- (g) other items supported by SWD but not covered under Chapters 2 to 4.

The allocations under this Chapter are NOT lump sum grants.

5.2 Submission of Application

5.2.1 Applications for LF grants for projects under this Chapter should contain completed information and documents listed in the application forms at **Annex 5.1** and addressed to the LFPS of SWD at Room 3601-02, 36/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong. The envelope should be clearly marked on the outside with "Application for

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allocation of funds from the Lotteries Fund”.

5.3 Works Projects (Purpose-built premises with NGO as works agent³, including redevelopment)

- 5.3.1 For all purpose-built projects, it is a prerequisite for the NGO to conduct a feasibility study before applying for LF grant to cover the project cost. Under exceptional circumstances and where justified, a grant may be applied for carrying out a project feasibility study. Approval of such a grant however does not commit LF to support the project. The feasibility study should be carried out by APs/ Consultants employed by the NGO and should include a clear definition of the scope of the purpose-built project, topographical survey, site investigation, an assessment of the need for an environmental impact/ risk assessment at the detailed design stage, site constraints, cost estimate, preliminary schematic design, works programme and assessment of accessibility of site, availability of utility services, etc. The feasibility study report has to be submitted to SWD for approval before allocation for any subsequent consultancy service/ works.
- 5.3.2 Procedures for subvented purpose-built projects are outlined in **Annex 5.2**. Details of other monitoring measures of the LF project are elaborated in paragraphs 6.12.1 to 6.12.12.

5.4 Works Projects (Major Renovation or Others)

- 5.4.1 Applications for works covered within the ambit of the Block Grant (Chapter 4) for renovation/ repairs items of a service unit will normally not be considered under this Chapter.
- 5.4.2 Renovation of premises which have been newly fitted-out or undergone major renovation in the last five years or which have a remaining life span of less than three years will normally not be considered. In general, the service unit concerned having undergone renovation using the LF should remain in service for at least three years after completion of the related works.
- 5.4.3 An NGO should submit an application which contains a detailed breakdown of the estimated costs of the works, giving full justifications for each proposed item. If the estimate is not prepared by professional consultants (please refer to Chapter 6 for detail), quotation from a contractor should be presented for

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³ There is a separate set of internal procedures for the purpose-built project with SWD as works agent.

reference. Where the works involve structural changes, NGO concerned should obtain prior approval/ approval-in-principle from the relevant authority, landlord and/ or the management body of the premises. Address of the premises concerned, number of places provided/ to be provided and details of the contact person should be clearly indicated in the application to facilitate site inspection by SWD or Architectural Services Department (ArchSD) staff. NGO's staff should be available on site during the inspection to indicate and explain details of the proposed works.

5.4.4 Where the works involve the employment of AP/ Consultant including engineer slope investigation and remedial works, please also follow the procedures in Chapter 6.

5.4.5 NGOs will be informed in writing the result of their applications. They are required to comply with the terms of the approval letters and to ensure that the grant is spent in accordance with the approved scope and standard of works. Where there is a subsequent increase in cost due to circumstances beyond the control of the NGO concerned (e.g. the lowest conforming bid or the conforming offer with the highest combined score (if a marking scheme is used) in a tender exercise is higher than the approved estimate), it may apply for supplementary provision. A supplementary grant will however normally not be considered if the exceptional authority of paragraph 6.3.2 of the Manual has been invoked while conducting the quotation/ tender exercise concerned, unless SWD's prior agreement has been obtained for the acceptance of that particular quotation/ tender. The NGO must not assume that a supplementary grant will always be approved.

5.4.6 For works projects exceeding \$900,000, the NGO or its APs/ Consultants should submit the following documents to SWD, copied to the ArchSD [Attention : Chief Technical Advisor (Subvented Projects)], for technical vetting –

(a) the draft quotation/ tender documents, the list of the proposed contractors and the invitation letter, where applicable, before invitation of quotation/ tender (a copy of the SWD's letter approving the grants should also be attached); and

(b) after assessment of quotations/ tenders but before awarding the contract, the quotation/ tender recommended by the NGO together with the quotation/ tender report, copy of form of quotation/ tender, summary of quotation/ tender, name list of specialist contractors (if applicable) and

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declaration of conflict of interest. The original quotation/tender documents submitted by the tenderers need not be provided to ArchSD.

NGOs should also refer to **Annex 6.2** on the detailed procedures.

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5.4.7 Payment will be made on a reimbursement basis up to 95% of the grant or contract sum, whichever is lower, at the practical completion stage. Such claims for reimbursement should be supported by original receipts, invoices and certificates prepared by the AP/ Consultant and an undertaking submitted by the NGO and the AP/ Consultant that the works follow the list of supported items. The payment of the remaining 5% or more of the grant or contract sum, as appropriate and where required or any adjustment for the previous reimbursements will be made upon the submission of undertaking from the AP/ Consultant that all the requirements have been met and of the final account certified by the AP/ Consultant and accepted by SWD based on the recognised works items and subject to vetting of final payment claims from the NGO.

5.4.8 Please refer to paragraphs 6.7.1 to 6.7.10 regarding the engagement and release of payment to AP/ Consultant.

5.4.9 At the final account stage, the detailed contract account prepared by the AP/ Consultant with full supporting information detailed at Annexes 6.4.1 and 6.4.2 should be forwarded to the LFPS of SWD. Final payment will be made only after ArchSD or the Architectural Section of SWD has examined the final account and recommended a project cost admissible for the LF grant. Notwithstanding the above, NGO shall settle the final payment with the Consultant/ Contractor according to the procedures and time frame stipulated in the contract. If the final admissible project cost is less than the amount released from the LF grant, the NGO has to return the excess amount to LF. Any deficit exceeding the grant will however be borne by the NGO. As a proof of completion of the project with reasonable environment being provided for satisfactory delivery of social welfare service, the NGO should provide photographs showing the physical conditions of the premises before and after the works upon finalisation of project accounts. When vetting final account, site inspections for the completed works may be made by staff of ArchSD or Architectural Section of SWD. To facilitate such site inspections, the NGO should provide full addresses of the premises concerned and details of contact person(s) and telephone number(s) upon submission of final account. The NGO's staff should be available on site to indicate to staff of

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ArchSD or SWD the exact locations of all completed works. All variations and additional works should be provided in detail and explanation, preferably with sketch drawings. Details of other monitoring measures of the LF project are elaborated in paragraphs 6.12.1 to 6.12.12.

- 5.4.10 The final contract statement, excluding retention money, should be submitted to the LFPS of SWD not later than three months after the expiry of the DLP of the project. Early finalisation of account is to the mutual benefit of the NGO, the AP/ Consultant and SWD. All parties should pledge to co-operate fully in this respect.
- 5.4.11 In cases where no AP/ Consultant is appointed, payment will be made on reimbursement basis up to 95% of the grant, which will be supported by original receipts and invoices and an undertaking submitted by the NGO that the works are in accordance with the scope and standard of works approved by SWD. The payment of the remaining 5% of the grant will be made against original receipts and invoices upon the advice of ArchSD or Architectural Section of SWD.

5.5 F&E and Other Services

- 5.5.1 Application for F&E (including overhauling of vehicles) covered within the ambits of the Block Grant (Chapter 4) will normally **not** be considered.
- 5.5.2 Application for replenishment of F&E for newly furnished and equipped premises within the last five years will normally not be considered.
- 5.5.3 Application for F&E required, including vehicles, as a result of some associated works should be submitted at a later stage nearer completion of works so as to obtain the most updated estimate on the project cost required and tie in with the completion date of works. The application should contain the detailed breakdown of estimated costs, together with the justification for each item. Applications for purchase of vehicles should be submitted separately from those of other F&E items.

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- 5.5.4 NGOs will be informed in writing of the result of their applications. For purchase of F&E, NGOs should purchase the items specified in the list of supported items cleared by SWD which would be attached to the approval letters, unless recognised under exceptional circumstances. No supplementary grant will

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normally be given. Details of other monitoring measures of the LF project are elaborated in paragraphs 6.12.1 to 6.12.12.

5.6 Payment Issues for Projects Financed under this Chapter (Applicable to both Works Projects and F&E)

5.6.1 Payment of the LF grant is normally made on a reimbursement basis.

5.6.2 Payment of the approved LF grants can be made by the Treasury direct to the NGO's bank account if the NGO has completed the necessary authorisation. Otherwise, a cheque will be issued to the NGO. The unspent balance of the grant should be returned to LF after expiry of the respective payment claim dates.

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5.6.3 Where a project has other source(s) of funding received on a lump sum basis, depending on the agreement between the NGO and the SWD, the NGO would be required normally to use up the other source(s) of funding as far as possible before calling on the allocation from the LF. The NGO should submit evidence to show that such funding has been used up. On the other hand, if a project is financed by donations from other sources on a pro rata basis (i.e. LF and the donor(s) each shares a certain percentage of project cost, either on the basis of a fixed percentage, by ratio in proportion to the areas supported by each party, or other pre-agreed cost apportionment methodology), the invoice and/ or receipt should clearly indicate the total amount of payment due/paid by the NGO and the percentage and amount to be shared among the different parties, including LF.

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5.6.4 NGOs are encouraged to stagger payment claims by stages or in batches in order to minimise the possible financial impact on their cashflow. When an NGO is unable to meet the expenses first, it may apply for advance payment from the LF by completing the form provided at **Annex 5.3(b)**. Full justification must be given. NGO should undertake that receipts of works and purchases together with the completed form at **Annex 5.3(c)**, would be submitted to SWD as soon as possible, and in any case not later than one month after the receipt of payment from the LF. SWD would consider the application after taking into account the justifications provided and a number of factors (e.g. the amount requested, the urgency of the matter, etc.). There is no guarantee that an application for advance payment would be approved with payment arranged within the time frame requested.

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5.6.5 The LF grant should be entered as a separate item into the audited financial statements of the NGO.

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5.6.6 NGO should complete the projects and submit the payment claims to the Finance Branch of SWD within the time frames as outlined in **Annex 5.4** or as specified in the approval letter, together with the following documents (item (c) is only applicable to works projects with AP/ Consultant) –

- (a) duly completed reimbursement claim form (see **Annex 5.3(a)**) signed by a person authorised by the NGO;
- (b) original plus one copy of all the receipts and/ or invoices related to the claim; and
- (c) the original and one copy of the certificates prepared by the AP/ Consultant, if there is an AP/ Consultant for the project.

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5.6.7 The NGO shall submit the final account for the works project prepared by the AP/ Consultant to ArchSD via SWD or Architectural Section of SWD, as specified in approval letter, for vetting within three months from the date of expiry of the DLP of the fitting-out works, and all payment claims to Finance Branch of SWD within three months after confirmation of final project cost; beyond which all the unspent grant will be returned to the LF. In cases where no AP/ Consultant is appointed, the NGO shall submit the final payment claims to Finance Branch of SWD within three months counting from the date of expiry of the DLP. The normal time frames for works projects with DLP as outlined in **Annex 5.4**, or as specified in approval letter, should be followed. For the works project without DLP, the NGO shall submit final payment claims within the time frame specified in the approval letter.

5.6.8 Where circumstances justify (e.g. when the project is found not up to the requisite standard or where the original receipts, invoices or certificates submitted are found not acceptable), SWD may withhold or reclaim any payment from the NGO.

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5.6.9 The original invoices and receipts would be returned to NGOs after payment. NGOs should retain the original copies of invoices and receipts until after finalisation of project costs and closure of project accounts. These documents may be required for inspection at the stage of finalisation of project costs and payments made without original receipts would normally be excluded from final project costs. In this regard, grantees are strongly requested to take actions to finalise the project costs as soon as possible after completion of the project.

5.7 Loans

5.7.1 NGOs wishing to apply for a loan from the LF must first approach the relevant Service Branch of SWD to discuss the case and to see if a loan is appropriate in the circumstances. With the support of the Service Branch, a formal application may then be submitted to LFPS of SWD stating the purpose of the loan, the amount requested, the period of repayment and the proposed collaterals, if any. The application must be accompanied by the audited financial statements of the NGO. The NGO must also give evidence to demonstrate its ability to repay the loan and provide any other supporting documents to substantiate its case as necessary.

Revised 2020/7 5.7.2 Each application would be considered on its individual merits with reference to its specific background before submitting to the LFAC for advice.

Revised 2020/7 5.7.3 Subject to approval and agreement of all parties to the terms of the loan agreement and the signing of the relevant undertakings by the NGO, the loan will be paid in a lump sum through the Treasury, on the recommendation of SWD. The NGO is required to observe the terms and conditions of the loan agreement and repay the LF according to the specified schedule. Failure to repay the loan in the manner specified may lead to legal action against the NGO.

5.8 Keeping Records of the LF Projects

5.8.1 An assets register should be maintained by NGOs for verification of the existence and completeness of the assets purchased with LF grants. It is the responsibility of the management of the NGO to institute internal controls to safeguard the assets, detect fraud or irregularities, and ensure reliability of records and compliance with relevant laws or regulations.

5.8.2 The books of account and all other relevant records and information related to the LF grant should be retained by the NGO for at least seven years after the completion of the project or release of the final payment or in accordance with the prevailing statutory requirements whichever the longer. These books and records should, at all reasonable times, be available for inspection by any authorised staff of SWD and the Audit Commission.

Chapter 6

Procurement, Stores Management and Monitoring of Projects

6.1 Preamble

6.1.1 The planning and monitoring of projects, procurement of F&E, works and other services funded by the LF as well as management of those stores procured should follow procedures set out in this Chapter. NGOs, at the time of incurring the expenditures, should exercise due diligence to ensure no over-commitment in spending and expenditure items being limited to those having obtained prior approval.

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6.1.2 There should be a prudent procurement system to ensure that goods and services are purchased in a competitive, open and equitable manner and the purchases represent value for money. The procurement procedures are designed to achieve the following objectives –

(a) Public accountability and value for money

LF is public money. NGOs are accountable to the public for the use of the funds allocated from LF and should always be prepared to account for their purchasing decisions. NGOs are obliged to achieve the best value for money for their procurement and exercise prudence in disbursement of LF.

(b) Transparency and Open and Fair Competition

NGOs need to serve with integrity and in a publicly accountable and transparent manner. NGOs should observe due diligence and avoid conflicts of interest even in the most pressing-circumstances. All requirements and specifications of the intended procurement should be clear and made known to all the possible suppliers and contractors. It is necessary to uphold the principle of open and fair competition and level playing field in all procurements. All tenderers and suppliers should be treated, and are seen to be treated, on equal footing.

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6.1.3 As part of good corporate governance, individual NGO is responsible for the setting up and monitoring of its own procurement and stores management system with adequate checks and control and in accordance with the principles mentioned in paragraph 6.1.2 above and with reference to the relevant publications issued by the Independent Commission Against Corruption (ICAC). The procedures below merely provide a framework for NGO to establish its own systems which should be no less stringent than these procedures.

6.2 Quotation and Tender Ceilings

6.2.1 Except as provided in paragraphs 6.3.2 and 6.7.10 below, the quotation/ tender ceilings are as follows –

Value of a single procurement / contract

Quotation / tender requirement

(a) Not exceeding \$5,000

Quotations or tenders may be dispensed with.

(b) Exceeding \$5,000 and not exceeding \$20,000

NGOs should obtain quotations from at least two contractors or suppliers. All verbal quotations should be properly documented or confirmed in writing. Written quotations are however required for the appointment of APs/ Consultants.

(c) Exceeding \$20,000 and not exceeding \$50,000

NGOs should obtain written quotations from at least two contractors or suppliers.

(d) (i) For works projects exceeding \$50,000 and not exceeding \$2,000,000

(ii) For services exceeding \$50,000 and not exceeding \$700,000

(iii) For stores exceeding \$50,000 and not exceeding \$300,000

NGOs should obtain written quotations from at least five contractors or suppliers, although some form of tendering (open or restricted where justified) is generally preferred, especially for higher value contracts.

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- (e) (i) For works projects exceeding \$2,000,000
 - (ii) For services exceeding \$700,000
 - (iii) For stores exceeding \$300,000
- } NGOs must conduct tendering⁴ with tender documents containing all requirements and specifications. Where a marking scheme is adopted for assessment of tenders, this should be drawn up before inviting tenders.

6.2.2 In case of procurement from the public utilities including Hong Kong Electric Company Limited, CLP Power Hong Kong Limited, Water Supplies Department, Hong Kong and China Gas Company Limited, NGOs are not required to call quotation/ tender from the above-specified number of suppliers as they are the sole suppliers for the relevant utility services in Hong Kong or the relevant regions of Hong Kong.

6.3 Procurement Authority and its Delegation

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6.3.1 The NGO’s Board of Management (the Board) may in writing delegate authority to individual staff member at appropriate levels or quotation/ tender boards each composing of not less than three persons including at least one senior staff member to conduct procurement and to approve inviting the appropriate number of quotations or tenders specified in paragraph 6.2.1 and accepting the lowest conforming quotation or the conforming offer with the highest overall score (if a marking scheme is used). In general, the lowest conforming offer should be accepted unless the exceptional authority in paragraph 6.3.2 is invoked.

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6.3.2 Subject to paragraph 6.3.3 below, the Board may itself approve inviting or accepting quotations/ tenders from less than the number of specified contractors, or not accepting the lowest conforming offer or the conforming offer with the highest overall score (if a marking scheme is used) for procurement/ contract with a value not exceeding \$2,000,000 (for works), \$700,000 (for services) or \$300,000 (for stores). The Board may also in writing delegate authority to individual staff members of appropriate level or quotation/tender boards to approve inviting

⁴ NGO should ensure the number of returned tenders should not be less than five in general. For consultancy services at para. 6.2.1(e)(ii) above, NGO should refer to the related requirement stated in the “Guidelines on Consultant Selection for Architectural and Associated Consultancy Services by Non-government Organisations for Government Subvention Projects” and “Guidelines on Consultant Selection for Quantity Surveying Consultancy Services by Non-government Organisations for Government Subvention Projects”.

or accepting quotations from less than the specified number of bidders, or not accepting the lowest conforming quotations for procurement with a value not exceeding \$1,000,000 (for works), \$350,000 (for services) or \$150,000 (for stores) in accordance with a set of conditions and procedures to be prescribed by the NGO. Please refer to paragraph 5.4.5 above on an implication of invoking the exceptional authority mentioned in this paragraph.

6.3.3 The justifications for the exercise of the exceptional authority by the Board or others must be properly documented on each occasion except for the case as provided in paragraph 6.7.10 below. For example, for patented items distributed through a sole agent, justification should be provided as to why the particular brand is required. Documentary proof from the supplier that he is the sole agent of the goods should also be provided.

6.3.4 In the exercise or delegation of the procurement authority, the Board should ensure that –

- (a) the staff members or the quotation/ tender boards responsible for procurement matters interpret the quotation/ tender limits strictly and that they do not evade the limits by dividing procurement requirements into instalments or by reducing the usual duration of contracts;
- (b) the reasons for inviting particular contractors or suppliers for quotations or tenders should be properly documented; and
- (c) for procurement conducted by individual staff members, the staff who invites the suppliers/ contractors for obtaining quotations should not be the same person to accept the offer for the purchase, as far as circumstances permit.

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6.3.5 All records of invoking of exceptional authority should be properly maintained by each NGO. NGOs are required to submit a regular return on procurement involving the exercise of exceptional authority for projects financed by LF to SWD.

6.4 Procurement of F&E and Vehicles

6.4.1 When preparing applications for purchase of F&E and/ or making decisions on purchase of F&E, reference should also be drawn to

the following information released by SWD –

- (a) “Reference F&E Lists” for SWD-subvented services, if any; and
- (b) the latest “Price List of Common Furniture and Equipment” for the reference prices of individual commonly found F&E items.

The aforementioned lists are uploaded via SWD homepage.

6.4.2 Where the items are not included in the Price List at paragraph 6.4.1(b) above, the amount requested should be supported by at least one quotation which the NGO considers to be value for money.

6.4.3 For purchase of IT equipment, NGOs are reminded to have its own corporate governance on IT security policies, standards, guidelines and procedures. Adequate security measures should also be in place to protect the restricted data to be stored in IT equipment and transmitted in the wired and wireless network.

6.4.4 The following general principles should be observed in purchase of F&E items –

- (a) the F&E items to be purchased should be for providing services recognised by SWD and satisfying operational need. The purchase should not adversely affect the quality of service of existing service units;
- (b) no excessive or extravagant items should be purchased. NGOs should ensure that the F&E items to be purchased are value for money and be prudent in using LF;
- (c) due consideration should be given to legislative requirements, occupational health and safety, and environmental friendliness; and
- (d) for replacement of existing F&E items, due consideration should also be given to whether the existing items are still serviceable. Replacement of F&E items purchased for less than five years will normally not be supported.

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6.4.5 Prior agreement from SWD should be sought for disposal of the vehicles funded by LF. In general, a vehicle may only be disposed of if it is damaged, broken or beyond economic repair or if it is a surplus item.

6.5 Procurement Procedures

6.5.1 NGOs should ensure that the contractors, service providers or suppliers are technically competent and financially capable of carrying out the works, providing the services or supplying the goods. In general, Government lists (on a list of Approved Contractors or Specialist Contractors for Public Works) or licensed contractors (e.g. Registered General Building Contractors registered with the Building Authority) for any particular type of works should be used to undertake the works.

6.5.2 NGOs should ensure that all procurements using LF grants should be within the ambit of the respective grants and within the scope set out in the details of individual approval letter. These details should be adequately reflected in the quotation or tender documents.

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6.5.3 Except for the use of Block Grant where NGOs will carry out at their own pace throughout the year, NGOs should submit a project timetable before grant approval or endorsement by the LFAC, whichever is earlier. All procurements should be conducted promptly or timely upon approval of the project-specific grant. NGOs are expected to place order for the procurement/ commence work related to the works project within two months, unless otherwise specified, after grant approval. The NGO should provide information in the time frame required for various procurement procedures in the application form (**Annex 5.1**). The normal time frames are detailed in **Annex 5.4**. Fitting-out works should comply with the programme endorsed. SWD will not be responsible for any additional cost due to inflation attributable to the delay of NGOs/ APs in conducting the quotation or tender exercise.

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6.5.4 NGOs should also follow, as far as practicable, the good practice set out in the relevant publications issued by ICAC from time to time as uploaded to ICAC website.

6.5.5 The procedures on handling written quotations are detailed at **Annex 6.1**.

6.5.6 A detailed rundown of the tendering procedures for works projects from preparation of tender documents to the approval of tender with special reference to the requirements at paragraph 5.4.6 is prepared at **Annex 6.2**. Some sample documents are contained therein for reference.

- 6.5.7 For the procurement of F&E or other services, -
- (a) the tender procedures are provided at **Annex 6.3**. Some sample documents are also provided for reference; and
 - (b) arrangement has been made for NGOs to purchase common-user items from the Government Logistics Department (GLD). As the prices of these store items are based on competitive tenders and are without on-cost, NGOs are not required to conduct quotation/ tender exercises for those store items which they directly purchase from GLD.

6.6 Conflict of Interest

- 6.6.1 A conflict of interest is a situation in which the interest of the NGO competes or is in conflict with the financial or personal interests of a Management Board or staff member, or their family members or close personal friends. A conflict of interest may be actual, potential or perceived.
- 6.6.2 NGOs should remind and require Management Board or staff members involved in the procurement process to avoid any conflict of interest. If this is unavoidable, the Management Board or staff members concerned should make the relevant declaration for a management decision as to whether they should abstain from the procurement exercise.
- 6.6.3 NGOs should set up their own system for the declaration of interest which should include the essentials detailed in the relevant publications issued by ICAC.

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6.7 Engagement of Authorised Persons/ Consultants for Works Projects

- 6.7.1 (a) APs/ Consultants must be employed for the following types of projects –
- (i) Purpose-built projects carried out by an NGO (paragraphs 5.3.1 - 5.3.2); and
 - (ii) Fitting-out works covered by a lump sum grant (Chapter 3).
- (b) For works projects covered by the Block Grant (Chapter 4), NGOs will themselves decide whether an AP/ Consultant is required with reference to the guidelines at

paragraphs 6.7.2 and 6.7.3 below.

- (c) In circumstances other than (a) and (b) above, SWD will decide whether grants will be approved to employ APs/ Consultants after consulting ArchSD and taking into account the guidelines at paragraphs 6.7.2 and 6.7.3 below.

6.7.2 In general, NGOs are encouraged to employ APs/ Consultants to prepare design, tender documents and to supervise the project works. The following cases normally require the employment of APs/ Consultants –

- (a) building or drainage works involving the statutory approval of the Building Authority must be handled by AP/ Consultant;
- (b) alteration of existing air-conditioning and ventilation system where design input from a building services engineer is required;
- (c) design and detailing of a folding sliding partition where an architect is called for;
- (d) design and supervision of kitchen equipment installation where the appointment of architect or building services engineer is required; or
- (e) engineer slope investigation and remedial works which require the input of a geotechnical engineer.

6.7.3 However, the employment of an AP/ Consultant is normally not considered necessary if the work is simple, straightforward and involves only a fairly small sum of money. Examples are painting/ repainting of walls and ceilings; minor repairs to doors, fittings; installation of manually operated roller shutter not exceeding 10 meter; and routine slope maintenance.

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6.7.4 If the total cost of works for the project funded under Chapter 5 exceeds \$10 million, comprehensive consultancy agreements should be adopted for the appointment of a lead consultant AP and a Quantity Surveying consultant separately. This arrangement will facilitate close financial control on the project together with proper tender documentation and final account submissions. The fees incurred in the appointment of the two consultants should be covered in the professional fees allowed in the approved estimate.

- 6.7.5 The normal duties of the Project APs/ Consultants are detailed at **Annex 6.4**.
- 6.7.6 The points to note in the selection of APs/ Consultants are detailed at **Annex 6.5**.
- 6.7.7 The fees and payment terms for the APs/ Consultants should adopt the following principles –
- (a) the fee scales and payment terms shall be stipulated in the relevant consultancy agreements;
 - (b) under no circumstances shall the fees and payment terms exceed those set down by the respective professional bodies, e.g. the Hong Kong Institute of Architects (for Architects), the Association of Consulting Engineers of Hong Kong (for Structural Engineering and Building Services) and, the Hong Kong Institute of Surveyors (for Quantity Surveying), etc.;
 - (c) time charge payment method should be avoided;
 - (d) the total professional fees for a project should not exceed 10% of the total cost of works which include –
 - (i) preliminaries at 10% of the cost of works where this exceeds \$800,000 (15% of works if the cost does not exceed \$800,000); and
 - (ii) contingencies at 5% to 10%, as appropriate, of the cost of the works plus preliminaries; and
 - (e) subject to not exceeding the maximum percentage of payment as stipulated in the relevant consultancy agreements, APs/ Consultants and Quantity Surveyor appointed for the works may claim interim payments up to 95% of their approved professional fees upon the issuance of the Certificate of Practical Completion. For the remaining 5%, payment will be retained until satisfactory completion of the final account.
- 6.7.8 The procurement of AP's/ Consultant's services should follow the principle of competitive bidding as mentioned in paragraphs 6.1 - 6.3 above. For works projects where the LF grants need individual applications (i.e. not covered by Chapters 3 and 4) –

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- (a) An AP/ Consultant may be hired for carrying out project estimation and preliminary design works for the purpose of lodging an LF application (i.e. pre-approval stage AP/

Consultant), irrespective of whether an AP/ Consultant will be required to implement the project after grant approval (see paragraphs 6.7.2 - 6.7.4 above). However, the reimbursement of the AP/ Consultant fee is subject to –

- (i) the application for the project being approved (i.e. allocations for the post-approval works being arranged); and
- (ii) the total AP/ Consultant fees for both the pre-approval and post-approval stages not exceeding 10% of the total cost of works.

In other words, granting of support-in-principle to proceed with hiring of pre-approval stage AP/ Consultant does not oblige SWD to approve (a) allocation under the LF covering the cost of hiring of the pre-approval stage AP/ Consultant (which is subject to items under paragraph 6.7.8 (a) (i) and (ii) above); and (b) subsequent grant for the relevant project.

An application form for engagement of APs/ Consultants for LF projects is provided at **Annex 6.6**. A standard template for invitation of fee proposals for consultancy services for pre-approval stage is provided at **Annex 6.7**. In this connection, the NGO should include in the application for the project a specified amount for this purpose together with the works to be carried out by the AP/ Consultant. The related preparatory work should not go beyond the work stages of inception and feasibility studies which would not normally add up to more than 10% of the total professional fees. SWD (in consultation with ArchSD) will consider the level of this provisional sum. If it is considered that an AP/ Consultant should be engaged for this project, then this provisional amount will be included as part of the AP/Consultant's fees.

- (b) Upon receipt of the letter approving grants for the engagement of an AP/ Consultant for the entire project, the NGOs should proceed to select the appropriate AP/ Consultant for the project. The AP/ Consultant who has prepared the information for lodging the application (see paragraph 6.7.8(a) above) may be invited to participate in the bidding. The bidding documents and invitation letter as well as the returned fee proposals should be forwarded to SWD for endorsement (in consultation with ArchSD) before the issue of invitation and the award of

contract respectively.

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- (c) For consultancy or professional services with a value not exceeding \$700,000, a quotation exercise based on a description of services required, details of the project and price competition basis will be acceptable.

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- (d) For consultancy or professional services with a value exceeding \$700,000, the NGOs should conduct a selection exercise on the basis of the assessment of both technical and fee proposals with the aid of a pre-determined marking scheme. NGOs will be notified of the detailed procedures upon receipt of the approval letter to ensure they are completely familiar with the procedures.

6.7.9 NGOs should adopt the following procedures in planning geotechnical engineering projects –

- (a) Where study/ works required are mainly geotechnical (e.g. slope investigation and/ or repair), a geotechnical consultant should be appointed to handle the project. To avoid multiple consultancies/ fees, the NGO should ascertain that the consultant can process the necessary submissions to the Buildings Department through either himself (if an AP/ Consultant), an AP/ Consultant in his firm, or an AP/ Consultant in an associated firm. Any of these arrangements are acceptable, provided that no additional fees are charged by the consultant or AP/ Consultant as a result.
- (b) Where the NGO is served with a Dangerous Hillside Order demanding a slope investigation, the NGO should submit to SWD a minimum of five quotations on fee proposals obtained from the list of geotechnical engineers issued by the Geotechnical Engineering Office who have expressed interest to submit fee proposals. The NGO will recommend the most appropriate fee proposal from the five proposals to SWD for approval. SWD will consult ArchSD on the NGO's recommendation.
- (c) Upon being notified of the approval of the consultant selected, the NGOs should appoint the consultant for the job. The consultant is required to follow the list of supported items in the approval letter.
- (d) The consultant should invite quotations/ tenders from qualified contractors from the list of Approved Suppliers of Materials and Specialised Contractors for Public Works

in the category of Ground Investigation Field Works or other appropriate categories to carry out the tests and field works as required, in accordance with the procedures set out above.

- (e) The consultant should be reminded that the Geotechnical Engineering Office maintains a collection of published and unpublished documents at its Library, including ground investigation reports, which may be relevant to the study.
- (f) 5% of consultant fee will be retained until (i) Certificate on Completion (Form 20 or 21) has been accepted by the Buildings Department; (ii) contractors' final account settled and (iii) as-constructed drawings prepared, submitted and accepted, whichever is applicable.
- (g) NGOs are encouraged to refer to the Layman's Guide to Slope Maintenance, which can be obtained free of charge from the Geotechnical Engineering Office of the Civil Engineering and Development Department and the District Offices of the Home Affairs Department. A more comprehensive publication "Guide to Slope Maintenance (Geoguide 5)" published by the Geotechnical Engineering Office (1995) is available for sale at the Government Publications Centre.

6.7.10 The lump sum grant for fitting-out works (Chapter 3) and the Block Grant concerning minor works (Chapter 4) where needed may have provision for professional services. Although NGOs are encouraged to use competitive bidding to select APs/Consultants, where necessary NGOs may directly engage an appropriate AP/Consultant for a project funded by either of these two grants provided that all the other procurement requirements and payment arrangements are complied with and principles of fairness and avoidance of conflict of interest upheld. The special arrangement recognises the fact that NGOs may have to engage an AP/Consultant at their own expenses to prepare technical submissions (including schematic layout design) for consideration by SWD in the bidding process and upon award of the service unit, the successful operator may prefer to engage the same AP/Consultant in order that the approved schematic design can be implemented smoothly. In the case of Block Grant funded minor works, these are routine and small scale in value and separate procurement of AP/Consultant service on each occasion might not be cost-economical.

6.8 Contract Variations

6.8.1 For contracts funded by the lump sum grant for fitting-out (Chapter 3), or the Block Grant (Chapter 4), the NGOs may make variations to the contract provided that the works and the F&E items would remain within the ambits of the respective grants and otherwise the LF will not be responsible for any related financial consequences.

6.8.2 For other works contracts, the NGOs/ APs may only approve –

- (a) variations which are necessary for the completion of the works within the scope of the funding approval, subject to the availability of funds in the contract sum; and
- (b) variations which are within the approved scope of works and would not incur additional cost.

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All variations and additional works should be provided in detail and preferably with sketch drawings.

6.8.3 For other F&E contracts, variations within the original scope of the contract are normally permitted.

6.8.4 For the following projects financed under Chapter 5 and approved on or after 1 February 2016, they would be regarded as having major contract variation(s) –

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- (a) with tenders for procurement of APs/ Consultants invited before 10 August 2020 and the additional expenditure for the contract variation(s) of a value estimated to exceed \$300,000; or
- (b) with tenders for procurement of APs/ Consultants invited on or after 10 August 2020 and the additional expenditure for the contract variation(s) of a value estimated to exceed \$800,000.

6.8.5 If major contract variations are involved, NGOs should comply with the following improvement measures –

- (a) APs/ Consultants shall be required (in consultancy agreement) to obtain the prior approval of the Employer (NGO) before issuing major variations, with the exception in emergencies where the order of the variations is essential and it is impracticable to seek the prior approval of the NGO; and
- (b) NGO concerned shall be required to obtain the prior written approval of SWD before granting approval to APs/ Consultants to issue major variations for which the NGO intends to seek subvention on the costs, with the same exception as above.

Special request for technical advice about substantial variations (including those major contract variations) or variations with foreseeable claims for Extension of Time or prolongation costs would be considered on a case-by-case basis.

- 6.8.6 Where the variation will result in increase in the value of the contract exceeding the respective ceilings in paragraph 6.2.1, the variations should be approved by the corresponding approving authority in paragraphs 6.3.1 or 6.3.2. The spending principles stated in paragraph 6.1.1 should be followed at all times.

6.9 Receipt and Payment of Stores/ Fixed Assets

- 6.9.1 Upon receipt of the goods, the responsible officer should ensure that inspection (and testing where appropriate) would be conducted as soon as possible. Discount for prompt payment should be taken into consideration in the settlement of the bills.

6.10 Records, Stock Taking and Verification

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- 6.10.1 NGOs should distinguish the items procured into assets, including fixed assets, inventory, etc., (e.g. vehicles, machinery, consumer durables such as refrigerator, TVs and F&E items, etc.) and expenses items, i.e. items which would not be recorded in the fixed assets register and/ or the inventory record and are dispensable in nature, (e.g. stationery, utensils, etc.) as appropriate. Regular checks on the assets and inventory items should be conducted.

- 6.10.2 Each asset procured using LF grants should be labeled with an assigned serial number and recorded in the inventory record and/ or fixed asset register within a reasonable period after procurement as stipulated by the management. In the inventory record and/ or fixed asset register, NGOs are also encouraged (if feasible) to state the category of items purchased under the respective Reference F&E List.
- 6.10.3 A fixed asset register and/ or inventory record should be kept for each service unit and should contain the following information –
- (a) description of the item;
 - (b) the assigned serial numbers;
 - (c) physical location;
 - (d) date of acquisition;
 - (e) cost of acquisition and source of fund to acquire the assets; and
 - (f) date, reasons and authorisation for scrap or disposal.

Reference to file/ document records should be entered where appropriate.

- 6.10.4 Routine physical checking of fixed assets on the fixed asset register and/ or inventory record should be conducted at least once a year. The results and records of the checking should be retained properly. Any discrepancies found should be investigated and reported to the management.
- 6.10.5 While the routine checking of fixed assets may be done by the service units staff themselves, the NGO's HQs management should undertake random/ surprise/ supervisory physical checking to ensure the completeness and accuracy of the record.

6.11 Disposal of the Assets

- 6.11.1 An asset procured using LF grant may only be disposed of if it is unserviceable or if it is a surplus item. The procedures set out in paragraphs 6.11.2 to 6.11.5 below should be followed for the disposal.
- 6.11.2 In general, F&E items purchased within five years are regarded as serviceable. Assets may become unserviceable if they are

damaged, broken or beyond economic repair. The NGO's Board of Management may in writing delegate the authority to management staff at an appropriate level or a Board of Condemnation (particularly for high value items) to accept an item as unserviceable and may be disposed of after inspection. For a gas/ electrical appliance the replacement cost of which exceeds \$6,000, a technical certification that it is no longer serviceable and is beyond economic repair should normally be available before the item may be classified as unserviceable.

- 6.11.3 The NGO Board of Management should delegate to individual staff member at appropriate levels or a Board to accept a serviceable item as surplus to the NGO and may be disposed of. The staff concerned or the Board should satisfy themselves with the reasons of classifying the item as surplus.
- 6.11.4 Unserviceable or surplus items may be disposed of in the following ways in descending order of priority –
- (a) to be re-allocated to other subvented service units of the NGO for use;
 - (b) to be used as trade-in items for the purchase of new stores;
 - (c) to be re-allocated to other non-subvented service units of the NGO or to other charitable organisations;
 - (d) to be sold by auction or tender if the saleable value is estimated to exceed the administrative cost involved and the net proceeds could be credited to the balance of the Block Grant; or
 - (e) to be dumped.
- 6.11.5 Disposal of unserviceable or surplus items should be properly recorded in the inventory record/ fixed asset register.

Revised 2020/7 **6.12 Other Monitoring Measures of the LF Projects**

During Application Stage

- 6.12.1 Under normal circumstances, applicant NGOs are required to reply to enquiries/ requests for additional information from SWD within one month.

- 6.12.2 Applicant NGOs are required to submit an estimated milestone schedule for implementation of the proposed project at the time of submission of application. This timetable should be updated from time to time in view of the latest progress of the project. In order to avoid holding up the LF grant excessively long period of time, only applications which are ready to be commenced within a short period of time after funding allocation would be approved, in general.
- 6.12.3 Where there have been substantial changes in scope of an individual application during the vetting process, it would be re-classified and regarded as a new application for the purpose of counting the processing time required.

After Approval of the Projects

- 6.12.4 A successful applicant NGO would be issued an approval letter together with an undertaking confirming acceptance of the conditions for allocations and a summary of requirements for allocation of the LF for Project Implementation and Evaluation. A sample summary of requirements for allocation of the LF for Project Implementation and Evaluation and Undertaking are provided in **Annex 6.8** and **Annex 6.9** respectively.
- 6.12.5 For all projects approved for one year or above, the grantee organisation would need to provide the half-yearly progress report of the project as at 30 September and 31 March of each year. The progress report should be submitted to SWD within one calendar month after the cut-off date. If individual project could not be commenced as planned, the grantee organisation would be requested to submit full justifications and revise the project schedule with updated expenditure estimate. For projects which had not been commenced within a reasonable time after grant allocation (e.g. one year after approval, etc.), SWD reserves the right to withdraw the grant offer. SWD will report the progress of approved projects to the LFAC on a half-yearly basis.
- 6.12.6 SWD will issue periodic written reminders to NGOs with approved grants, which have been completed or are about to be completed, to require them to finalise their project accounts within the specified time frame. SWD reserves the right to close the project account unilaterally if no progress is made or no feedback is received from the grantee within a reasonable period of time as

advised by the LFAC.

Project Evaluation after completion

- 6.12.7 SWD may require, as specified in the approval letter, an evaluation on the project, especially experimental project, which should be conducted by the grantee and submitted to SWD before release of final payment and closure of project account. The grantee may conduct questionnaire and survey on how the service unit evaluate the service environment after completion of the project and whether and how far the objective of project has been achieved. This evaluation should normally be completed and submitted to LFPS of SWD within six months after commencement/ resumption of service of the respective service unit(s).
- 6.12.8 Separately, an evaluation by Service Branch of SWD on the service environment after completion of the project and how well the NGO cooperates with SWD and other relevant government bureau(x)/ department(s) during the implementation of the project would also be conducted upon receipt of the evaluation from service users as submitted by the NGO as mentioned in paragraph 6.12.7. LFPS of SWD will also evaluate how well the NGO complies with various monitoring requirement and fiscal control requirements.
- 6.12.9 Random check may be conducted by SWD on approved grants to ensure compliance with, inter alia, procurement requirements as specified in the Manual.
- 6.12.10 For approved projects which have submitted final payment claims but have not been arranged for closure of project accounts, SWD may also select grantees for checking. A walkthrough on the procurement procedures would also be included in the checking.
- 6.12.11 As an annual exercise, SWD will randomly select a certain percentage of closed projects in the previous 24 to 36 months to confirm compliance with the funding agreements in terms of deliverables of the funding allocations.
- 6.12.12 Non-compliance or refusal by an NGO to cooperate during the checking would be duly recorded and taken into account when SWD considers its future application for the LF.

Chapter 7

Other Issues

7.1 Annual Estimates of Cash Requirements for Approved Projects

- 7.1.1 In July each year, NGOs will be requested vide a circular letter to submit cashflow returns to SWD giving an up-to-date assessment of the cash requirements from LF for the current and the next financial years in respect of approved major grants⁵. This will form the basis for SWD to compile the coming year's LF estimates for the purpose of the Government's annual budgetary exercise. NGOs are required to provide accurate and realistic estimates, lest LF funds otherwise available for allocation to new projects would be unnecessarily locked up.
- 7.1.2 NGOs are advised to consult their APs/ Consultants, suppliers, and contractors when preparing the cashflow returns so as to arrive at a realistic assessment. Habitual overstatement of cash requirements without reasonable justification will affect the NGO's request for expenditure provision for approved projects in future years.

7.2 Acknowledgement of LF Grants

- 7.2.1 To publicise the welfare aspect of the LF, beneficiary NGOs are required to make general acknowledgement in their annual report of the financial support they receive from the LF. In this connection, reflecting the LF grant received as a separate item in the NGO's audited financial statements is a requirement for accounting purpose and has nothing to do with the above acknowledgement of assistance from the LF. All projects financed by LF and NGOs receiving grants from the LF would be reflected in the annual estimate of the LF.
- 7.2.2 The following acknowledgement requirements are normally imposed in making an LF grant –
- (a) for an LF grant to construct/ renovate/ fit-out/ furnish a facility at an amount of \$1,500,000 or above, the beneficiary NGO will be required to install a commemorative plaque in a prominent place within the

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⁵ Approved grants of over \$900,000 with effect from 1 April 2020, and over \$400,000 before then.

premises of the facility. The plaque should be of a reasonable size of not less than 40 cm x 80 cm and inscribed with such words as “This Home/ Centre/ Hostel was built/ renovated/ fitted-out/ furnished with the contribution of the Lotteries Fund” in both English and Chinese; and

- (b) for a vehicle (whether new/ replacement) purchased with the support of the LF, the beneficiary NGO will be required to paint on both sides of the vehicle with such words as “Donated by the Lotteries Fund”. The acknowledgement can be expressed in English and/ or Chinese and dimension of each letter and/or character should not be less than 2 cm x 2cm each.

For reference, samples of the above acknowledgement are provided at **Annex 7.1**.

- 7.2.3 For other kinds of support provided by LF grants, DSW can impose acknowledgement requirement in the manner as he or she deems fit and appropriate and the beneficiary NGOs will be notified of the proposed requirement in advance.
- 7.2.4 If there is a need, the cost for making the acknowledgement can be included by the NGOs in their LF applications.
- 7.2.5 For a service unit which has complied with the acknowledgement requirements previously, the beneficiary NGO can apply to DSW for exemption from installing an additional plaque for a further LF grant provided that it can confirm that a plaque with the same effect has been installed on the premises before and is still in place.
- 7.2.6 A beneficiary NGO can on very exceptional grounds apply for exemption from making acknowledgement. If the exemption is requested because the beneficiary NGO does not wish to associate its service with donation from gambling activities, the NGO concerned must be able to demonstrate or confirm that it has never acknowledged donation from similar activities.

Revised 7.3 Naming of a Project after a Donor 2020/7

- 7.3.1 A service unit/ welfare premises in which the service unit is located is regarded as named after a person and/ or an organisation if it bears the name of the person or organisation. However, the mere fact that the name of the service unit/ welfare premises or facilities

therein incorporates the name of the NGO operating there does not suggest that there is any naming-after element.

7.3.2 An NGO has to submit an application⁶ to the SWD for naming a service unit/ welfare premises or facilities therein, which is financed, wholly or partially, by the LF, after a person and/ or an organisation other than the operating NGO itself, and obtain the approval/ approval-in-principal (AIP)⁷ for the naming-after arrangement. The logistic flow of the application is set out below –

- (a) the NGO concerned should submit the application to the relevant Service Branch of SWD. For naming-after application concerning a project in progress, application will only be considered after the main contract has been awarded, when all parties have a more realistic estimate on the final project costs concerned. Applications submitted after practical completion of the works projects may involve taking into account the time value of the project costs⁸;
- (b) the NGO may wish to consider if it is eligible to apply for the waiver mentioned in paragraphs 7.3.12 to 7.3.14 below and provide the relevant information accordingly;
- (c) the Service Branch of SWD would forward the application to

⁶ The applicant NGO should provide details of the information below –

- (a) the name of the person or organisation to be named after;
- (b) the donation to the project or to the NGO, if any;
- (c) background of the person or organisation, including but not limited to the trade or profession; and
- (d) the past and present involvement of the person or organisation in community affairs and welfare services.

⁷ Naming right for any donor should normally be granted only upon finalisation of the project cost in order that the actual amount of naming-after contribution required could be confirmed. For project with finalised project cost available at the time of receipt of the application from an NGO, SWD has to seek FSTB's acceptance of the amount of naming-after contribution before informing the NGO concerned the approval for naming-after eventually. As for project with finalised project cost not yet available in the meantime, SWD will seek FSTB's AIP for acceptance of the contribution amount. Formalities for granting final approval will be arranged after finalisation of project cost.

⁸ SWD will calculate the amount of naming-after contribution required on the basis of time value of total costs of LF project(s) for the set of service unit/ welfare premises or facilities, including but not limited to construction, fitting-out and renovation, purchase of F&E (including vehicle) and Block Grant in the following manner –

- (a) for cost related to construction/ fitting-out/ renovation: use the Tender Price Index for the relevant periods; and
- (b) for cost related to F&E: use the Consumer Price Index for the relevant periods.

- (i) LFPS of SWD together with its initial comments, for vetting of the application (including calculation of the amount of naming-after contribution required) and (ii) Home Affairs Department (HAD) for obtaining no-objection to the proposed naming-after arrangement. The NGO may be required to communicate and/ or provide further information to SWD to facilitate processing of the application. SWD may also take into account other factors in considering whether the application for naming-after should be approved;
- (d) upon the advice of SWD, the NGO should submit a crossed cheque made payable to “The Government of the HKSAR” or “香港特別行政區政府” in the amount required for contribution to the LF to facilitate SWD to proceed with seeking acceptance from FSTB. The cheque should be provided to SWD within one month of the notice issued by SWD; failing which, SWD will review the time value of the project cost and adjust the amount of naming-after contribution required accordingly;
- (e) when submitting the cheque to SWD as mentioned in (d) above, the NGO is also required to submit a duly signed undertaking, the format of which will be provided by SWD, confirming its agreement to comply with the conditions for granting the approval/ AIP for the naming-after arrangement (e.g. to top up the amount of naming-after contribution required in case of any future supplementary allocations to the project in progress at the time of application, to provide information on the usage of the amount of naming-after contribution retained for upgrading the facilities of subvented service(s), etc.);
- (f) after obtaining approval/ AIP from FSTB and the no-objection from HAD, related Service Branch of SWD will inform the NGO about the result of the naming-after application in the form of a letter; and
- (g) the NGO should only announce the naming-after arrangement after obtaining the written notification on the approval/ AIP from SWD and, if applicable, suitably amend the information on the plaque, which is installed to acknowledge the financial assistance from the LF, in the light of the change in the name of the service unit/ welfare premises.

7.3.3 Once the approval/ AIP from SWD for a naming-after application has been obtained, there should normally be no variation in the

amount of contribution except where there is an increase in project cost. Any excess amount of naming-after contribution will be returned to the NGO if the finalised project cost is smaller than the estimated project cost when granting AIP, while the NGO should provide the shortfall if the finalised project cost exceeds the estimated project cost. Meanwhile, SWD will not off-set the amount of naming-after contribution required with the LF provision to be provided to the NGO for the project concerned. No additional naming-after contribution is required for reprovisioning, extension and redevelopment of the LF-funded service unit/ welfare premises so long as the service unit/ welfare premises as a whole is operated under the same name and NGO with the concerned naming right so granted before.

- 7.3.4 An NGO may also apply to SWD for naming a set of service unit/ welfare premises or facilities therein after a person or an organisation who/ which has made very valuable contribution, not in monetary terms, but in terms of dedication and effort to the NGO without the need to pay the related naming-after contribution. Such application will only be considered by the Government on exceptionally justified grounds. Each case will be assessed on its own merits.
- 7.3.5 Depending on the circumstances of the naming-after application concerned, SWD may need several months for processing a naming application and even longer for those more complicated cases, e.g. involving naming of individual facilities and/ or application for waiving all or part of the naming-after contribution required. Hence, the NGO concerned should submit its application for naming-after to SWD timely and be held responsible for answering any enquiries on the naming-after of its service unit/ welfare premises or facilities promptly.
- 7.3.6 The amount of naming-after contribution required for an LF-funded **service unit other than Contract Residential Care Home for the Elderly (RCHE)** is generally calculated as follows –
- (a) the total naming-after contribution should be at least 20% of the finalised cost for the portion of the project funded by the LF;
 - (b) out of the amount in (a) above, an amount not less than 10% of the finalised cost for the portion of the project funded by the LF is required to be deposited to the LF account; and
 - (c) the NGO concerned may retain the remaining portion (i.e. the amount in (a) above less the amount in (b) above) for

upgrading the facilities of service subvented by the SWD in the LF project. The amount retained may be more or less than or equal to 10% of the finalised cost for the portion of the project funded by the LF by the NGO, as long as the criteria in (a) and (b) above are satisfied.

- 7.3.7 The retained portion in paragraph 7.3.6(c) above will be used in enhancing the service environment and facilities of the service unit for the benefit of the service users. This amount must be used within the ambit of the LF to meet the costs on the works and purchase of F&E for the facilities of the subvented service of the service unit concerned and should not be spent on meeting recurrent expenditure for non-subvented service(s). If there is no subvented service for the LF project concerned, the NGO will have to contribute an amount **no less than** 20% of the finalised project cost directly to the LF.
- 7.3.8 The amount of naming-after contribution required for a **Contract RCHE** is, in general, pegged at the highest amount of the total LF grants allocated to the contract RCHE in any contractual period at present-day prices for purchase of F&E at the same set of premises. SWD will take into account the LF grants allocated, up to receipt of the naming-after application, during the initial contract period and the extended period, if any, under the same contract.
- 7.3.9 The NGO concerned is allowed to retain an amount, which does not exceed 10% of the naming-after contribution required, for the purpose of upgrading the facilities of the project. Details will be stipulated in SWD's letter to be issued to the NGO on the approval/AIP for the naming-after arrangement. The naming right will only last for the contract period (i.e. five to ten years, depending on whether there is any contract extension) and a fresh naming-after contribution will be required if the operator wants to retain the name of the contract RCHE after re-tendering of the contract RCHE, regardless of whether the original operator will continue to operate the contract RCHE.
- 7.3.10 For monitoring purpose, the NGO concerned is required to submit to SWD an annual audited financial statement with movement of the amount of naming-after contribution retained to be spent on the works and F&E for upgrading the service unit. To ensure that it is properly spent on the project, the contribution retained by the NGO should be deposited in a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong and must be spent within 18 months after commencement of service or after formal approval of the naming-after arrangement by SWD, whichever is later.

7.3.11 The NGO may apply for extension of the aforementioned 18-month time frame for an additional maximum period of 12 months subject to the following conditions –

- (a) it should confirm that, when applying for the naming-after arrangement, it had genuine plan to complete the upgrading work allowed within the 18 months required and demonstrate that continuous efforts had been made to upgrade the facilities of the subvented service(s) using the amount of naming-after contribution retained for such purpose during the 18 months allowed;
- (b) it should provide solid justifications to prove that the upgrading work could not be completed within the 18 months allowed owing to unforeseen circumstances and/ or uncontrollable reasons;
- (c) it should demonstrate evidence that the upgrading work can be completed within the proposed extension period;
- (d) the Service Branch of SWD concerned has evaluated and indicated support to the application from the NGO concerned based on the justifications provided; and
- (e) the maximum period of extension allowed should not exceed 12 months which is one-off in nature. It has to undertake that it will not apply for further extension afterwards.

In general, the remaining unspent amount of naming-after contribution retained as mentioned in paragraph 7.3.6(c) above after the aforementioned 18 months or approved extension period, if any, should be deposited to the LF as naming-after contribution.

7.3.12 Some NGOs may receive donations which, instead of in a lump sum amount, have been given out for payment of works or F&E items (i.e. item-by-item donations), for LF-funded projects that are in general supported by the SWD as necessary for service delivery (i.e. the project would otherwise be funded by the LF, in part or in whole) but with no extra provision from the donors for providing naming-after contribution required to the LF. In return, the NGOs concerned are required to name the set of service unit/ welfare premises or facilities therein after the donors. Hence, the NGOs will have to pay the required naming-after contribution entirely

from their own resources. To alleviate the possible financial burden on an NGO in providing the contribution, SWD may consider waiving the requirement of naming-after contribution to the LF subject to the fulfillment of **all** the following conditions –

- (a) the NGO concerned should provide documentary proof/ written confirmation showing that it is an item-by-item donation without spare provision for paying the naming-after contribution required for the LF;
- (b) the NGO concerned should provide details of the intended use of the donation/ allocation from the donor for SWD's consideration on whether it is a project considered support worthy or could supplement or enhance the social welfare services/ support;
- (c) the amount of donation/ allocation from the donor for the concerned set of service unit/ welfare premises or facilities therein should be no less than the higher of –
 - (i) \$10 million; or
 - (ii) 20% of total LF project cost⁹; and
- (d) the works and/ or F&E items, financed by the item-by-item donation, are supported by the relevant Service Branch of SWD for service delivery. To facilitate SWD's assessment, in the naming-after application to SWD, the NGO should indicate those items which would otherwise be applied to be funded by the LF, among those agreed to be covered in the donation/ allocation from the donor. Besides, the NGO has to undertake that no LF grant has been and will be applied for the same items funded/ to be funded by the item-by-item donation to avoid the NGO from obtaining funding from both the donation and the LF for the same items at the same time.

7.3.13 In this connection, when submitting the naming-after application, the NGO concerned should explicitly state its request for waiving the naming-after contribution arising from the above arrangement

⁹ To be calculated by SWD using the prevailing method of calculation of project cost for the purpose of calculating the naming-after contribution required. If the application is submitted when final project cost is not yet available, the NGO has to sign an undertaking to provide extra contribution to top up the difference to the LF in case the amount of required naming-after contribution is eventually found to be more than the amount of preliminary naming-after contribution already deposited to the LF account.

and demonstrate that all conditions are met to the satisfaction of SWD. It is also required to submit a duly signed undertaking, the format of which will be provided by SWD, confirming its agreement to comply with the conditions for granting the waiver for the contribution.

- 7.3.14 Currently, the costs of all serving and scrapped LF-funded vehicles purchased for the service unit are included in the total project cost for the purpose of calculating the amount of naming-after contribution. SWD may consider excluding the costs of vehicle(s) and overhauling expenses in calculation of the total project cost of the set of service unit/ welfare premises or facilities therein to be named after, if the NGO concerned applies for the waiver with the following information –
- (a) LF provision, including Block Grant, spent on vehicle(s) and overhauling expenses; and
 - (b) confirmation in writing that the donor has not specifically required naming of the vehicle(s) in the unit.
- 7.3.15 The Block Grant expenditure declared by the NGO up to the time of submission of the naming-after application would be taken for calculation of project cost if the audited financial statements for relevant expenditure, usually for the current year and immediately preceding financial year, are unavailable at the time of application. The NGO needs to provide the outstanding audited financial statements and related information to confirm the Block Grant expenditure for the service unit in the relevant years within 24 months after submission of the naming-after application. In the event that actual Block Grant expenditure is found to be greater than the amount declared, the NGO will be required to top up the naming-after contribution required.
- 7.3.16 While the same principles for calculating the amount of naming-after contribution required as mentioned in paragraph 7.3.6 will be followed, the final project cost of the **individual facilities** proposed to be named after will be worked out on the basis of the proportional apportionment of the final project cost funded by the LF in the light of the relevant share of floor area, including the common areas. A simple approach will be adopted as far as practicable.
- 7.3.17 Some NGOs operate social service units inside standalone

Government buildings which are wholly or partially financed by LF. As the ownership of these buildings rests with the Government, an NGO operating as a tenant or sole service provider in the building, cannot apply for naming the whole building after a third party (e.g. a donor). Any negotiation to name the entire building, if required, should be made between the donor and the Government or SWD and the naming-after contribution received will be deposited to the LF directly. Nevertheless, the NGO may apply for naming its service unit or its individual facilities inside the premises.

7.3.18 To monitor the use of naming-after contribution retained, the NGO concerned is required to follow the measures below –

- (a) an NGO should exhaust the approved amount of naming-after contribution retained for upgrading the facilities of subvented service(s) before using Block Grant or applying for new LF applications for the concerned unit. Hence, when applying for a new LF grant for the concerned unit, the NGO concerned will be required to confirm that no naming-after contribution is retained for the service unit concerned. Nevertheless, if the NGO has strong justifications to apply for an LF grant before using up the contribution retained, it may still apply with the following information for SWD's consideration on exceptional grounds –
 - (i) details of justifications;
 - (ii) a concrete timetable for exhausting the contribution retained; and
- (b) any LF grant approved under such special circumstances is provided on the understanding that the NGO must honour its plan to use up the naming-after contribution retained. The NGO may be required to contribute the unused amount to the LF directly if it fails to exhaust the portion beyond the agreed time frame.

7.3.19 As a general rule, the naming-after arrangements to be adopted in handling the application from an NGO will follow the prevailing ones, as appropriate, at the date of the following, whichever is earlier –

- (a) granting approval or AIP of the naming-after application by SWD, whichever is earlier; or

- (b) naming the set of service unit/ welfare premises or facilities therein after the person and/ or organisation.

7.3.20 In the event that a set of service unit/ welfare premises or facilities therein financed by the LF has been named after a person/ an organisation without obtaining prior approval/ AIP from SWD, SWD will adopt the following arrangements in processing the application for naming-after and the calculation of related amount of naming-after contribution required –

- (a) the approval/ AIP for naming-after cannot be dated back although SWD may still consider granting approval/ AIP, but with a current date; and
- (b) the amount of naming-after contribution required will be calculated using the prevailing methodology when naming-after of the set of service unit/ welfare premises or facilities was first taken effect, although without formal approval/ AIP from SWD, taking into account the present value of the total project costs up to the time when application from the NGO is received.

7.3.21 NGOs are reminded to submit a formal application for naming-after timely. A notification made by an NGO to Service Branch or District Social Welfare Office of SWD concerned informing them about the change of registered name of its service unit will **not** be regarded as a formal application for naming-after. The NGO concerned has to bear the responsibility and pay the amount of naming-after contribution required which is calculated according to the methodology mentioned in paragraphs 7.3.19 to 7.3.20 if a set of service unit/ welfare premises or facilities therein financed by the LF is found to have been named after a person/ an organisation without obtaining the prior approval/ AIP of SWD.

Revised
2020/7

7.4 Use of LF as additional resources for implementing recommendations of Lump Sum Grant Independent Review Committee

7.4.1 Special arrangements have been made to provide financial support from LF to NGOs to implement the recommendations of the Lump Sum Grant Independent Review Committee in its 2008 Review Report to strengthen NGOs' administrative and professional supports and to set up the Social Welfare Development Fund.

Revised
2020/7

7.5 Use of LF to Support Capital Costs of Self-Financing Projects

7.5.1 NGOs may apply for LF for their self-financing services which are in demand, underpin the welfare policies and complement mainstream social welfare services, subject to the support of SWD. SWD will consider a number of factors when assessing the applications, inter alia, the demand of the society, cost-effectiveness of the proposed projects, etc. Each application for self-financing project is considered on its individual merits. Assessment will also be made on the following areas –

(a) The following principles will be adopted in considering whether the self-financing projects would be funded by LF –

(i) Nature of the project/ service –

- (1) must be welfare in nature¹⁰ - for a mixed nature project/ service, only the welfare portion will be considered for support;
- (2) should be non-profit-making and any income thus generated must be ploughed back to the project/ service concerned;
- (3) must benefit the government/ society and in line with the government welfare policy objectives, meeting a specific service need or filling a specific service gap (especially those related to statutory/ licensing requirements, safety of service users, etc.);
- (4) should respond to socio-economic crisis (e.g. upgrading hygienic conditions of service unit during SARS, expedite welfare construction projects during financial crisis, etc.);
- (5) be experimental or innovative in nature, for time-limited projects (service, studies, etc.); and
- (6) have synergy with or complement other existing services.

¹⁰ The relevant Branch of SWD has to confirm that the project is supported for welfare nature and is cost-effective. The Branch would be responsible for vetting the eligibility of the applicant organisation and project in question and taking follow up action on the compliance of the NGO with the relevant allocation requirements under the LF.

- (ii) The applicant NGO –
 - (1) must have at least three years' good track record in welfare;
 - (2) should demonstrate its need for financial assistance (e.g. no better alternative) and healthy financial management, subject to financial assessment by the leading government department(s)/ bureau(x), as necessary¹¹;
 - (3) must commit not less than 10% of the total capital cost recognised by LF on the self-financing portion of a capital construction project as contribution to LF; or to top up an amount not less than 10% of the total capital cost recognised by LF on the self-financing portion for the above-standard facilities of the project; and
 - (4) should contribute to LF as naming-after contribution at least 20% of the total capital cost of the whole project as recognised by LF¹² for naming the project after a donor, if any.

(b) Other Considerations and Monitoring Measures –

- (i) the applicant NGO should submit a feasible and achievable implementation plan for the project/ service for consideration;
- (ii) the project/ service in question should be in operation for at least three years after project completion for fitting-out and F&E projects, and at least five years after project completion for construction projects. Projects that can demonstrate long-term sustainability will have an advantage;
- (iii) the project/ service be subject to specific requirements and monitoring by the leading government

¹¹ The applicant NGO should provide its audited annual financial statements of the last three financial years to SWD for checking purpose.

¹² The 10% of the total capital cost retained for upgrading the facilities of the subvented services of the project (see paragraph 7.3.6) could not be spent on the self-financing services. As regards those premises which would not provide any subvented services, the NGO should contribute a total of not less than 20% of the total capital cost of the project directly to the LF.

department(s)/ bureau(x) concerned (e.g. admission criteria, level of fee charging, other S of A, TS, etc.); and

- (iv) the applicant NGO should submit an annual service report for three years for fitting-out and F&E projects and five years for construction projects after project completion.
- (c) In general, for redevelopment or construction projects involving self-financing portions, SWD may normally support LF to cover the construction cost, professional fees and lithography cost and/ or fitting-out costs on the recognised self-financing portions while NGOs would meet the F&E cost for these portions by using their own resources.
- (d) The portions of the premises providing self-financing services, although having obtained LF, are not eligible for the annual Block Grant under LF.

Income and Expenditure Statement for

**Lotteries Fund Experimental Project of Limited Duration
for the Year Ending 31 March 20XX**

NGO Name : _____

	(Project 1)	(Project 2)
	Project Name	Project Name
	Grant Code	Grant Code
	<u>Completion Date</u>	<u>Completion Date</u>
	\$	\$
Income		
Lotteries Fund Grant	X	X
Interest Income	X	X
Programme Income	X	X
Other Income	X	X
Total Income (A)	<u>XX</u>	<u>XX</u>
Expenditure		
Personal Emoluments e.g. salaries, provident fund	X	X
Administrative Expenses e.g. audit fee	X	X
Utilities e.g. electricity	X	X
Store & Equipment e.g. cleaning materials	X	X
Programme Expenses	X	X
Transport & Travelling	X	X
Rent & Rates	X	X
Other Expenditure (Please specify)	X	X
Total Expenditure (B)	<u>XX</u>	<u>XX</u>
Surplus / (deficit) for the Year (C) = (A)-(B)	XX	XX
Add: Cumulated Income Brought Forward (D)	XX	XX
Cumulated Expenditure Brought Forward (E)	XX	XX
Cumulated surplus / (deficit) Brought Forward (F) = (D)-(E)	<u>XX</u>	<u>XX</u>
Cumulated surplus Carried Forward (G) = (C)+(F)	<u>XXX</u>	<u>XXX</u>

We certify that all income and expenditure were received and incurred for the Lotteries Fund project and in accordance with the Lotteries Fund Manual and the instructions issued by the Social Welfare Department.

Authorised Signature: _____	Authorised Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Note: This income and expenditure statement should be certified by the auditor. The auditor must be a Certified Public Accountant (CPA) whose name appears as a practising member in the membership list under the Hong Kong Institute of Certified Public Accountants.

Experimental Project Evaluation Report

.....(Project Title).....

(1) Duration of Programme

--

(2) Funding Allocation (Date of approval letter, amount of allocation, etc.)

--

(3) Service Nature

--

(4) Purpose, Objectives and Target Participants

--

(5) Overall Evaluation (including information on date of completion of evaluation)

--

(6) Findings, Feedback and Service Performance

--

(7) Way Forward

--

Disclosure in NGO's Audited Financial Statements

Movement of the F&E Replenishment and Minor Works Block Grant Reserve

	\$	\$
Credit balance brought forward from previous financial year		XX
Add: Block Grant received during the year	X	
Interest income received	X	
Other income	<u>X</u>	
		XX
Less: Expenditure during the year -		
Minor Works Projects	X	
Furniture & Equipment	<u>X</u>	
		<u>(XX)</u>
		XX
Less: Contribution from NGO to cover the deficit		<u>XX</u>
Credit balance carried forward to the next financial year		<u><u>XX</u></u>

Capital Commitments

As at 31 March YYYY, the outstanding commitments in respect of F& E Replenishment and Minor Works Grant were as follows:

	\$	
Contracted for but not provided in the financial statements		X
Authorised but not contracted for		<u>X</u>
		<u><u>XX</u></u>

獎券基金撥款申請表格 (工程 / 家具及設備)
Application Form for Lotteries Fund Grant (Works / Furniture & Equipment)

在填寫此份表格前，請仔細參閱表格內附錄 5 的指引及獎券基金手冊

Please study the Guidance Notes at Appendix 5 and the Lotteries Fund Manual carefully before you complete the form.

一般資料表
General Information Sheet

1. 申請撥款的服務單位簡介
Brief description of the applying service unit

1.1 營辦機構:
Operating NGO:

1.2 服務單位:
Service unit:

1.2.1 名稱:
Name:

1.2.2 服務性質:
Service nature:

1.2.3 地址:
Address:

1.2.4 電郵地址及傳真號碼:
E-mail Address and Fax Number:

1.2.5 通訊地址(如與上方不同):
Correspondence Address (if different from above):

1.2.6 聯絡人及電話號碼:
Contact person & telephone no. :

1.2.7 開辦日期 (月 / 年):
Commencement of operation (month / year):

1.2.8 開始接受社會福利津貼日期 (月 / 年):
Commencement of subvention (month / year):

2. 申請撥款原因 (綜合描述是項申請的背景, 原因及目的, 而無需將每一項目類別給予理據)
Reasons for the application (a comprehensive description of the background, reason and purpose of this application, not justifications for each requested item)

3. 申請項目撮要
Summary of the application

類別 Category	申請款額 元 Amount requested \$	附件 (包括印文本及電腦檔案) (請在適當方格內加 √ 號) Attachment (in hard and soft copies) (please tick where appropriate)
3.1 工程項目 Works item	()	附錄 1 <input type="checkbox"/> Appendix 2 <input type="checkbox"/>
3.2 家具及設備 Furniture & equipment	()	附錄 3 <input type="checkbox"/> Appendix
3.3 其他, 如購買車輛 (請註明) Others, such as purchase of vehicle (please specify)	()	附錄 3 <input type="checkbox"/> Appendix
總款額: () Total:		

4. 項目時間表
Project Timetable

- (I) 就工程項目
For Works Project

- 4.1 提交聘請顧問文件以供審批
Submission of documents for hiring of Consultant for
vetting
- 撥款後____月
____ Months after grant approval
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)

- 4.2 提交聘請總承建商文件以供審批
Submission of document for hiring of Main Contractor for
vetting
- 聘請顧問後____月
____ Months after hiring of consultant
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)

- 4.3 實際竣工
Practical completion of works
- 聘請承總建商後____月
____ Months after award of main contract
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- 4.4 提交結算項目帳目
Submission of final account
- 實際完工後____月
____ Months after practical completion
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- (II) 就採購家具及設備項目
For Project on Purchase of Furniture & Equipment
- 4.5 落單
Placement of Order for Purchase
- 撥款後____月
____ Months after grant approval
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- 4.6 送貨
Delivery
- 落單後____月
____ Months after placing order
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- 4.7 提交結算項目帳目
Submission of final payment claim
- 送貨後____月
____ Months after delivery
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- (III) 就其他項目
For Other Projects
- 4.8 撥款後展開與項目有關的工作〔請提供詳情〕
Commencement of work related to the project after grant allocation (please provide details) -
- 撥款後____月
____ Months after grant approval
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- 4.9 項目進行中〔請提供詳情〕
Project in-progress (please provide details) -
- 展開與項目有關的工作後____月
____ Months after commencement of work related to the project
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)
- [如有需要，可另加補充紙張
Supplementary sheets may be added]
- 4.10 提交結算項目帳目
Submission of final payment claim
- 項目完成後____月
____ Months after completion of project
或/or
於____ 年第____季內
in Q____ / _____ (Quarter/ Year)

5. 聲 明
Declaration

我謹代表_____〔申請機構〕在此聲明，申請機構就是次申請之項目並沒有在最近 5 年向任何資助計劃申請或沒有從任何資助計劃獲批資助。我承諾日後任何有關是次申請的資料的改變〔例如於提交是此申請後獲其他資助計劃撥款資助同一申請項目〕，申請機構盡快通知社會福利署的獎券基金計劃組。

I, on behalf of _____(applicant organisation), hereby declare that the applicant organisation is NOT applying for or has NOT been granted any financial support under any other funding schemes for the items under application in the last five years. I undertake that the applicant organisation will inform any change in information in respect of its application (e.g. subsequent approval of funds under other funding scheme for the same project under application after the application is submitted) to the Lotteries Fund Projects Section of the Social Welfare Department as soon as possible.

我在填寫此份表格時已經仔細參閱表格內附錄 5 的指引及獎券基金手冊。同時，我亦已附上所有需要的有關文件以供審閱。

I have read the Guidance Notes at Appendix 5 and the Lotteries Fund Manual carefully before completing this form. I have also enclosed all the supporting documents required.

負責職員	:	_____
Prepared by	:	(簽署) (Signature)
姓名	:	_____
Name	:	
職位	:	_____
Post	:	
電話號碼	:	_____
Telephone No.	:	
日期	:	_____
Date	:	

警告 Warning

任何虛假聲明可導致批款協議被中止、機構需退還已發放之資助及刑事檢控的可能。
Any false declaration may lead to termination of the funding agreement, refund of any funds disbursed, and the possibility of criminal charges.

獎券基金
申請工程項目撥款摘要 (見註)
Summary of Application for Lotteries Fund Grant for Works Items (See Note)

項目編號 Item No.	工程項目摘要 Summary of Items Requested	款額(元) Amount (\$)	備註 Remarks
1.	工程項目類別 Works Items		
1.1	混凝土工程 Concrete Works		
1.2	磚工 Brickwork & Blockwork		
1.3	木工及細木工(包括木工五金配件) Carpentry & Joinery(including Ironmongery)		
1.4	鐵器工程 Metal Works		
1.5	水泥批盪及飾面工程 Plastering & Finishes		
1.6	供水及排污裝置工程 Plumbing and Drainage		
1.7	玻璃裝嵌工程 Glazing		
1.8	油漆及塗飾工程 Painting		
1.9	電氣設備裝置工程 Electrical Works		
1.10	暖氣, 通風與空氣調節設備裝置工程 Heating, Ventilation and Air-conditioning Works		
1.11	消防設備裝置工程 Fire Services Installation		
1.12	氣體設備裝置工程 Gas Installation		
1.13	其他(請註明) Others (please specify)		
分項 1 合計款額 Sub-total			
2.	專業服務及有關工程合約支出 (只適用於聘有認可人士/ 顧問之工程申請) Professional and Related Contractual Charges (ONLY applicable for application when Authorised Person / Consultant is appointed)		
2.1	開拓費 Preliminaries		
2.2	工程備用金 Contingencies		
2.3	專業服務費 Professional Fees		
2.4	印務費 Lithography		
分項 2 合計款額 Sub-total			
總款額 GRAND TOTAL			

註： 請列出各項目的詳細資料於附錄 2。
Note : Breakdown and Details of the works items should be provided in Appendix 2.

工程細項詳細闡釋
項目摘要錄於附錄 1 (見註)
**Breakdown and Details of the Proposed Works Items
Summarised at Appendix 1 (See Note)**

項目編號 Item no.	各項工程之範圍, 度量 / 規格 Extent of each works item, its dimensions / specifications	各項工程之 詳細位置 Detailed location	數量 及單位 Quantity & unit	單價 Unit rate	款額(元) Amount (\$)	每項工程之理據 (可另紙呈報) Justification for each proposed item (provide in separate sheet if necessary)
總款額 Total						

註：請提交各項施工所需的文件以供審閱（文件包括有關業主 / 授權機構的核准書，其他政府部門的推薦信，工程草圖，圖則，分佈圖，裝備系統圖，報價單，指定物料，施工方法等）。

Note: Please provide prerequisite documents (e.g. approval of the landlord / authority concerned, recommendation from other government departments, sketches, drawings, layout plans, installation plans, quotations, specifying material & works method, etc.).

**家具及設備 / 購買車輛
申請政府獎券基金撥款詳情 (見註)
Details of Application for Lotteries Fund Grant
for Furniture and Equipment (F&E)/ Purchase of Vehicle (See Note)**

項目 編號 Item no.	項目詳情及位置 Details of the items and locations	數量 及單位 Quantity & unit	單價 Unit rate	款額(元) Amount (\$)	理據(請說明該項目是新項目、更新或改善項目；並加以詳述) Justification (please state whether it is a new item, replacement or improvement item; <u>and</u> with elaboration)
總款額 Total					

註： 若申請項目並未列入於最新的『常用家具及設備價目表』內，請提供至少一份報價單，支持你所申請的款額。購買車輛的申請應與購買其他家具及設備申請分開遞交。

Note : For items outside the latest edition of the Price List of Common Furniture & Equipment, please provide at least one quotation in support of your requested amount. Application for purchase of vehicle should be submitted separately from those of other F&E items.

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收集個人資料前向資料當事人發出的收集個人資料聲明
Personal Information Collection Statement to Data Subject Before Collection of Personal Data

向社會福利署(社署)提供個人資料之前，請先細閱本通知書。

Please read this notice before you provide any personal data to Social Welfare Department(SWD).

收集資料的目的

Purposes of Collection

- (1) 社署及／或獲社署提供津助／資助的非政府機構，或由社署委託的非政府機構，將會使用你所提供的個人資料，向你及／或你的家人提供你及／或你的家人所需要的及由社署及／或上述非政府機構提供的援助或服務，包括（但不限於）用於監察和檢討各項服務、處理有關你及／或你的家人所獲得服務的投訴、進行研究及調查、製備統計數字、履行法定職責等。向社署提供個人資料純屬自願。不過，如你未能提供所要求的個人資料，本署可能無法處理你的申請或向你及／或你的家人提供援助／服務。

The personal data supplied by you will be used by the SWD and/or those non-governmental organisations (NGOs) which receive subventions or subsidies from or which are commissioned by SWD to provide you and/or your family members with assistance or service from SWD and/or the aforementioned NGOs which is relevant to the needs of you and/or your family members, including but not limited to monitoring and reviewing of services, handling complaints related to the services provided to you and/or your family members, conducting research and surveys, preparing statistics and discharging statutory duties. The provision of personal data to SWD is voluntary. However, if you fail to provide the personal data requested of you, we may not be able to process your application or provide assistance/service to you and/or your family members.

可能獲轉移資料者

Classes of Transferees

- (2) 你所提供的個人資料，會按需要知道的原則提供給在本署工作的職員。除此之外，該等個人資料亦可能會為上文第1段所述的目的而向下列機構／人士披露，或在下述情況下披露：

The personal data you provide will be made available to persons working in SWD on a need-to-know basis. Apart from this, they may be disclosed to the parties or in the circumstances listed below for the purposes mentioned in paragraph 1 above:

- (a) 其他機構／人士（例如政府決策局／部門、醫院管理局、非政府機構、公用事業公司等），如該等機構／人士有參與以下事項：

Other parties such as government bureaux/departments, the Hospital Authority, NGOs and public utility companies if they are involved in:

- (i) 審批及／或評估你及／或你的家人就上文第1段所提及社署及／或非政府機構向你及／或你的家人提供服務／援助而提出的任何申請；
processing and/or assessing any application from you and/or your family members for the provision of service/assistance to you and/or your family members by SWD and/or the NGOs mentioned in paragraph 1 above;

- (ii) 上文第1段所提及社署及／或非政府機構向你及／或你的家人所提供的服務／援助；或
the provision of service/assistance to you and/or your family members by SWD and/or the NGOs mentioned in paragraph 1 above; or

(iii) 監察和檢討上文第 1 段所提及社署及／或非政府機構所提供的服務，或製備統計數字；
monitoring and reviewing of the services provided by SWD and/or the NGOs mentioned in paragraph 1 above or preparing statistics;

(b) 處理投訴的機構（例如申訴專員公署、個人資料私隱專員公署、社會工作者註冊局、立法會等），如果這些機構正在處理有關社署向你及／或你的家人所提供的服務或援助的投訴；

Complaint handling authorities such as the Office of the Ombudsman, the Office of the Privacy Commissioner for Personal Data, the Social Workers Registration Board, the Legislative Council, etc. if they are handling complaints about the services or assistance provided to you and/or your family members by SWD;

(c) 法律授權或法律規定須披露資料；或

Where such disclosure is authorised or required by law; or

(d) 你曾就披露資料給予訂明同意。

Where you have given your prescribed consent to such disclosure.

查閱個人資料

Access to Personal Data

(3) 按照《個人資料(私隱)條例》(第486章)，你有權就社署所持有的有關你的個人資料提出查閱及改正要求。本署提供個人資料複本將須收取費用。如需查閱或改正社署收集的個人資料，請向以下人士提出：

You have the right to request access to and correction of your personal data held by SWD in accordance with the Personal Data (Privacy) Ordinance, Cap 486. A fee is charged for supplying copies of personal data. Requests for access to and correction of personal data collected by SWD should be addressed to –

社會福利署署長

[經辦人：社會工作主任(獎券基金)]

辦事處地址：香港灣仔皇后大道東 248 號
大新金融中心 36 樓 3601 至
02 室

電話號碼：2832 4328, 2832 4340
(辦公時間：星期一至星期五
上午八時四十五分至下午一
時及下午二時至六時)

傳真號碼：2151 0573

電郵地址：lfenq@swd.gov.hk

Director of Social Welfare

[Attn: Social Work Officer (Lotteries Fund)]

Office：Rooms 3601-02, 36/F, Dah Sing
Financial Centre, 248 Queen's
Road East, Wanchai,
Hong Kong

Tel. No.：2832 4328, 2832 4340
(Office hours：8:45 a.m. to 1:00
p.m. and 2:00 p.m. to 6:00 p.m.,
Monday to Friday)

Fax No.：2151 0573

Email：lfenq@swd.gov.hk

Address

社會福利署

2022 年 1 月

Social Welfare Department

January 2022

Guidance Notes on Completing Lotteries Fund Application Form (Works / Furniture & Equipment)

[Progress report, post-evaluation, etc.]

1. General

- 1.1 Please study the Lotteries Fund Manual before you lodge an application for grants from the Lotteries Fund.
- 1.2 The completed application form should include the General Information Sheet as supported by Appendices 1, 2 or 3 as appropriate. In completing item 2 of the General Information Sheet, i.e. 'Reasons for the application', please highlight the purpose [e.g. renovation, alterations, improvements, acquisition of replacement/ additional furniture and equipment (F&E), etc.] and state why it is necessary (e.g. general wear and tear, meeting safety requirements or making good defects, etc.).
- 1.3 Appendices 1 and 2 should be completed for works projects. Appendix 1 is the summary of costs for the works items and Appendix 2 is the breakdown of costs and details of the works items. Please complete Appendix 3 for the purchase of furniture & equipment including vehicle. **Please ensure to attach soft copies (Word and Excel) of completed Appendices 1, 2 or 3 to your application.** The soft copies of the forms may be downloaded from website of the Social Welfare Department (SWD).
- 1.4 The following paragraphs provide guidelines in completing Appendices 1, 2 and 3.

2. Works (Appendices 1 & 2)

- 2.1 For the proposed works items, please attach two copies of sketches and layout plans, specifying materials, method and cost quotations. For electrical testing and rectification works, please attach two copies of the schematic wiring diagram.
- 2.2 If the proposed works have structural implications, please attach documents showing approval-in-principle of the landlord (e.g. Housing Department or Housing Society) and / or relevant authorities (e.g. Buildings Department, Fire Services Department, Environmental Protection Department, etc.).
- 2.3 If the proposed works are for meeting statutory requirements (such as fire, gas, electricity, etc.), please attach copies of letters of requirement or letters of no objection from relevant authorities (e.g. Fire Services Department, Buildings Department, SWD's Child Care Centres Advisory Inspectorate and Licensing Office of Residential Care Homes for the Elderly, etc.).

- 2.4 For installation / replacement of air-conditioners as works items, please supply information on the dimension and function of the area served, the type and power of air-conditioners and installation proposal. If the installation has structural implications, please follow para. 2.2 above. (Note : Installation of split-type air-conditioners on external wall is considered as a structural alteration to the building and approval from the Buildings Department or Housing Department should be submitted together with your application.)
- 2.5 If built-in furniture instead of loose furniture is required, please provide justifications and attach location plans and drawings with dimensions and cost quotations.

3. Furniture and Equipment (Appendix 3)

- 3.1 Please refer to the Price List of Common Furniture and Equipment and the Reference F&E Lists (both available on SWD's website), where appropriate, before completing this part. Built-in furniture should be classified as works items and entered in Appendices 1 and 2 (see paragraph 2.5 above). Quotations and drawings with dimensions, and/ or catalogue are also required for our examination.

4. Vehicle Repairs/ Overhauling or Purchase of Vehicle (Appendix 3)

- 4.1 For vehicle repairs and overhauling, please provide reasons (e.g. annual inspection or damage due to an accident) and attach photocopy of the vehicle registration document and the quotation for the proposed repairs and overhauling. Please note that when the cost for annual overhauling, including related repairs, if any, does not exceed \$50,000, the related cost should be met in the Block Grant for NGOs providing SWD-subvented services.
- 4.2 For procurement of a new vehicle, please provide a quotation. For the replacement of vehicle, please also attach photocopy of the registration document of the existing vehicle to be replaced and quotation for repairs to facilitate technical vetting of Electrical & Mechanical Services Department. If specifications of the replacement vehicle is different in terms of additional capacity and ancillary equipment (e.g. tail-lift), please provide justifications. The application to fund the procurement of a new vehicle should exclude items of recurrent nature (such as licence fee, insurance premium, TAVA levy, etc.) which will not be supported by the Lotteries Fund.

Procedures for Subvented Purpose-built Projects

Actions	Remarks
I. <u>Identify Demand and Scope of Works</u>	
(1) Non-governmental Organisation (NGO) or Social Welfare Department (SWD) identifies demand for a purpose-built project, having regard to the service need and justifications. NGO proposes and SWD assesses the scope of works, on the basis of the following information:	NGO submits a Project Definition Statement (PDS) to justify and define the scope of works after discussion with SWD.
(a) Planning Brief and Schedule of Accommodation (S of A);	
(b) location;	
(c) land grant/ lease modification;	
(d) development programme;	
(e) rough indication of cost;	
(f) contribution from sponsor, if any;	
(g) recurrent financial implications; and	
(h) temporary decanting if required.	
II. <u>Preliminary</u>	
2. SWD seeks policy support from Labour and Welfare Bureau for launching the subvented purpose-built project.	

Actions	Remarks
3. NGO submits proposal on feasibility study (including site investigation), Consultants' services and fees for SWD's approval (in consultation with the Architectural Services Department (ArchSD)).	Feasibility study will include a clear definition of the scope of the purpose-built project, topographical survey, site investigation, an assessment on the need for an Environmental Impact / Risk Assessment at the detailed design stage, site constraints cost estimate, preliminary schematic design and assessment of accessibility of site, availability of utility services, etc. The extent of the study will vary according to the individual project.
4. SWD seeks the LFAC's approval-in-principle to proceed with the planning of the project. SWD then notifies NGO of the decision accordingly.	If necessary, NGO may at the same time apply for Lotteries Fund grant from LF to carry out the feasibility study (including site investigation). ArchSD gives comments on the cost estimate and scope of feasibility study. There is no guarantee that the next stage will proceed.
5. NGO approaches Lands Department (District Lands Office) for land grant/ lease modification.	SWD comments on circulation from Lands Department. SWD/ NGO conducts public consultation.
6. Lands Department gives approval-in-principle to the land grant/ lease modification.	While Lands Department is in the course of processing land grant/ lease modification, NGO could, in parallel, proceed to the feasibility study stage.
III. <u>Feasibility Study (in parallel with land matters)</u>	
7. NGO appoints consultants to carry out feasibility study.	If the feasibility study is funded by an LF grant NGOs should follow the procedures set out in Chapter 6 of the Lotteries Fund Manual in the selection of the consultants.
8. Upon completion of the feasibility study, the consultant submits report to SWD for approval (in consultation with ArchSD).	

Actions

Remarks

IV. Formal Approval of Funds

9. SWD approves the feasibility study report and seeks LFAC's endorsement and then DSW's/ FSTB's approval for funding commitment to proceed with hiring of consultants who would be responsible for the detail design, taking forth of relevant enabling works and preparation work/ studies for invitation of tender.

If recurrent expenses are above the specified limits, approval of the project will have to be sought as appropriate after consulting the relevant LegCo Panel.

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10. SWD issues approval letter to NGO on the funding allocation. Upon acceptance of the funding allocation, the NGO may proceed with awarding the contract to the AP/ Consultant selected.

NGO should follow the provision stipulated in Chapter 6 of the Lotteries Fund Manual in selecting the AP/ Consultant. In case the professional fees exceed 10% of the total final construction cost (i.e. including cost of construction works and subsequent fitting-out works), LF would only pay for the amount up to a ceiling not exceeding 10% of total final construction cost.

V. Project Design and Tendering

11. NGO appoints AP/ Consultant and consultant; and instructs AP/ Consultant to prepare detailed design, tender documents and pre-tender estimate, which will all be submitted to SWD for approval. SWD should seek the technical advice from ArchSD.

SWD will monitor project development.

Actions**Remarks**

- | | | |
|-----|--|---|
| 12. | Based on agreed pre-tender estimate, Project Planning Section (PPS), in consultation with LFPS, relevant Service Branch(es), ArchSD and other government bureau(x)/ department(s), if necessary, will prepare an LFAC paper for agreement by the LFAC before proceeding to invitation of tender. | <p>The LFAC paper will –</p> <p>(a) seek the LFAC’s agreement to the project in general, including the number of subvented/ self-financing welfare places to be provided, the Construction Floor Area (CFA) of facilities proposed to be supported by the LF vs that to be financed by means other than the LF, the CFA of common facilities and the CFA apportionment ratio for the common facilities, the timetable for implementation of the project, etc.;</p> <p>(b) seek the LFAC’s agreement to the estimated project cost based on the pre-tender estimate; and</p> <p>(c) seek the LFAC’s support-in-principle to proceed with invitation of tender for the main contract.</p> |
| 13. | AP/ Consultant calls tenders and submits report to SWD/ ArchSD with recommendation and budget reconciliation. | Tenders deposited at Public Works Tender Box will be collected by AP/ Consultant for preparation of tender report and budget reconciliation. |
| 14. | Based on the technical advice from ArchSD, SWD, after obtaining the endorsement of the LFAC to award the contract and for allocation of LF grants (in the form of supplementary allocation) to proceed with the main works and the remaining contracts, would then proceed to seek the approval for funding allocations from the DSW/FSTB. | <p>In the LFAC Paper, explanation should be provided if there are substantial differences between tender sum and pre-tender estimate after return of tenders. The contract should be awarded to the lowest conforming tender or the conforming offer with the highest overall score (if a marking scheme is used). If the lowest conforming tender or the conforming offer with the highest overall score (if a marking scheme is used) is not recommended, good justifications should be provided, with information on whether ArchSD and SWD support the recommendation of the NGO. Should there be any revision in the timetable for implementation of the project, reasons and details should be provided.</p> <p>In preparing the LFAC Paper, the relevant Service Branches, PPS, ArchSD and other related government bureau(x)/</p> |

Actions

Remarks

department(s) should be consulted.

If the estimated project cost or the committed number of places to be provided differ substantially from that reported to the relevant Panel of the LegCo, or if there are other special circumstances that warrant it necessary, SWD would consult the relevant Panel of the LegCo, if necessary.

15. After approval from the DSW/ FSTB, SWD will proceed to issue approval letter of funding allocation to the NGO. The NGO, upon accepting the offer, may proceed to award contracts to contractors concerned.

NGO should have obtained DLO's approval for site possession at this stage to allow construction works to commence.

VI. Construction

16. AP/ Consultant supervises and monitors progress of construction.

SWD will monitor progress of project. In case of major change in scope of works, SWD's prior approval (in consultation with ArchSD) is required before actual works commence.

VII. Application for LF Support for F&E and Replacement of Vehicles

17. NGO submits application for separate grant(s) for F&E and replacement of vehicles, if applicable, at fitting-out stage.

In case of new service units in new premises/ premises with pre-existing fitting-out all demolished/ F&E all disposed, NGO, based on the CFA and number of places to be provided, could be provided lump sum grant under Chapter 3 of the LF Manual to proceed with purchase of F&E.

On the other hand, in case of reprovisioning of existing service units, in-situ expansion, conversion of premises to provide new service in which part of the pre-existing F&E items would be retained, NGO may apply for additional F&E for operating the service units after vetting of the requirements by Service Branches.

Because of different time frame for completion of the procurement procedures,

Actions

Remarks

NGOs are encouraged to submit applications for replacement of vehicles separately from the application for F&E.

18. SWD agrees to application(s) for purchase of F&E and vehicles, if applicable, and seeks the appropriate approval for the relevant funding commitment.

19. SWD notifies NGO the approved funding for purchase of F&E and vehicles of the project.

The NGO would be allocated grant(s) for purchase of F&E and vehicles with different grant codes from the LF grant for the construction of the premises. The timetable for finalisation of project accounts for the three grants (i.e. construction, F&E and vehicles) could be different. Unless there are special circumstances, there is no need for the finalisation of one project account before the other in general.

VIII. Completion and Final Accounts

20. Contractor hands over the completed project to NGO. The NGO would negotiate with the contractor over the rectification of defects in the project during the Defect Liability Period (DLP).

The NGO should duly inform LFPS of the DLP period during award of the contract. It should also inform LFPS within one month after the hand-over of the premises.

21. The NGO agrees with the contractor over the final contract sum and confirms all rectification works are properly carried out. AP/ Consultant prepares final account and fee accounts including apportionment of cost supported by LF and other funding source for ArchSD's vetting.

While the NGO may agree with the contractor on a contract sum different from the one originally agreed after mediation or negotiation, SWD would only recognise the amount up to that agreed in the contract. SWD would only recognise the amount up to the pro-rated amount according to the agreed apportionment methodology for the project cost for the project.

22. ArchSD comments on final account and recommends final subvention level. SWD will instruct return of unspent portion of the LF grant and closure of project account after release of final payment.

To : Finance Branch, SWD

Annex 5.3(a)
(P. 1/2)

Lotteries Fund
Claim Certificate - Reimbursement

Please read the notes on page 2 carefully before completing the form

Name of Non-governmental

Organisation (NGO) : _____

Service Unit : _____

SWD File Ref. : _____

Description of Grant : _____

(As stated in the caption of the letter of approval)

Grant Code : _____

In relation to our claim for payments under the Lotteries Fund for the items listed in the *Form I (Annex 5.3.1-for works project with Authorised Person (AP)/Consultant) / *Form II (Annex 5.3.2- for procurement of furniture, equipment or vehicle, or works project without AP and other claims) attached, I am authorised by the organisation to certify that

* (1) the items currently claimed under Form I : -

(a) have not been claimed previously and settled by the Lotteries Fund

(b) are in accordance with the contract entered according to the guidelines on procurement as contained in the Lotteries Fund Manual; and

* (c) (for lump sum grant for fitting-out works project) are up to the standard specified in the Technical Schedule.

* (2) the items currently claimed under Form II : -

(a) have been received in good conditions;

(b) are in accordance with approved specifications and drawings;

(c) have not been claimed previously and settled by the Lotteries Fund;

(d) have been checked to be correct against the supporting invoices and receipts in respect of the quantities, unit prices and amounts; and

(e) have been purchased by quotation or tender in accordance with the guidelines as contained in the Lotteries Fund Manual.

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(3) full receipts have been attached

(4) the unclaimed balance (net of the current claim) of the grant amounting to \$ _____
*can be reverted to the Lotteries Fund / * is still required for further payment.

2. For further information, please contact _____ at telephone no. _____ and email _____.



Signature: _____ Position: _____

Official Chop of NGO Name: _____ Date: _____

(*Delete as appropriate)
(Rev 01/22)

Notes

1. Separate Claim Certificate for Reimbursement (Annex 5.3(a)) and Certificate of Payment (Annex 5.3.1 or 5.3.2) should be submitted by organisations for applications involving different grant codes. A new Claim Certificate for Reimbursement and Certificate of Payment should be submitted each time an organisation applies for reimbursement.
2. The correct Grant Code as advised by the Social Welfare Department must be quoted to identify the particular grant against which the current claim is being made.
3. All forms, invoices/ receipts, certificates etc. should be submitted in duplicate.
4. Failure to complete the claim forms properly may cause delay in reimbursement.
5. Unless otherwise specified in the Manual/ approval letter (e.g. the claim certificate for final payment claims of fitting out/ works projects without final account should be addressed to LFPS of SWD in accordance with paragraphs 3.3.3 and 5.6.7 of the Manual), the duly completed Claim Certificate for Reimbursement with the relevant Certificate of Payment should be sent to Finance Branch of SWD for processing.

Revised
2022/1

To : Finance Branch, SWD

Lotteries Fund
Application for Advance Payment

(Please refer to the Notes on page 3 and 4 of this document before completing the form)

Name of Non-governmental
Organisation (NGO) :

Service Unit :

SWD File Ref.:

Description of Grant :

(As stated in the caption of the letter of approval)

Grant Code :

In relation to our application for advance payments under the Lotteries Fund for the items listed in the #Form I (Annex 5.3.1-for works projects with Authorised Person (AP)/Consultant)/ #Form II (Annex 5.3.2-for procurement of furniture, equipment or vehicle, or works projects without AP and other claims, etc.) attached, I am authorised by the organisation to certify that the items applying for advance payment –

- (a) the items applying for advance payment have not been claimed previously and settled by the Lotteries Fund;
- #(b) *(for items applied under Form I only)* the works are conducted in accordance with the contract entered according to the guidelines on procurement as contained in the Lotteries Fund Manual;
- #(c) *(for items applied under Form I only)* the works are confirmed by the AP to be up to the standard specified in the Technical Schedule, with AP certificate provided;
- #(d) *(for items claimed under Form II only)* the items have been purchased by quotation or tender in accordance with the guidelines as contained in the Lotteries Fund Manual;
- #(e) *(for items claimed under Form II only)* F&E items or vehicles have been received in good conditions; have been checked to be correct against the supporting invoices in respect of the quantities, unit prices and amounts;
- #(f) *(for items claimed under Form II only)* for works without AP, Technical Feasibility Study, consultancy studies and others, they have been carried out/ completed in satisfactory condition; are conducted in accordance with approved specifications and drawings; have been checked to be correct against the supporting invoices in respect of the quantities, unit prices and amounts.

Please delete as appropriate.

2. I hereby confirm that –

- (a) there is no receipt and supporting document, if required, that is overdue for submission for previously released advance payments under the same project (i.e. same grant code);
- (b) our organisation has made necessary arrangements to stagger the payments for the project in order to minimise possible financial impact on our cashflow;
- (c) our organisation has genuine financial difficulties to meet the payment for the expenses concerned;
- (d) all pre-agreed payment schedule(s) with the contractor/ supplier/ consultant for the advance payment under application, if any ^(Note), has/ have been attached and the invoice(s) submitted has/ have clearly stated the progress stage that the project has reached with reference to the information in the payment schedule; and
- (e) the project has reached the stage progress as stated in the invoice(s)/ receipt(s) and our organisation is satisfied with the quality of works/ service/ goods delivered in the project so far.

I understand that our organisation would be accountable to answer enquiry related to the application and bear the possible consequence of misrepresentation, if any.

(Note) For each works project or consultancy project (including technical feasibility study), there should be a payment schedule agreed between the NGO and the contractor/ supplier/ consultant which sets out the percentage/ amount of payment after attaining certain progress in the project. For other projects, if such payment schedule is available, the NGO should also present it and confirm the stage progress accordingly.

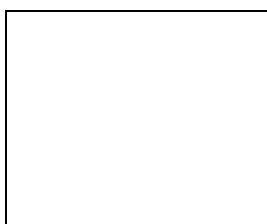
3. I hereby submit the invoice(s) and relevant documents mentioned in Note 8 of this application for the advance payment request and undertake that receipts of purchase and other documents (if applicable) required by SWD would be submitted as soon as possible, and in any case not later than the specified time frame as marked in Note 10 of this application after the release of payment from the LF. I fully understand and accept that –

- (a) SWD may release up to two advance payment claims while awaiting return of relevant receipt and/ or supporting documents required, if any, under the same project (i.e. same grant code) at any point in time, on the condition none of the scenarios mentioned in Note (7) applies;
- (b) if our organisation fails to submit the receipt and/ or other supporting documents required for this subject advance payment after the deadline, SWD may take actions to suspend other payments for this project (including reimbursement payment claims) and/ or other LF projects under our organisation (including Block Grant);
- (c) SWD may consider the information provided by our organisation, past records of our organisation's readiness to submit documents requested and receipts within the time frame required when handling applications for advance payment, and other relevant information as and when necessary, in considering this application for advance payment;
- (d) the responsibility to meet the payment request according to the agreed schedule with the contractor/ supplier/ consultant rests with our organisation; and SWD, under no circumstances, would be accountable for any delay in payment by our organisation to the contractor/ supplier/ consultant; and
- (e) SWD could only process the claim with required documents submitted and with reasonable time allowed to complete the formalities. The urgency to meet payment would not constitute a justified reason for SWD to release advance payment claim without sufficient information provided or without reasonable time to complete formalities required.

4. The unclaimed balance of the grant amounting to \$ _____ #can be reverted to the Lotteries Fund/ is still required for further payment.

Please delete as appropriate.

5. For further information, please contact _____ at telephone no. _____ and email _____



Signature: _____ Position: _____

Official Chop of NGO Name: _____ Date: _____

Notes

1. The minimum amount of advance payment claim is \$50,000.
2. Separate Application for Advance Payment (Annex 5.3(b)) and Certificate of Payment (Annex 5.3.1 or 5.3.2) should be submitted by organisations for applications involving different grant codes. A new Application for Advance Payment and Certificate of Payment should be submitted each time an organisation applies for advance payment.
3. The Grant Code as advised by the SWD must be correctly quoted to identify the particular grant against which the current claim is being made.
4. One original plus one copy of all forms, invoices, certificates etc. should be submitted in duplicate.
5. Failure to complete the claim forms properly may cause delay in release of advance payment.
6. Unless otherwise specified, the duly completed Application for Advance Payment with the relevant Certificate of Payment should be sent to Finance Branch of SWD for processing.
7. SWD could release **up to two advance payment claims** while awaiting return of receipts and supporting documents (if any) required under the same project (i.e. same grant code) at any point in time, on the condition that –
 - (i) there is no receipt and supporting document, if required, that is overdue for submission for previously released advance payment(s) under the same project (i.e. same grant code); and
 - (ii) there is no punitive measure in force against the NGO, regarding its continuous failure to submit the outstanding payment receipts and other supporting documents for advance payment(s) in its other project(s) under the LF for outstanding receipt(s) and supporting document(s)) (Note: The NGO would be informed of any such punitive measure in force in writing by SWD); and
 - (iii) SWD has not ruled that the NGO could not be released any advance payment for other reasons (e.g. in view of its unsatisfactory past records in terms of readiness to submit documents requested and receipts within the time frame required when handling application(s) for advance payment) (Note: The NGO would be informed of any such punitive measure in force in writing by SWD).
8. The ceilings for different types of advance payments and documents to be submitted in support of an advance payment application are set out below –

Type of Payment Claim	Ceiling for the total amount of advance payment that could be released while awaiting return of receipts and supporting documents (if any) required under the same project *	Documents Required to be submitted together with advance payment applications
I. Purchase of Vehicle	Lower of – (1) \$2 million per vehicle, or (2) the amount as stipulated in payment schedule agreed between the NGO and the supplier; subject to aggregate payment not exceeding LF grant approved (after offsetting the Ex-gratia Payment and scrapped value).	Proof of receipt of vehicles and supporting documents including invoice from supplier, vehicle registration document issued by the Transport Department and photographs of vehicles concerned), and payment schedule (if any).
II. TFS and other consultancy (excluding consultancy for construction/ renovation/ fitting-out projects)	Lower of – (1) \$ 2 million; or (2) the amount as stipulated in payment schedule agreed between the NGO and the consultant, subject to aggregate payment not exceeding LF grant and contract sum.	Invoice, relevant certificates from project consultant stating the progress stage reached and payment schedule as contained in the contract with consultant on arrangement for stage payment.
III. Works Projects (including consultancy studies for construction projects under two-stage approach)	The lowest of – (1) \$15 million; (2) 1/4 of grant amount/ contract sum; or (3) the amount as stipulated in payment schedule agreed between the NGO and the supplier/ contractor/ consultant, subject to aggregate payment not exceeding 95% of LF grant and contract sum.	Invoice, relevant certificates (e.g. AP certificate) from project consultant stating the progress stage reached and payment schedule as contained in the contract with consultant/ contractor on arrangement for stage payment.
IV. Non-works projects (excluding purchase of vehicle)	The lowest of – (1) \$5 million; (2) 1/4 of grant amount/ contract sum; or (3) the amount as stipulated in payment schedule agreed between the NGO and the supplier/ contractor/ consultant, subject to aggregate payment not exceeding LF grant and contract sum.	Invoice, photograph(s) and payment schedule, if any

* Amounts exceeding the ceiling are to be settled by reimbursement upon presentation of receipt.

9. SWD may take into account past records of the NGO's readiness to submit documents requested and receipts within the time frame required when handling application(s) for advance payment.
10. The following documents should be submitted to SWD within one month after release of advance payment from LF –

Type of Payment Claim	Basic documents to be submitted to SWD after release of advance payment*
I. Purchase of Vehicle	Receipt and photograph(s) of vehicle purchased with the acknowledgement of the donation from LF being painted on both sides of the vehicle body.
II. TFS and other consultancy (excluding consultancy for construction projects)	Receipt
III. Works Projects (including consultancy studies for construction projects)	Receipt
IV. Non-works projects (excluding purchase of vehicles)	Receipt

** SWD may request for additional documents to be submitted when necessary.*

Lotteries Fund

Advance Payment – Submission of Documents after Release of Payment

(Please refer to the notes on page 2 before completing the form)

Name of NGO : _____

Service Unit : _____

SWD File Ref. : _____ Date of Approval of the Grant: _____

Description of Grant : _____

(as stated in the caption of the letter of approval)

Grant Code : _____

I hereby submit the receipt(s) and other documents, if any, for the following advance payment released previously –

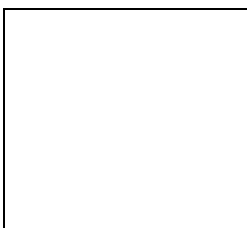
Date of Submission of Advance Payment Application	Date of Notification of Advance Payment	Amount of Advance Payment Released (A)	Receipt(s) Included in this Submission	
			Amounts (B)	Attachment No.

2. I confirm that –

- * I have submitted all the relevant receipt(s) and required documents for the above advance payment.
- * the receipt(s) and required documents submitted only cover part of the advance payment released. I will submit the required documents for the remaining amount as soon as possible. I understand that in case of delay in submission of documents required, SWD may take actions to suspend other payments for this project (including reimbursement payment claims) and other LF projects approved to our organisation (including Block Grant).
- * the receipt(s) and required documents submitted only cover part of the advance payment released. I agree to refund the portion of the advance payment released which cannot be supported by receipt and supporting documents provided by our organisation (i.e. \$_____, being Amount (A) less Amount (B) reported in the above table).

** Please put a tick “✓” in the appropriate box. Only one of the above boxes should be chosen.*

3. For further information, please contact _____ at telephone no. _____ and email _____.



Signature: _____ Position: _____

Official Chop of Name: _____ Date: _____
NGO

Notes

1. Separate Advance Payment-Submission of Documents after Release of Payment (Annex 5.3(c)) should be used by organisations for submission of documents in relation to advance payment involving different grant codes.
2. The Grant Code as advised by the Social Welfare Department must be correctly quoted to identify the particular grant against which the current claim is being made.
3. One original plus one copy of all forms, invoices/ receipts, certificates, etc. should be submitted.

(Rev 01/22)

Lotteries Fund
Certificate of Payment - Form II
(For procurement of furniture, equipment or vehicles, or
works project without Authorised Person and others)

Name of Non-governmental Organisation : _____

Service Unit : _____

Description of Grant : _____

Grant Code : _____

Part A – Details of previous claims submitted

No	Date (as shown in claim certificate)	Amount Claimed \$ (a)=(b)+(c)+(d)	Amount Released \$ (b)	Amount Not Approved \$ (c)	Amount Pending Release \$ (d)
(A) Total:					

Normal Time Frames for Completion of Projects and Submission of Payment Claims

Revised
2020/7

The following time frames are set out for general reference. For those cases with specific background, the Social Welfare Department (SWD) may set different time frames after considering the individual circumstances, as necessary. Non-governmental Organisations (NGOs) should follow the time frames as specified in the approval letter of the project concerned.

I. Works

A. For fitting-out projects involving a lump sum grant

The project should be completed according to the programme approved by SWD. The final payment claims and final contract accounts, excluding the retention money, should be submitted not later than three months after the expiry of the defect liability period (DLP).

B. Other Works Projects

Revised
2022/1

1. A works project other than construction projects not exceeding \$500,000 should be completed within four months after the approval of the grant. The final payment claims and the final contract account (for projects with Authorised Persons (APs)), excluding retention money, should be submitted not later than three months after the expiry of the DLP.

Revised
2022/1

2. For works projects other than construction projects exceeding \$500,000, the time frames in general are as follows:

<u>Project cost</u>	<u>Submission of draft bidding documents for the AP after approval of the grant</u>	<u>Submission of draft quotation/ tender documents for the works after the selection of AP</u>	<u>Completion of Project after commencement of works</u>	<u>Submission of final payment claim and final contract account after expiry of DLP</u>
(a) Exceeding \$500,000 but not exceeding \$1,000,000	1 month	4 months	6 months	3 months
(b) Exceeding \$1,000,000 but not exceeding \$5,000,000	1 month	6 months	12 months	3 months
(c) Exceeding \$5,000,000	3 months	6 months	12 months	3 months

Revised
2022/1

C. Construction Projects

For construction projects (e.g. Special Scheme projects), separate time frames would be set out in the approval letter for the grant as appropriate. In general, for those projects with project cost exceeding \$50,000,000, the following time frames would be adopted –

Submission of draft bidding documents for the AP after approval of the grant	Submission of draft quotation/ tender documents for the works after the selection of AP	Completion of Project after commencement of works	Submission of final payment claim and final contract account after expiry of DLP
1 -3 months	12-18 months <i>(depending on the scale and complexities of the project)</i>	24 - 36 months <i>(depending on the scale and complexities of the project)</i>	6 months

II. Purchase of furniture & equipment or vehicle

A. Purchase of F&E (other than vehicles)	Completion of Purchase	Submission of Claims
1. For existing service units	2 months after approval of the grant	1 month after completion of purchase
<i>[Except laundry equipment/ medical F&E/ physiotherapy equipment & assessment tools/ hospital hi-lo beds, etc.]</i>	<i>extra time, from 5 to 8 months after approval of grant, may be required (for delivery and tendering, if required)</i>	<i>Ditto]</i>
2. For new/ reprovisioned service units involving a grant not exceeding \$1,000,000	2 months after commencement of operation	Ditto
3. For new/ reprovisioned service units involving a grant exceeding \$1,000,000 but not exceeding \$3,000,000	3 months after commencement of operation	Ditto
4. For new/ reprovisioned service units involving a grant exceeding \$3,000,000	6 months after commencement of operation	Ditto

Revised
2020/7

B. Purchase of vehicle

Revised
2020/7

(a) For vehicles requiring no modifications	8 months after commencement of operation (for new/ reprovisioned service units) or approval of the grant (for existing service units)	Ditto
(b) For vehicles requiring modifications	14 months after commencement of operation (for new/ reprovisioned service units) or approval of the grant (for existing service units)	Ditto
C. Others	2 months after commencement of operation (for new/ reprovisioned service units) or approval of the grant (for existing service units)	Ditto

(Rev 01/22)

Procedures on the Handling of Written Quotations

- (a) Written quotations should be addressed personally to a senior staff member in sealed envelopes marked with “Quotation” and the name of the project.
- (b) There should be adequate security measures to prevent possible leakage or tempering of written quotations which should be kept under lock and key as soon as they are received. The key should be kept by a designated officer of an appropriate level.
- (c) If a fax machine is used for receiving quotations, it should be placed next to the staff member responsible for their safe keeping in an area which is not readily accessible to other NGO staff.
- (d) If quotations are obtained through e-mail, a dedicated computer terminal with adequate security control and restricted access to the authorised staff member only should be used.
- (e) Quotations should be opened at the same time and witnessed. They would then be date-stamped and initialled.
- (f) Any alterations found on opening should be noted and initialled against.
- (g) Late quotations should not be considered unless the postmark on the envelopes shows that they were posted before the closing date.
- (h) As soon as quotations have been opened, a summary should be prepared listing all suppliers invited and their quotations (or “declines to quote”), and signed by officers present at the opening of the quotations.

Tendering Procedures for Works Projects
(With special reference to the requirements at **paragraph 5.4.6** of the LF Manual)

Preparation of Tender Documents

In preparing the tender documents, the Non-governmental Organisation (NGO) should ensure the following: -

- (a) All approved requirements for the project should be made known to the project consultant before the preparation of tender documents.
- (b) The list and number of tenderers invited or to be invited should be kept strictly confidential at all times until the award of tender.
- (c) The tender documents must contain all works which have been approved by the Social Welfare Department (SWD) and any non-subsidised portions should be clearly and separately shown in the tender documents and tender summary.
- (d) Tenders must be strictly comparable and must include all sums for works to be executed by nominated sub-contractors.
- (e) For building projects, the contractor should be required to provide a suitable security bond to cover loss and compensation in the event of non-completion of the contract. The sums of nominated sub-contracts and provision for contingency should also be clearly stated in the tender documents.

2. NGOs are reminded that any deviation from the above requirements may result in delays and additional costs to the project. It is therefore essential that comprehensive and accurate tender documents are presented and that the tendering procedures are followed scrupulously to avoid re-submission of documents for approval or re-tendering. Sample tender invitation letter and a set of simplified tender documents are at Annexes 6.2.1 and 6.2.2 respectively for reference.

Approval of Tender Documents

3. Before tenders are invited, all tender documents, the list of proposed contractors and the invitation letter should be forwarded under restricted cover to the Social Welfare Department, copied to the Director of Architectural Services (Subvented Projects Division), for formal approval. A copy of the approval letter for the Lotteries Fund grant should also be enclosed for ease of reference.

4. Tender documents for projects costing above \$1 million should be prepared within 6 months after the award of contract of Authorised Person. Any additional cost due to inflation attributable to delay in the submission of tender documents will be the NGO's responsibility. Tenders may only be invited after the documents have been approved or duly amended in accordance with the advice of Architectural Services Department (ArchSD).

Invitation to Tender

5. A record of the contractors invited to tender should be kept by the NGO or its consultant. The NGO and its consultant must satisfy themselves that the contractors invited to tender are technically competent and financially capable of carrying out the projects in accordance with the contract conditions. The contractor who has produced the cost estimate for the Lotteries Fund application may be invited to tender as well, subject to its technical competency and financial capability up to the laid down standard.

6. Invitation letters may be in English or Chinese and should normally be sent by registered mail. A copy should be sent to the Secretary, Public Works Tender Board for information. If the tender invitation is collected by the tenderer, a receipt should be signed and kept as a record.

Submission of Tender

7. Tenders should be submitted in a sealed plain envelope clearly marked on the outside with “Tender for Lotteries Fund Project” and the name of the project. They should be deposited in the tender box of the Public Works Tender Board located at the Architectural Services Department, Room 4128f, 41/F(*to be relocated to Room 503, 5/F., Low Block with effect from 18 September 2020*), Queensway Government Offices, 66 Queensway, Hong Kong. Prior to issuing the invitation letter, NGOs should contact the Secretary to the Public Works Tender Board Registry (Tel. 2867 4021) to check the closing date of the Tender Box, which is normally every Friday at noon. Late tenders will not be accepted. It should be noted that any tender returned to other addresses e.g. the NGO’s or the consultant’s office, will be considered invalid. After the tender list has been recorded, the consultant will be notified to collect the tenders from ArchSD. This would normally be on the Monday or Tuesday following the tender opening day.

Revised
2020/7

Supervision of Tender Procedure

8. NGOs are advised to assign a senior staff member to oversee the tendering procedure and ensure that it is properly conducted. Special attention is drawn to the need to avoid corruption opportunities. Proper record must be kept of the approved tender documents and the list of contractors invited to tender together with evidence that the tender invitation has been sent.

Selection of Tenders

9. The project consultant if appointed should submit to the NGO, within one month of his receipt of tenders, a recommendation with fully supported report and comparative analysis and, where applicable, apportionment of cost for the ‘non-subsidised’ provision, including any provisions which are above the approved standard. A copy of the report together with copy of form of tender, summary of tender, name list of specialist contractors (if applicable) and copy of the lowest conforming tender or the conforming offer with the highest overall score (if a marking scheme is used) and declaration of conflict of interest should be sent to SWD, copied to the ArchSD for comment. If no project consultant is appointed, the NGO should prepare a report to the best of their abilities in accordance with the requirements of para 10 below.

Revised
2022/1

10. Specifically, the tender report should include the following information: -

- date and closing time for the receipt of tenders;
- list of tenders received before the closing time showing the name of each tenderer, the tender amount in ascending order and tender validity period;
- list of contractors who have not submitted tenders together with any letters declining the tender invitation;
- copies of any correspondence with tenderers after receipt of tenders; and
- the tender recommended to be accepted;

together with a tender analysis report which should give: -

- (a) confirmation of arithmetical check on all tenders, indicating all corrections in red;
- (b) a comparison of the make-up sections / unit prices of the lowest three or four tenders;
- (c) highlight on any extra-ordinary high or low rate and manifest errors in quantity; and
- (d) comparison of the recommended tender with the approved estimated cost.

Approval of Tenders

11. NGOs will be informed of the approved tender and if the tender includes items of unnecessary works or above-standard finishes, the amount of grant will be adjusted accordingly. If the lowest tender exceeds the approved estimate and if a supplementary grant is required, an application should accompany the tender analysis report. Approval for supplementary grants must not be assumed. Any financial commitment accepted without the approval of SWD will be the sole responsibility of the NGO.

Signing of Contract Documents

12. Contracts must not be entered into until official approval has been received from SWD, in consultation with ArchSD. Any financial commitment accepted without the approval of SWD shall be the sole responsibility of the NGO. After signing the contract, a certified true copy of the priced contract document (including drawings) between the NGO and the contractor should be submitted to the SWD for record. The copies of the letter of acceptance and the letter confirming the Date for Commencement of the Works should be submitted to ArchSD for record.

SAMPLE
TENDERS INVITATION LETTER
(BUILDING/ FITTING-OUT/ REPAIRS)

To be used as a draft only and modified as necessary

(Address)

By Registered Mail

(Date)

Dear Sir,

We have pleasure in inviting you, on behalf of
.....
to tender for
.....
in accordance with the attached drawings, specification, tender documents and form of tender.

2. The completed form of tender should be accompanied by a detailed schedule of quantities and prices showing the compilation of your tender sum and should state the time required for completion. All materials and workmanship for any works must be in accordance with the latest edition of the ‘General Specification for Building’ published by the Architectural Services Department.

3. All the above documents together with the Form of Tender, duly completed in duplicate should be enclosed in a sealed plain envelope clearly marked on the outside ‘Tender for
.....
.....

and deposited at the tender box of the Public Works Tender Board provided by the Architectural Services Department, Room 4128f, 41/F(*to be relocated to Room 503, 5/F., Low Block with effect from 18 September 2020*), Queensway Government Offices, 66 Queensway, Hong Kong to arrive not later than 12 noon on (date)
Late tenders will not be accepted.

4. Should you be unable to submit a tender, please notify this office immediately and return all documents to the above Tender Box together with a letter of decline for our records and client report.

Yours faithfully,

()

Revised
2020/7

Simplified Tender Documents (Works)

TENDER

FOR

(Type of Works / Installation)

.....

FOR

(Name of Non-governmental Organisation)

.....

AT

(Site of Works)

.....

.....

CONTRACT NO.

.....

FORM OF TENDER

for

(Title of Works / Installation)

To : _____

(Name of Non-governmental Organisation)

Having inspected the Site, examined the Drawings, General and Particular Specification and Schedule of Works for the _____
_____. I / We offer to construct, carry out, complete and maintain the whole of the works in accordance with the Drawings, General and Particular Specifications for the sum of Hong Kong Dollars _____
_____. (HK\$ _____). I / We undertake to complete and deliver the whole of the works within the period of _____
_____ days.

I / We agree to abide by this Tender for a period of _____
_____ (not less than 60 days) from the date fixed for receiving tenders and it shall remain binding on me / us and may be accepted at any time before expiration of that period.

I / We submit the following particulars: -

(i) Business Registration No. is _____ Date _____

(ii) Registered General Building Contractor No. is _____
(Buildings Ordinance 1995) (if applicable)

(iii) WB Approved Specialist Contractor Group _____
(if applicable)

Signed _____ Date _____

In the capacity of _____

duly authorised to sign tenders for and on behalf of _____

(Registered Name of Company)

Registered address of company: _____

PARTICULAR SPECIFICATION

1. Scope of Contract

1.1 This Contract comprises the provision of all necessary materials and labour to carry out the works of
at
.....all as detailed on the Drawings, General Specifications and this Specification.

2. Site of Works

The site of Works is located at
.....

3. Terms of Payment

3.1 Payment will be made in full within 30 days upon satisfactory completion of works as certified by the Non-governmental Organisation (NGO) subject to the submission of a final account from the Contractor.

PRELIMINARIES

4. Preliminary Items

4.1 The Preliminary Items included hereunder apply to the whole of the Works contained in this Specification and the amount inserted by the Contractor in the Summary of Tender shall be deemed to apply to the whole of the Works carried out under this Contract.

4.2 In event of no amount being inserted by the Contractor in respect of Preliminaries, in the Summary of Tender, the value thereof will be deemed to have been included in the cost of the works specified hereinafter following and no separate amount whatsoever will be certified for payment.

5. Contractor to visit the Site

5.1 Before tendering, the Contractor should visit the site and satisfy himself as to the accessibility of the site and the extent and character of the operations as no claim due to any neglect in this respect will be entertained.

5.2 The Contractor should contact the supervisor of the NGO *Mr / Miss / Mrs on Tel. No
for permission to visit the site.

6. Programming and Completion of the Works

6.1 The Contractor's particular attention is drawn to the fact that the works to the premises under this Contract must be carried out in co-operation with and agreement of the supervisor of the premises to allow the reasonable operation of the premises and completed within the period stated on the Form of Tender.

7. Works included in Contract

7.1 The Contractor's prices for the items contained in the Contract shall be deemed to include the cost of all incidentals of labour, materials, all cutting and waste, packings, cartage, risk, moving, hoisting and fixing in the required position, scaffolding, plant, ladders, platforms, supervision, profit and all things and matters necessary for the carrying out of and for the timely and satisfactory completion of the entire works contained in the Contract and Specification, such be expressed or not.

7.2 All the materials to be used in permanent works described in this Specification shall be taken as new.

8. Lump Sum Tender

8.1 The tender shall be "Lump Sum" for the carrying out of the whole of the Works in conformity with the Specifications and Drawings.

8.2 Tenderers must include an itemised breakdown in their tenders and a detailed & comprehensive Schedule of Works required and included in the tender.

8.3 The Employer will not be liable for any expense incurred by the Contractor in connection with the measurement of variations or the adjustment and settlement of accounts.

9. General Specifications

9.1 The Contractor shall be deemed to have examined the following General Specifications applicable to this Contract:

- (a) "General Specification for Building, 1993 Edition" published by the Architectural Services Department;
- (b) "General Specification for Electrical Installation in Government Buildings the Hong Kong SAR, 1998 Edition" published by the Building Services Branch of the Architectural Services Department.

NGO is required to check the latest version of General Specifications and update the above accordingly.

9.2 Allow for any financial obligations imposed by the Preliminaries of the General Specification.

9.3 Copies of the General Specifications are obtainable from the Government Publications Centre G/F., Lower Block, Queensway Government Offices, 66 Queensway, Hong Kong.

10. Leave Premises Clean

10.1 The Contractor shall clean off any dirt and clear any rubbish periodically and on completion of works.

11. Other Restrictions / Requirements

(To be specified by the NGO if applicable).

MATERIALS AND WORKMANSHIP

12. Material General

12.1 All materials shall be of an approved brand and type fixed and applied strictly, in accordance with the manufacturer's instructions and to the NGO's satisfaction. Materials shall be submitted to the NGO for approval whenever required.

12.2 The Contractor shall submit colour and tint cards and all colour schemes shall be approved by the NGO before the work is commenced.

12.3 The Contractor shall also submit a sample board of electrical accessories proposed to be used in the electrical work for the approval of the NGO prior to the commencement of the works.

13. Compliance with Specifications

13.1 Unless otherwise overridden by this Particular Specification or Drawings, all materials and workmanship shall comply with all the relevant sections of the General Specifications as stated in Clause 9.1 above and all the subsequent amendments issued prior to the date of tendering.

SCHEDULE OF MATERIALS AND EQUIPMENT

14. The tenderer is required to state the type, model and make of all materials / equipment proposed to be used in this Contract. The tender may be considered invalid without submission of such information from the tenderer.

SCHEDULE OF DRAWINGS (if applicable)

15. (List the numbers and titles of all the drawings attached to this document).

DESCRIPTION OF WORKS

16. (Describe in details the works required to be carried out by the Contractor item by item).

SCHEDULE OF WORKS : -
(To be filled in by the Tenderer)

	<u>Item</u>	<u>HK\$</u>
1.		
2.		
3.		
4.		
5.		
.		
.		
n.	Any works not stated above but deemed necessary by the tenderer to complete whole of the assigned works, please specify item by item. If none is inserted, no future claim shall be entertained and the successful tenderer has to complete all works accordingly whether mentioned or not at his own expenses.	
(i)		
(ii)		
(iii)		
.		
.		
.		
	Cost of Works to be Carried to Summary of Tender	_____
		=====

Summary of Tender

HK\$

1. Preliminaries
2. Cost of Works
3. Contingency (will be deducted from Contract Sum if no extra work is required by the NGO)

Total amount carried to Form to Tender

Signed Date

(Contractor) Chop

FOR USE AS A DRAFT ONLY

Ref.

Messrs. (Name & Address of Contractor)

Dear Sir,

LETTER OF ACCEPTANCE

Contract No.

(Title of Contract)

I am pleased to advise you that your tender dated
..... is accepted in the sum of HK\$
(Hong Kong Dollars only).

You are requested to make arrangements for the execution of the works with
our *Mr / Miss / Mrs Tel. No
who will issue to you the necessary instructions to commence work.

Payment for the works will be made in full within thirty days of the completion
of the works as certified by the undersigned and on receipt of your final account.

Yours faithfully,
On behalf of (Name of NGO)

(
Supervisor)

FOR USE AS A DRAFT ONLY

Ref.

Messrs. (Name & Address of Contractor)

Dear Sir,

COMPLETION CERTIFICATE

Contract No.

(insert title of Contract)

The Works comprising the above Contract were in my opinion, substantially completed on
(Date)

You should now submit to us your claim for final payment in the format as shown on the attached Proforma Final Account. Subject to the prior clearance of all debris from the site, the payment will be made in full within 30 days upon receipt of your claim for final payment.

Yours faithfully,
On behalf of (Name of NGO)

(
Supervisor)

Encl. Proforma Final Account

PROFORMA FINAL ACCOUNT
CONTRACTORS' HEADED PAPER

Title :

.....

Contract No. :

	Omissions	Additions
Amount of Contract	\$	\$
<u>Omit:</u> Provisional Sum for Contingencies		
Add / Less: Net adjustment of variations (Any variations to be authorised in writing by NGO. Quote correspondence).		
Total Omissions / Additions		
Final Contract Amount		

We certify that we have no further claim under this Contract beyond the amount stated above.

Contractor _____ Date _____

We certify that the works have been completed satisfactorily and that this payment is in accordance with the terms of the Contract referred to in our letter of acceptance ref. _____ dated _____ addressed to the Contractor.

Signature of Supervisor of
Non-governmental
Organisation (NGO): _____

Name of NGO : _____

Date : _____

Tendering Procedures for Furniture and Equipment and Hire of Services

Sample tender invitation letter and form of tender are provided at Annexes 6.3.1 and 6.3.2 respectively for reference.

2. NGOs should arrange for a double-locked tender box at their headquarters with the key held by separate staff members of an appropriate level. Tenders submitted by contractors should be in a sealed plain envelope clearly marked on the outside with “Tender for Lotteries Fund Project” and the name of the project. If tenders are sent to the NGO by registered mail, the NGO should immediately upon receipt of the tenders, place them in the locked tender box. If they are delivered by hand, the persons delivering the tenders should place them in the locked tender box and the NGO should acknowledge receipt of the tenders. The tender box should only be opened at specified time by a tender opening team comprising at least two staff members nominated by the Board of Directors, one of whom will serve as a witness. Staff members holding the keys of the tender box should not be assigned with the duties of the tender opening team at the same time.

3. The following steps should be taken in the opening of tenders –

- (a) Shortly before the tender opening time the officer supervising the tender exercise and key holders of the tender box assemble at the office where the tender box is to be opened.
- (b) The key holders jointly open the tender box which is then locked after the tenders have been taken out.
- (c) Tender covers due for opening are then opened and the supervising officer should ensure that :
 - (i) tenders are submitted in duplicate;
 - (ii) particulars on the original and duplicate copies are identical;
 - (iii) alterations and amendments made on the tender documents are circled and initialed in red;
 - (iv) where samples accompany the tender, they are sealed and if possible stapled to the tender documents concerned; a sample listing sheet is also prepared;
 - (v) all tender documents and continuation sheets are date stamped and initialed;
 - (vi) tender documents returned without offer are chopped “No offer”.

- (d) Name of tenderers and their prices (including 'No offer') are then recorded in a tender listing sheet.
 - (e) The tender and sample listing sheets are signed by the officers present.
 - (f) The supervising officer should examine the tenders to ascertain that the listing sheets have been correctly prepared and should sign against them. After checking, the duplicate copies of the tenders and listing sheets are locked away. The original copies are then used for evaluation.
 - (g) If more than one tender exercise is held simultaneously using the same tender box, tenders to be opened at a later date but found at tender opening should not be opened. They should be recorded on a separate list and put back into the tender box.
 - (h) Late tenders should not be accepted. They should be date-stamped and initialed by the supervising officer.
4. After the tenders are opened and analysed, the tenders together with a price comparison table (a sample at Annex 6.3.3) should be submitted to the approving authority for consideration and acceptance.

Sample
Tender Invitation Letter (Furniture & Equipment)

(Address)

(Date)

Dear Sirs,

Tenders are invited for the supply of scheduled goods to be delivered subject to and in accordance with the Terms of Tender, the General Conditions of Contract, and the Special Conditions of Contract set out in the invitation to tender.

To be acceptable as a tender, this form, properly completed in duplicate and enclosed in a sealed plain envelope marked “Tender for the Supply of” and addressed to the Chairman, Tender Opening Committee, must be deposited in the Tender Box situated at before (Hong Kong Time) on(date). Late tenders will not be accepted.

Tenders shall remain valid for days from the closing date. If Tenderers are unable to comply with this requirement, they must clearly indicate the period in for which their Tender is valid for acceptance.

If you are unable to quote against this enquiry, it would be appreciated if you could at least acknowledge receipt of this enquiry and indicate why you are unable to submit an offer.

Yours faithfully,

()

Sample

Form of Tender for the Supply of Furniture & Equipment / Services

Name and Address of Non-governmental Organisation (NGO).....

Tender No. (to be entered by NGO).

Tender Closing Date and Time
(to be entered by NGO).

Part I

The undersigned hereby offers to supply all or any part of the items described overleaf with delivery term quoted against the date of a firm order at the price or prices quoted free of all other charges and in accordance with any drawings and / or specifications provided by the NGO. In so doing, the undersigned acknowledges that all items not otherwise specified shall be in accordance with British Standards (or equivalent) specifications where such exist; tenders shall, unless otherwise indicated by the NGO, remain open for 90 days after the closing date stated above; and the NGO is not bound to accept the lowest or any tender and reserves the right to accept all or any part of any tender at any time within the period during which the tenders remain open. The undersigned also warrants that this Company's Business Registration and Workmen's Compensation Insurance Policy are currently in force and that the items which this Company offers to supply do not to my knowledge infringe any patents.

Part II

Reconfirmation of Tender Validity

With reference to Part I of this tender document, it is reconfirmed that the validity of tender offered by this company remains open for 90 days.

The undersigned also agrees to accept the fact that once the validity of tender is reconfirmed, the pre-printed clause specified in the company's tender form in regard to this nature shall NOT apply.

Date this day of 200

Signature in the capacity of
(State official position, e.g. Director, Manager, Secretary, etc.)

Duly authorised to sign tenders for and on behalf of

..... whose registered
office is situated at

..... Hong Kong Telephone No.

Item No.	Description / Specifications of Furniture & Equipment / Services	Quantity Required	Rate HK\$	Amount HK\$	Delivery Term

Price Comparison Table**Furniture & Equipment**

Amount of Lotteries Fund Grant for the Whole Project : _____

Date of Approval Letter Issued by SWD : _____

SWD File Reference : _____

Serial No.	Item Ref. No. as Exactly Numbered on the Approval Letter by SWD	Item	Quantity & Amount Supported	Name of Supplier	Amount of Individual Quotation / Tender (unit cost) HK\$	Remarks

Normal Duties of Project Authorised Persons/ Consultants

Authorised Persons/ Consultants are responsible for –

- (a) carrying out a thorough inspection of the site and/ or premises, drawing up tender specifications and drawings on the instruction of the Non-governmental Organisation (NGO) and the requirements of Social Welfare Department (SWD), if any, and ensuring that tender documents are in order and have been appropriately revised in the light of comments made by the SWD/ Architectural Services Department (ArchSD), where appropriate. The consultant should first clear the sketch plans with SWD (where applicable), before submitting general building plans to the ArchSD and/ or Buildings Department. It should also be noted that at an early stage, the Director of Fire Services should be consulted on the fire services requirements of a project. All works prepared by the consultant should be in accordance with the latest edition of the “General Specification for Building” published by the ArchSD;
- (b) drawing up a proposed list of tenderers and submitting under confidential cover to the NGO or its tender board (if one is appointed) for approval;
- (c) inviting and collecting tenders and examining all tenders and submitting a full report and recommendation to the NGO and the ArchSD via SWD (where necessary);
- (d) seeking any necessary clarification or confirmation with the recommended tenderers on his tender submission;
- (e) supervising the execution of the work and ensuring that :–
 - (i) the contractor has executed Insurance Policies as required in the contract;
 - (ii) precautionary measures to safeguard the occupants are adequate if the works are carried out whilst welfare services are being provided;
 - (iii) alteration and improvement works carried out fully comply with the terms of the contract;
 - (iv) all necessary drawings are provided on time;
 - (v) all sub-contract works are tendered in good time under the approved programme;
 - (vi) any necessary extension of the contract period is processed strictly in accordance with the contract and prolongation claim is avoided as far as possible. Subsidy of any such claim(s) or any professional fees thereon will only be given upon satisfactory explanation;

- (f) certifying interim payment claims from the contractor, subject to a minimum of \$20,000 or as stated in the contract for large projects and not more than one payment per month. If the work does not take longer than one month there would normally be no payment until the project is completed;
- (g) issuing all necessary certificates concerning the project such as those relating to interim and final payment, completion of the project and future maintenance etc. If the contract is not completed within the specified contract period, Liquidated and Ascertained damage may have to be deducted. In all cases, retention money should be retained in accordance with the contract conditions;
- (h) issuing variation orders for works within the scope of the funding approval. SWD should be consulted, where applicable, on any departure from the approved scope and quality of work as defined in the tender documents. A detailed final account must be agreed with the contractor and submitted to the NGO within the period stipulated in the contract for onward submission (where required) to SWD, copied to ArchSD. A list of documents required for vetting final accounts of works projects is listed at Annex 6.4.1. The proforma as shown at Annex 6.4.2 has to be completed as well. Where the fitting-out project is funded by a lump sum grant, an undertaking that all the requirements of SWD have been fulfilled should accompany the final account;
- (i) ensuring that variation re-measurement has been completed and “provisional” works have been measured and valued properly and accurately; and
- (j) apportioning the costs of the works and professional fees to be paid out of a Lotteries Fund grant for approval of SWD (in consultation with ArchSD), where necessary, if non-subvented works have been included in the project.

**List of Documents Required for Vetting Final
Accounts of Works Projects**

1. Certified true copies of the contract, including the nominated subcontracts, if applicable.
2. Contract drawings.
3. Return on different milestones of completed projects
4. Statement of final accounts prepared and certified by the Authorised Person concerned.
5. Summary of the variation orders with description of and explanation on the need for each variation item, copies of the Authorised Person's variation orders and relevant quotations from contractors.
6. Date of contract commencement.
7. Certificate of Practical Completion.
8. Certificate of Completion of Making Good Defects.
9. Letter stating the extension of contract period, if applicable, and the subclause under which the extension is granted.
10. Summary of lithography charges (a breakdown in terms of quantities and unit rates with supporting receipts should be provided).

Note (A) For items (4) to (10), please provide two copies so that Architectural Services Department and Social Welfare Department could each retain one set.

(B) **No piecemeal submission will be accepted** since vetting of final account would commence only when full set of required documents is available.

.....
 (Project Title)

SUMMARY OF VARIATIONS

Contractor :

Site Instruction Nos. to
 have been issued. Those not enumerated below do
 not involve variations of work resulting in financial
 adjustments to the contract sum.

Variation Order No.	Brief Description of Variation	Omissions \$	Additions \$
Less: Amount of Omissions / Additions			
Net Omissions / Additions carried to FINAL ACCOUNT			

Points to Note in the Selection of Authorised Persons (APs)/ Consultants

When selecting a AP/ consultant, the following should be considered: -

- (a) whether the consultant is professionally registered and legally qualified to undertake the works;
- (b) whether he is on the approved list of consultants maintained by relevant Government Department (not mandatory but limits risk);
- (c) his past experience in similar welfare projects;
- (d) whether he is familiar with government tender procedures and other related requirements;
- (e) his ability to present a fully detailed estimate and tender specifications; and
- (f) the availability of competent supervisory personnel throughout the project.

Application Form for Engagement of Authorised Persons/ Consultants for Lotteries Fund Projects

Please read the Explanatory Notes on Engagement of Authorised Persons/ Consultants for Lodging Lotteries Fund (LF) Applications at **Annex** and the LF Manual carefully before completing this application form, including the Standard Template for Invitation of Fee Proposals.

1. Brief description of the service unit:

Name of Operating Non-governmental Organisation:	
Name of Service Unit:	
Address:	
Service Nature:	
Contact Person and Telephone No.:	
Email Address and Fax No.:	
Commencement of Operation (month / year):	
Commencement of Subvention (month / year):	

2. Estimated project cost :

(Please tick the appropriate box.)

≤ \$0.5m > \$0.5m and ≤ \$5m > \$5m and ≤ \$10m > \$10m

3. Date of completion of last major renovation: _____ (month / year)

4. Reasons for the application: (a brief description of the background, reasons and purpose of this application to support the rough estimation of the project cost)

5. To the best of my knowledge, there * will be reprovisioning / redevelopment plan / cessation of service of the captioned service unit in the coming three years. will not be

**please tick the appropriate box*

 Organisation Chop

Prepared by: _____ (Signature)
 Name: _____
 Post: _____
 Date: _____

**Standard Template for Invitation of Fee Proposals
for Consultancy Services for Pre-approval Stage**
[Please fill in the relevant information as appropriate]

[Sample Letter]
[To be typed on paper with NGO's letterhead]

Letter of Invitation

Our Reference : [Ref. No.]

[Name and address of consultant to be invited]

[Date]

Dear Sir/Madam,

**Consultancy Services for
Lodging Lotteries Fund Application**
[TITLE OF PROJECT]

You are invited to submit a lump sum fee proposal for the above consultancy services.

Your submission shall be made in accordance with the following enclosed documents :-

- (a) Brief (**Appendix 1**);
- (b) Fee Proposal Form (**Appendix 2**); and
- (c) Letter of Anti-collusion Undertaking (**Appendix 3**).

Your fee proposal should be submitted directly to my office at [NGO's address] in plain envelopes on which the heading "Fee proposal for [title of project]" should be marked, before [time], [date]. Late submissions will not be considered.

The time for completion of the consultancy services is [duration] days from the date of commencement. It is anticipated that the date for commencement of the services will be sometime during [month], [year].

After the consultancy services have been completed in accordance with the Brief and to the satisfaction of [name of NGO] (the NGO) and the presentation of your invoice, payment will be made within 90 days of the date of such presentation.

The NGO shall have the right to disclose to any third person, whenever it considers appropriate or upon request by any third party (written or otherwise), and in such manner as it deems fit –

- (a) the fees, costs and expenses payable by the NGO for engaging the selected consultant; and
- (b) the fee proposal submitted by the selected consultant.

The NGO is not obliged to accept the lowest fee proposal or any proposal made, and accepts no financial liability for your costs in submitting a proposal. In addition, the NGO may reject bids which are considered to have been priced unreasonably low.

You are required to confirm in your submission letter that you agree to abide by your Fee Proposal for a period of ninety (90)* days from the due date for submission of Fee Proposal, and it shall remain binding upon you and may be accepted at any time before the expiry of that period.

You shall submit a duly signed letter for anti-collusion in the form set out at **Appendix 3** to this letter. The letter shall be signed by a person authorised to sign contracts/agreements on the consultant's behalf.

A site visit may be arranged upon request by the consultant to fully acquaint himself with all conditions likely to affect the works and the services.

Your failure to comply with any requirement in this letter and the enclosed documents may render your submission invalid.

Yours faithfully,

[Signature]
[Name of NGO's Representative]
for and on behalf of
[Name of NGO]

c.c. Social Welfare Department (Lotteries Fund Projects Section) – w/e

* *NGO may set a longer validity period, depending on the nature and complexity of the consultancy assignment.*

Appendix 1

Brief

1. Description of Works

The site of the Works is located at : _____

Target date of Lotteries Fund application : _____

Scope of Works :

(Please tick the appropriate box.)

- a. Project nature :
- Renovation Lift Air-conditioning system (e.g. chiller)
- Drainage External walls Others : _____
- b. Type of premises :
- Public housing estate Private premises Self-owned
- Multi-storey premises (No. of storey: _____)
- c. Area of premises : _____m²
- d. Works area :
- 100% < 100% and ≥ 75% < 75% and ≥ 50%
- < 50% and ≥ 25% < 25 %
- e. Anticipated works:

Location (e.g. 3 dormitories, 5 activities rooms, 6 toilets, 1 kitchen, etc.)	Anticipated Works (e.g. painting wall and ceiling, replacing floor finishes, installing cabinets, upgrading electrical works, gas installation, drainage improvement works, etc.)

2. Scope of Consultancy Services

[Note: NGO shall amend the following paragraphs to suit the required works.]

Stage 1 : Feasibility of the Works

- a. Liaise with relevant government authorities, landlord, departments, utilities companies, other relevant bodies and the NGO to obtain all necessary information including drawings, specifications, site record, site survey, warranties, etc. wherever they are available to the NGO.
- b. Carry out site inspection and surveys to the existing buildings to obtain all necessary information relating to the feasibility study so as to determine the detailed scope of works.
- c. Submit a feasibility report including but not limited to preliminary design, calculation, schematic plan, extent of works, builder's works, building services works, diversion works, implementation programme, identification of any foreseeable project constraints and risks, measures to reduce environmental impact, etc.
- d. Advise the NGO on the need for any special survey, test, investigation, diversions of utilities, etc.

Stage 2 : Scope of Works and Cost Estimate

- a. Define, review and finalise the scope of works for the NGO's agreement.
- b. Prepare a detailed cost estimate with itemised breakdown. If some works are funded by the NGO, they should be separated from the works funded under the Lotteries Fund in the estimate.

Stage 3 : Lodging Lotteries Fund Application

- a. Prepare an application for grants in accordance with the Lotteries Fund Manual published by the Social Welfare Department (SWD).
- b. Arrange and attend meetings with different stakeholders of the NGO (including but not limited to SWD and its technical adviser) for the assessment of the application.
- c. Respond, revise and re-design the scope of works and cost estimate according to the comments from SWD and its technical adviser.

Consultancy Services

[Title of Project]

Fee Proposal Form

To : [Name of NGO]

I/We submit our Fee Proposal as follows:

Fee Basis : Lump Sum

Total Fee : _____ (HK\$ _____)

All out-of-pocket expenses including travel, photocopying, printing drawings, lithography and any charges levied by the Government, utilities companies and other relevant parties, are deemed to be included in the Total Fee.

Signed _____

Name _____

For and on behalf of _____

Date _____

Appendix 3

To: **[Name of NGO]**

Date: _____

Dear Sir/Madam,

**Consultancy Services for
Lodging Lotteries Fund Application
[Name of NGO]
for
[Title of Project]
Letter of Anti-collusion Undertaking**

[I/We]¹, **[(Name of the consultant) of (Address of the consultant)]**², refer to [my/our]¹ Fee Proposal for the above Agreement.

[I/We]¹ confirm that, before [I/we]¹ sign this letter, [I/we]¹ have read and fully understand this letter.

[I/We]¹, represent and warrant that in relation to the Fee Proposal for the above Agreement:

- (i) [I/We]¹, other than the Excepted Communications referred to in the last paragraph of this letter, have not communicated and will not communicate to any person other than the Employer the amount of the proposed fee in the Fee Proposal or any part thereof until [I/we]¹ have been notified by the Employer of the outcome of the bidding exercise;
- (ii) [I/We]¹ have not fixed and will not fix the amount of the proposed fee in the Fee Proposal or any part thereof by arrangement with any person;
- (iii) [I/We]¹ have not made and will not make any arrangement with any person as to whether [I/we]¹ or that other person will or will not submit Fee Proposal; and
- (iv) [I/We]¹ have not otherwise colluded and will not otherwise collude with any person in any manner whatsoever in the bidding process.

[I/We]¹ shall indemnify and keep indemnified the Employer against all losses, damages, costs or expenses arising out of or in relation to any breach of any of the representations and/or warranties above, including but not limited to damages for delay, costs and expenses of re-tendering and other costs incurred.

In this letter, the expression “Excepted Communications” means [my/our]¹ communications in strict confidence with:

- (i) [my/our]¹ own insurers or brokers to obtain an insurance quotation for computation of the proposed fee in the Fee Proposal;

- (ii) [my/our]¹ sub-consultants to solicit their assistance in preparation of the Fee Proposal; and
- (iii) [my/our]¹ bankers in relation to financial resources for the Agreement.

Signed for and on behalf of [name of the consultant]
by [name and position of the signatory]³:

Name of Witness:

Signature of Witness:

Occupation:

[Guidance Notes:

- 1. Delete as appropriate.**
- 2. Where the consultant comprises two or more persons or companies acting in partnership, joint venture or otherwise, this part in square brackets should be expanded to include the respective names and addresses of such persons or as the case may be companies.**
- 3. Where the consultant comprises two or more persons or companies acting in partnership, joint venture or otherwise, all such persons or as the case may be companies must sign. The signatory for each of such persons or companies shall be a person authorised to sign contracts on behalf of that person or as the case may be company.]**

Explanatory Notes on Engagement of Authorised Persons / Consultants for Lotteries Fund Projects

1. Documents to be submitted

For engagement of Authorised Persons (APs) / Consultants for carrying out project estimation and preliminary design work for the purpose of lodging Lotteries Fund (LF) applications (hereinafter referred to as “AP for pre-approval stage”), the following documents should be forwarded for endorsement by the Social Welfare Department (SWD), in consultation with the Architectural Services Department (ArchSD) –

- (a) duly completed Application Form for Engagement of APs / Consultants for Lodging LF Applications, including the Standard Template for Invitation of Fee Proposals (i.e. the draft bidding document);
- (b) supporting information and documents (e.g. photos of the premises, existing layout plans and drawings, etc.); and
- (c) list of proposed APs / Consultants to be invited for the bidding exercise. NGOs are encouraged to contact the proposed APs / Consultants for their expression of interest (in written form) for submitting bids prior to the drafting of the list of proposed APs / Consultants with their expression of interest.

Please note that the vetting of draft bidding document would commence only when all the aforementioned documents are available.

2. Bidding Exercise and Appointment of AP / Consultant

- (a) Upon receipt of written approval from SWD for the engagement of AP/ Consultant for pre-approval stage, the non-governmental organisation (NGO) should use the endorsed Standard Template for Invitation of Fee Proposals to commence the bidding exercise. The bidding exercise should be conducted in accordance with the provisions set out in Chapter 6 of the LF Manual, in particular paragraph 6.2.1 (Requirements on the number of returned quotations / tenders), Annexes 6.1 (Procedures on the handling of written quotations) and 6.3 (Tendering Procedures for Furniture and Equipment and Hire of Services).
- (b) Upon completion of bidding exercise, a recommendation report (including the returned fee proposals and the NGO’s recommendation of the choice of AP/ Consultant for pre-approval stage) should be submitted to SWD, copied to ArchSD, for endorsement prior to the award of contract. SWD and LF will not be responsible for any financial commitment made prior to the endorsement of NGO’s recommendation.

- (c) Staff of the NGO participating in the bidding exercise should declare whether there is actual, potential or perceived conflict of interest in preparing tender recommendation. The declaration(s) should be submitted with the recommendation report.
- (d) SWD will issue an approval letter to the NGO for awarding the AP/ Consultant for pre-approval stage.
- (e) Upon the award of quotation / tender, the NGO is required to submit a copy of (i) the letter of acceptance; and (ii) the contract documents to SWD, copied to ArchSD, for record.

3. Payment Matters

- (a) Reimbursement of professional fees for lodging LF application would only be recognised for successful LF application (i.e. the approval of the entire works project).
- (b) Reimbursement of fees for AP/ Consultant for pre-approval stage should be submitted after the approval of the entire works project. Please refer to paragraph 5.6 of the LF Manual for details of payment. No advance payment would be processed prior to the approval of the entire works project.

4. Others

- (a) After the appointment of AP/ Consultant for pre-approval stage, NGOs should closely monitor the AP/ Consultant in completing the project estimation and preliminary design work in reasonable time frame.
- (b) When submitting LF application for the entire works project, NGOs should attach SWD's approval letter for awarding the AP/ Consultant for pre-approval stage (paragraph 2(d) above) in addition to the documents which are normally required.

SAMPLE

**Summary of Requirements for Allocation of the Lotteries Fund
for Project Implementation and Evaluation**

Name of Non-governmental Organisation : _____

(Grant Code: _____)

<Name of NGO> should comply with the following requirements on project implementation and evaluation as conditions for allocation of the Lotteries Fund (LF) –

- (a) the grant should appear as a separate item in the audited financial statement of <Name of NGO>;
- (b) all procurement and/ or hire of service should be conducted according to the requirement set out in the LF Manual;
- (c) <Name of NGO> should complete the projects within the approved time frame as specified in the approval letter. If <Name of NGO> expects changes in works plan or delay in project completion¹³, it should inform the Social Welfare Department (SWD) promptly with justifications;
- (d) if supplementary funding commitments from the LF is required/ expected to be required, <Name of NGO> should ensure that prior approval is obtained from SWD before coming into any formal commitment with the contractor/ supplier. In general, supplementary allocations could not be approved retrospectively;
- (e) <Name of NGO> should report the progress of the project to the Lotteries Fund Projects Section (LFPS) of SWD by using designated form to be provided by the LFPS, after one year of the grant approval, according to the following time frame –
 - (i) on a half-yearly basis according to the submission deadline as advised by SWD; and
 - (ii) upon submission of the final payment claim;
- (f) SWD may cancel the allocation, and/ or recover any payment already made to the grantee, and/ or not to proceed with payment claims submitted, if any, if the approved project –
 - (i) is found out to have obtained other sources of finance with duplication in scope of items approved in this project financed by the Lotteries Fund;
 - (ii) cannot be commenced within one year of grant allocation (i.e. procurement of F&E and/ or vehicles for projects involving procurement of F&E and/ or vehicles only, or engagement of AP/ Consultant for projects requiring engagement of AP/ Consultant (please specify for the project));[or
 - (iii) cannot be proceeded to the stage of works commencement within two and a

¹³ In this document, “completion of project” refers to completion of a project financed by the LF which could be works projects or otherwise in nature. On the other hand, “practical completion” is only applicable to the works project. A certificate of Practical Completion marks the point at which the Contractor has completed his contractual obligations, and can hand over the Works to the client.

- half years after grant allocation [i.e. engagement of works contractor for works project] (only applicable to works projects above \$500,000 only); [or
- (iv) cannot be completed within seven months (only applicable to works projects not exceeding \$500,000) .

<Name of NGO> should provide justifications and confirm if it could complete the project within a time frame agreeable to SWD;

- (g) if exceptional authority in procurement has been invoked as stipulated in paragraph 6.3.2 of the LF Manual, <Name of NGO> should duly complete a return on the details of the cases to SWD within the time frame specified;

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- (h) [for works projects with AP/ Consultant only] the consultant should be required in the consultancy agreement, to obtain the prior approval of the <Name of NGO> before issuing major variations. For the following projects financed under Chapter 5 of the LF Manual and approved on or after 1 February 2016, they would be regarded as having major contract variation(s) –

- (a) with tenders for procurement of APs/ Consultants invited before 10 August 2020 and the additional expenditure for the contract variation(s) of a value estimated to exceed \$300,000; or
- (b) with tenders for procurement of APs/ Consultants invited on or after 10 August 2020 and the additional expenditure for the contract variation(s) of a value estimated to exceed \$800,000.

Similarly, <Name of NGO> is required to obtain the prior written approval of SWD before granting approval to consultants to issue major variations for which <Name of NGO> intends to seek subvention on the costs;

- (i) <Name of NGO> is required to complete the project, finalise the project account (if appropriate), and submit final payment claims to this Department within the time frame specified in the approval letter/ in accordance with **Annex 5.4** of the LF Manual; beyond which SWD may close the project accounts unilaterally;

- (j) [for all works projects]
before finalisation of project account [for projects with AP/ Consultant]/ at the time of submission of final payment claim [for projects without AP/ Consultant], <Name of NGO> should –

- (i) confirm if (1) it complies with agreed deliverables of the funding allocations (e.g. number of service places to be provided, etc.) and (2) a reasonable environment is provided for satisfactory delivery of social welfare service; and
- (ii) provide photos showing the physical conditions of the premises before and after the works to illustrate the works done, including but not limited to all supported items after the completion of the project. SWD may arrange site visit to ensure the satisfactory completion of works with respect to the standard required for provision of service.

<Name of NGO> would be required to take rectification action and/ or provide justifications for any variation in deliverables for consideration by SWD;

- (k) [for procurement of furniture and equipment only] upon submission of final payment claim, <Name of NGO> should provide a list of F&E purchased using the LF grant, with breakdown of the corresponding categories of the items purchased with reference to the “Reference F&E Lists” for SWD-subvented services on SWD’s homepage, quantities purchased and monetary amount involved for individual items;
- (l) [for purchase of vehicle only] upon submission of final payment claim, <Name of NGO> should provide a copy of the vehicle registration document of the new vehicle;
- (m) the LFPS may conduct walkthrough test on procurement procedures for projects financed by the LF before project account closure. <Name of NGO> is required to retain proper records and provide information required to facilitate the completion of the walkthrough test, if selected;
- (n) [except for experimental projects] the service unit concerned having received allocations from the LF should remain in service after completion of the project (i.e. practical completion for works projects and finalisation of project accounts for other projects) for at least three years. Within the period, the works items financed by LF should not be demolished, unless with special approval from SWD. As regards F&E items, they may only be disposed of if they are unserviceable or if they are surplus items. In general, F&E items purchased within five years are regarded as serviceable;
- (o) within three years of completion of the project, SWD may conduct checking to confirm that the agreed deliverables are maintained and the items funded by the LF are put into use as planned/ agreed. <Name of NGO> is required to provide necessary assistance to facilitate the completion of checking, if selected;
- (p) the books of account and all other relevant records and information related to the LF grant should be retained by <Name of NGO> for at least seven years after the completion of the project or release of the final payment or in accordance with the prevailing statutory requirements, whichever the longer. These books and records should, at all reasonable times, be available for inspection by any authorised staff of SWD and the Audit Commission;
- (q) [only for projects for which SWD requests post-project evaluation] <Name of NGO> should submit a post-project evaluation report and/ or satisfaction survey of stakeholders on the project –
 - (i) (for existing service(s)) within 12 months of practical completion of the project; or
 - (ii) (for new service(s)) within 12 months of commencement of service of the unit(s)to assess the cost-effectiveness of the project. SWD will liaise with <Name of NGO> on the contents to be included in the evaluation report nearer the time;
- (r) [for capital construction projects funded by the LF involving self-financing services] <Name of NGO> must commit to contribute not less than 10 percent of the total capital cost financed by the LF on the self-financing portion to the LF, or to top up an amount not less than 10% of the total capital cost financed by LF on the self-financing portion for the above-standard facilities of the project;

- (s) [for projects involving self-financing services] the project/ service in question should be in operation for at least three years for fitting-out and F&E projects, and at least five years for construction projects after completion of project (i.e. practical completion for works projects and finalisation of project account for other projects) [or for a longer period as agreed between the NGO and the Service Branch of SWD]. SWD retains the right to recover full or part of the allocation made if the project/ service in question cease operation before the periods specified above. Serious non-compliance with this requirement would be duly taken into account when considering <Name of NGO>'s future applications involving self-financing services;
- (t) [for projects involving self-financing services] <Name of NGO> should comply with project/service-specific requirements and monitoring arrangements by the respective government department(s)/bureau(x) concerned (e.g. admission criteria, level of fee charging, other standards such as schedule of accommodation, technical schedule etc.) (please elaborate and specify);
- (u) <Name of NGO> is required to make general acknowledgement in its annual report of the financial support received from the LF. Reflecting the LF grant received as a separate item in the audited financial statements is a requirement for accounting purpose;
- (v) [for projects involving construction/ renovation/ fitting-out/ purchase of furniture and equipment at an amount of \$1,500,000 or above] <Name of NGO> should install a commemorative plaque in a prominent place within the premises of the facility. The plaque should be of a reasonable size of not less than 40 centimetres x 80 centimetres and inscribed with words honouring the contribution of the Lotteries Fund to the premises or facility/ facilities within the premises, such as "This Home/ Centre/ Hostel was built/ renovated/ fitted-out/ furnished with the contribution of the Lotteries Fund" in English and 「本院 / 中心 / 宿舍蒙獎券基金撥款資助興建 / 翻新 / 裝修 / 配置 / 配置設施費用，立此為誌」 in Chinese; and
- (w) if <Name of NGO> intends to name the premises/ facilities on the premises funded by the LF after its donor(s), <Name of NGO> should (1) seek prior approval from SWD and (2) <Name of NGO> or its donor(s) should contribute towards the portion of the project financed by the LF, irrespective of whether the services to be provided on the premises/ in the concerned facilities, as appropriate, are self-financing or not. For detail requirements for naming-after an LF-funded projects, including but not limited to the amount of naming-after contribution required, <Name of NGO> should approach SWD well in advance.

Depending on the severity of non-compliance with the above requirements and/ or those in the LF Manual, SWD reserves the right to claw back the allocation from the LF from the organisation, and/ or suspend processing payment claims, and/ or revert the unspent balance of the LF grant to the LF.

Social Welfare Department
<Month & Year>

Samples of Wordings of Acknowledgements

- (a) Sample of commemorative plaque (minimum size : 40 cm x 80 cm)

THIS CENTRE	二 零	費 用	撥 款	獎 券	本 中 心
WAS FITTED-OUT AND FURNISHED WITH	年	立 此	資 助	基 金	蒙
THE CONTRIBUTION OF	月	為 誌	裝 修		
THE LOTTERIES FUND	日				

- (b) Sample of acknowledgement to be painted on both sides of a vehicle (minimum dimension per letter and/or character : 2 cm x 2cm)

English : **Donated by the Lotteries Fund**

Chinese : 由獎券基金捐贈

Versions

First Edition – September 2001

Revisions – October 2005

– April 2006

– June 2008

– January 2010

– January 2013

– August 2015

– July 2020

– January 2022