Guidelines on Disbursement, Accounting and Monitoring Arrangements for the Public Policy Research Funding Scheme and the Strategic Public Policy Research Funding Scheme

1.   Introduction

1.1   These guidelines set out the disbursement, accounting and monitoring arrangements for the Public Policy Research Funding Scheme (PPRFS) and the Strategic Public Policy Research Funding Scheme (SPPRFS). Grant recipients should observe the requirements in these guidelines, the Guidance Notes of PPRFS and SPPRFS and any terms and conditions specified by the PPRFS and SPPRFS Secretariat and/or the Government, and consult the Secretariat if in doubt. The English version shall prevail whenever there is any discrepancy between the English and Chinese versions.

2.   Roles of the Principal Investigators and Institutions

2.1   PPRFS/SPPRFS grants, though awarded to individual Principal Investigators (PIs), are actually grants allocated to institutions. While a PI is responsible for the overall management, implementation and completion of a research project, the institution is also required to assume the important role of managing the projects and expenditure, overseeing the procurement of goods and services approved under the projects, recruitment and management of project staff and putting in place a due internal monitoring system including financial and accounting controls and safeguards to avoid conflict of interest (including actual, potential and perceived conflict of interest).[1] The principle of economy and cost effectiveness of expenditure shall be observed at all times. Procurement should be conducted in an open, fair and competitive basis[2]. Proper records and documentation of quotations should be kept for audit purposes. Normally, at least two quotations are required for goods and services costing over HK$5,000 and at least five written quotations are required for goods and services costing over HK$50,000. If the lowest offer is not accepted, justifications should be provided and documented. Whenever irregularities have been detected, institutions have the responsibility in rectifying and following up the cases closely. Where the Secretariat's approval and advice is required to be sought, institutions are

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[1] PIs and institutions should make reference to the practices set out in the guidebooks issued by the Independent Commission Against Corruption (ICAC), including (i) "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook", (ii) "Best Practice Checklist – Staff Administration"; and (iii) "Best Practice Checklist – Procurement".

[2] All requirements and specifications of intended procurement should be clearly made known to potential suppliers and contractors. It is essential to uphold the principles of fairness and competitiveness and maintain a level playing field in all procurement/tendering process. All tenderers and suppliers should be treated, and must be seen to be treated, on equal footing.

expected to exercise their judgement to ensure that only fully justifiable cases are recommended to the Secretariat for consideration.

2.2 Institutions shall inform the Secretariat as soon as PIs cease to be eligible to apply, receive or hold a PPRFS/SPPRFS grant, and withdraw the application, or once supported and commenced, recommend to the Secretariat for approval a suitable new PI, if any, to take over the funded project. The Secretariat shall be informed as soon as PIs cease to be employed by or associated with the institution and the subsequent replacement and/or arrangement for completing the project. Moreover, institutions shall report to the Secretariat as soon as possible when a PI proceeds on no-pay leave/professional leave for a continuous or cumulative period exceeding 183 days within the project period.

3. Disbursement Arrangement

3.1 Funding granted under the PPRFS will be released in three tranches. PI and institution are required to sign an undertaking before the advance payment of 50% of the grant is to be released. 30% of the funding granted will be released upon acceptance of the Initial Progress Report[3] by the Secretariat. The remaining balance of 20% of the funding will be released upon acceptance of the final report by the Secretariat.

3.2 For SPPRFS projects lasting 24 months or below, funding will be released in three tranches. 50% of the funding for a project shall be disbursed upon approval of the project and signing of an undertaking. 30% of the funding shall be disbursed upon acceptance of the Deliverable Progress Report to be submitted by the end of half of the project duration. For monitoring purpose, Progress Reports should be submitted by the end of one-fourth and three-fourths of the project period. The remaining balance of 20% of the funding shall be released upon acceptance of the final report.

3.3 For SPPRFS projects lasting over 24 months, funding will be released in four tranches. 40% of the funding for a project shall be disbursed upon approval of the project and signing of an undertaking. 30% and 20% of the funding shall be disbursed upon acceptance of the First and Second Deliverable Progress Reports, to be submitted by the end of one-third and two-thirds of the project duration respectively. For monitoring purpose, Progress Reports should be submitted by the end of one-sixth, half and five-sixths of the project period. The remaining balance of 10% of the funding shall be released upon acceptance of the final report.

3.4 If considered appropriate by the Assessment Panel, the final payment for a PPRFS/SPPRFS project of which the revised final report is considered not completed according to requirements may not be disbursed or disbursed in full.

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[3] Initial Progress Report should be submitted five months after approval of the application.

4. Accounting Arrangement

4.1 Approved Scope

4.1.1   Institutions have the responsibilities to ensure that the PPRFS/SPPRFS grants are used appropriately and reasonably within the approved scope and timeframe. The Secretariat shall not be bound to reimburse expenditure outside the approved scope or not properly incurred. The Secretariat will claw back the released fund on such items and the concerned institutions shall return the corresponding amount to the Government.

(a)   *Research Support Staff*

Under the policy on the prevention of double benefits, PPRFS/SPPRFS grants must **not** be used to remunerate PIs and Co-Investigators (Co-Is), or to subsidise their salaries, including honorarium, in any form, if they are receiving any forms of salary/remuneration/honorarium/allowance by public funds. Furthermore, one-line vote arrangement is not applicable to the salaries, including honorarium, in any form, of PIs or Co-Is. The Secretariat's prior approval should be sought for change of use of funds for such purpose.

Funding support may be provided for the remuneration of research support staff, such as Senior Research Assistants, Research Assistants and Student Helpers, who assist in conducting research work and are remunerated with salary. In case where a research supporting staff is employed for several projects, his/her salary should be apportioned pro rata accordingly. The policy on the prevention of double benefits also applies to the remuneration of research support staff. The underlying principle is to ensure prudent use of public resources.

Applicants who fail to comply with the rules on the prevention of double benefits will be required to refund the Government the benefits overpaid to them with interest.

(b)   *Travel/Conference Grant*

A conference grant, at the maximum amount of HK$20,000 per PPRFS project and HK$20,000 per year for SPPRFS project, may be provided for PIs/Co-I(s) and other research personnel engaged in the approved project to meet travelling and associated reasonable expenses[4] for attending recognised local/international conference(s) to deliver paper(s) related to the project.

(c)   *Relief Teacher*

In cases where there is genuine need, funding for relief teachers may be provided so as to enable the PI concerned to allocate sufficient time for research. Relief teachers engaged for this purpose are meant to relieve the

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[4] An example is that the attendee should travel on economy class, and expensive hotel accommodation should not be allowed.

PIs of their day-to-day teaching loads and administrative burden related to teaching.

Nevertheless, it is the primary responsibility of institutions to make the best use of their resources. Hence, such funding will be provided only exceptionally. PIs have to provide detailed and reasonable justification.

To apply for relief support, institutions will be required to confirm their full support for a PI to seek teaching relief for a duration proposed by the PI and their agreement to release the PI upon the Secretariat's funding approval. However, if the PI also wishes to employ research assistants in addition to seeking relief support, the PI should provide relevant justification in the proposal.

The maximum project number that a PI can hold concurrently with a relief teacher grant is one.

It is not necessary to find a relief teacher with equivalent salary, status and experience as the PI concerned. The relief teacher is also not supposed to take up non-teaching related duties, such as purely administrative work, of the PI.

In this connection, academic staff in the rank of Staff Grade 'G' (i.e. 'Lecturer (U)') as defined by the UGC or equivalent should be competent enough to carry out teaching-related duties for degree courses. As the salary rates for 'Lecturer' vary among the institutions, the institutions are requested to confirm that the salaries for the relief teachers proposed by the PIs do not exceed the salary of Staff Grade 'G'. If the applicant or the institution intends to employ a relief teacher with salary higher than that for 'Lecturer (U)', strong and detailed justification must be provided for consideration. Nevertheless, institutions could recruit visiting faculty members to take up the teaching duties and top-up the higher salary using their own funds.

PIs are required to state the current average teaching load. Institutions are requested to confirm that a PI's declared teaching load has been verified.

During the time-off, PIs may conduct research and writing. They should work full-time on the proposed research and should not accept any teaching assignment (invited seminars and public lectures excluded) or undertake other major duties. The research may be performed in or out of Hong Kong as justified by the nature and scope of the research (e.g. location of archives or subject populations).

The duration of employment of relief teachers should normally range from six for a project under 12 months; to a maximum of half of the project duration for a project over 12 months. Upon receipt of this grant, the PI should ensure that teaching duties are covered by a relief teacher during the time-off approved by the institutions. Failing that, the funding award may be withdrawn.

(d)   *Overhead Expenses*

PPRFS/SPPRFS grants could be used for covering the overhead expenses relating to a project at a rate up to 15% of the grant.

(e)   *Audit Fee*

PPRFS/SPPRFS grants could be used for covering the audit fee for a project, which should not exceed HK$5,000 for projects lasting less than 36 months and HK$15,000 for projects lasting 36 months or more.

4.2   Use of Funding and Budgeting

4.2.1   PPRFS/SPPRFS grants must **not** be used for the procurement of equipment (other than stationery, printing, reference books, etc. that are **not** regarded as equipment). Funding may be used to purchase specialised software licenses (e.g. data analysis software like NVivo), but **not** general software licenses (e.g. Microsoft Windows & Office).

4.2.2   Funding requests for the provision of transportation and accommodation for general participants of dissemination events, meals, travel insurance, editing, proofreading and translation of reports/publications and dissemination in journals will **not** be entertained.

4.2.3   A project grant is, unless otherwise stated[5], a one-line vote without further division into sub-allocations. Under the one-line vote arrangement, virement between approved budget items within the same project does not require the Secretariat's approval. If a PI wishes to spend the money on an item that is not covered by the approved budget, he/she has to seek the approval from the Secretariat on this new item. The Secretariat shall not be bound to reimburse expenditure not covered by the approved budget or in excess of the maximum as specified by the Secretariat, if any. Virement between projects are not allowed.

4.2.4   In case an approved project budget is substantially lower than the amount requested or the approved project duration is shorter than the proposed duration and the PI does not decline the grant, the PI is required to submit the revised budget and the revised objectives or work programme if deemed necessary by the Secretariat for consideration. Comments by the Secretariat on the revisions will be provided to the PI as soon as practicable. In any event, a PI should only accept a grant when he is satisfied that the funding approved by the Government plus other resources available or the approved project duration will be sufficient for the completion of the project. For on-going projects, requests for revision of project objectives should be submitted to the Secretariat for consideration and prior approval (see section 5.2.1 (c)).

4.3   Termination/Completion of Projects

4.3.1   The following accounting rules should be observed in handling project termination:

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[5] For example, virement among approved items under one-line vote arrangement is not applicable to items with funding ceiling such as travel/conference grant and audit fees.

(a) The project account should be frozen immediately upon termination of the project concerned. Once the project account is frozen, both the PI and the institution are obliged to cease immediately committing or incurring new expenditure under the account except for committed and uncancellable normal expenditure before the project termination date. But such expenses must be solely and directly related to the project in question and have been committed before the project account is frozen;

(b) Should a request for change of PI be eventually rejected and the date of termination takes retrospective effect from the commencement of PI's departure or original project completion date, the institution is required to return the expenses incurred by the project starting from the retrospective termination date;

(c) Institution is required to return the unspent balance (and expenses incurred since the retrospective termination date if applicable) to the Government and submit a Concluding Report accompanied by an auditor's report[6] to the Secretariat within three months of termination; and

(d) Such termination may be taken into account as part of the PI's track record in assessment of future PPRFS/SPPRFS applications.

4.3.2   The project account in respect of a completed project should be frozen immediately after the project completion date, and any request for additional expenses incurred after that date to the unspent balance of the project will not be entertained. Institutions are given the discretion to allow charging certain expenses shortly after the project completion date to the unspent project balance in justified circumstances. This is however an exception rather than the rule. Before exercising such discretions, institutions must satisfy themselves that the expenses are strictly necessary for dissemination of research results (e.g. attendance at important international conferences and essential publication work). In any case, usage of unspent balance beyond the project completion date is strictly prohibited.

4.3.3   It is the onus of institutions to verify any claim of expenses incurred while the account is frozen and to satisfy themselves that due efforts have been made to ascertain whether to pay the expenses incurred after the project account has been frozen. For audit purpose and in order to ensure accountability, institutions and the PI are required to provide an itemized report of such expenses, together with corresponding justification, in the relevant auditor's report of the projects.

4.3.4   Upon completion of a project, the institution is required to return the unspent balance together with the Completion Report accompanied by an auditor's report, with a 'statement of accounts' showing the expenditure items as stated in the application form, in which funding from other sources should be excluded (a sample is available at

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[6] The auditor's report should be prepared by an independent Certified Public Accountant or a Public Accountant registered under the Professional Accountants Ordinance (Cap. 50) declaring that all expenses incurred fall within the approved scope and complied with the Guidance Notes, these Guidelines on Disbursement, Accounting and Monitoring Arrangements for the PPRFS and SPPRFS, and any terms and conditions specified by the Secretariat and/or the Government.

the schemes' webpage), to the Secretariat within six months of the project completion date.

5.   Compliance with Approved Work Plan and Changes to Approved Project Details

5.1   General Principles

5.1.1   PIs shall carry out approved projects in accordance with the approved work plan (or the revised work plan as subsequently approved by the Secretariat), implementation date and period, the Guidance Notes for PPRFS and SPPRFS, these Guidelines, and terms and conditions specified by the Secretariat and/or the Government.

5.1.2   Where the proposed changes to approved project details are initiated by the PI, the institution should consider them internally before forwarding its recommendation, with any additional information, to the Secretariat for consideration. Both the PI and the institutions have the responsibility to file the applications for the Secretariat's approval in good time and well in advance of the effective date of proposed changes. To allow reasonable time for the Secretariat to process the proposed changes, such applications should preferably be submitted at least one month, or as soon as possible under exceptional circumstances, before the intended date for effecting the change. If the Secretariat's approval is still pending by the original project completion date (for project extension) or by the time the PI has become ineligible to hold the grant (for change of PI), the project account should be frozen immediately until approval is granted.

5.2   Major Changes

5.2.1   All major changes to approved projects require the Secretariat's prior written approval, including but not limited to the following areas -

(a)   *Change of PI*

Form for application for change of PI should be submitted to the Secretariat for consideration well in advance of the proposed effective date with full justifications and details.

(b)   *Project Extension*

Timely completion of projects and submission of reports are important and reflects on the diligence and ability of the PI in managing a project. If an extension of the submission deadline is required, prior approval should be obtained from the Secretariat. An extension of three months of the deadline for final report may be granted in justifiable cases. Further extension may be granted only under exceptional circumstances and with strong justifications.

(c)   *Revision of Project Objectives*

Research projects are selected on the basis of, among other things, the objectives stated in the original proposals. The PI should not alter the project objectives without obtaining the prior approval of the Secretariat. In case revision of project objectives is warranted, the PI should seek formal approval through their institutions. The institutions should exercise their judgement, recommend the justifiable cases and confirm the new project commitments, if any, to the Secretariat for consideration.

(d)   *Changes in Research Activities, Methodology, Sample Size and Public Dissemination Activities*

Request for change in research activities, methodology, sample size and public dissemination activities should be submitted to the Secretariat in advance for consideration with justifications, including possible impacts arising from the change, if any.

(e)   *Change of Approved Budget*

As stated in section 4.2.3, if a PI wishes to spend the money on an item that is not covered by the approved budget, including but not limited to changing the rank and/or number of research support staff to be funded by PPRFS and SPPRFS grants, he/she has to seek the approval from the Secretariat on this new item. The research and dissemination plan, unless otherwise approved by the Secretariat, shall remain the same after the approved budget is changed.

(f)   *Transfer of Project to Another Institution*

When the PI takes up an appointment at another institution before the completion of a funded project, the Secretariat may approve the transfer of the balance of the allocation for the project to the receiving institution , after consultation with the institutions concerned[7]. The current institution should report any changes in the appointment status of the PI to the Secretariat. The Secretariat's prior approval is needed to effect the transfer of projects.

5.3   *Consequences of Non-Compliance*

5.3.1   If projects are not carried out in accordance with the approved work plan (or the revised work plan as subsequently approved by the Secretariat), implementation date and period, the Guidance Notes for PPRFS and SPPRFS, these Guidelines and terms and conditions specified by the Secretariat and/or the Government, if the PI fails to seek the Secretariat's prior written approval for any major changes, if the PI is found to have committed research misconduct, or if any of the research activities or deliverables may constitute a breach of any laws applicable to Hong Kong from time to time, the Secretariat reserves the right to withhold the release of the approved fund, deduct the amount of grant, revoke the funding approval, terminate with retrospective effect from the date of PI's departure (for change of PI) or the original project

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[7] Provided that the receiving institution fully meets the eligibility requirements.

completion date (for project extension), claw back the released fund, remove the project from the list of granted projects and take other actions as appropriate. In such a case, the institution concerned shall return the overpaid amount, if any, to the Government.

5.3.2   The above cases may also be brought to the Assessment Panel for consideration whether the non-compliance should be taken into account as part of the PI's track record in assessment of future applications; whether the PI should be debarred from making applications under PPRFS and SPPRFS for up to five years; and/or whether a financial penalty should be imposed.

6.   Monitoring Arrangement

6.1   The project account of an on-going project should be frozen if any Initial Progress Report, Mid-term Progress Report[8], Progress Report[9] or Deliverable Progress Report[10] is overdue. In this regard, institutions should undertake thorough checking on the submission of reports to the Secretariat, take immediate action to freeze the accounts of projects which have overdue progress reports and notify the Secretariat of the action taken.

6.2   If reports remain overdue without sound justifications or are not submitted in accordance with the required format and/or contain insufficient information, if PIs fail to revise and resubmit if required by the specified deadline, if the progress of the project is unsatisfactory or major irregularities are identified, the Secretariat will consider taking follow-up actions as appropriate, including but not limited to withholding payments, recovering disbursed payment, terminating the projects and recording them as not completed according to requirements and taking such record into account when considering new applications from the PI. The Secretariat and/or the Government may seek legal remedy in case of unreasonable delay in the return of any unspent balance from the institution.

6.3   The Government shall have no responsibility, financial or otherwise, for expenditure or other liabilities arising from the research projects it supports, beyond the PPRFS/SPPRFS funding allocated for those projects.

6.4   As public policy research has explicit implications on policy development and formulation in Hong Kong, it is expected that some results of the research should be made available for access by the public before the submission of final report. PIs may plan for release of some results for access by the public in the course of the

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[8] For PPRFS project with duration longer than one year, the PI has to submit a Mid-term Progress Report on/before the date commencing the second half of the project.

[9] For SPPRFS project with duration lasting 24 months or below, progress reports are to be submitted by the end of one-fourth and three-fourths of the project period respectively. For SPPRFS project with duration lasting over 24 months, progress reports are to be submitted by the end of one-sixth, half and five-sixths of the project period respectively.

[10] For SPPRFS project with duration lasting 24 months or below, deliverable progress report is to be submitted by the end of half of the project period. For SPPRFS project with duration lasting over 24 months, deliverable progress reports are to be submitted by the end of one-third and two-thirds of the project period respectively.

projects. To encourage timely dissemination of research results for the reference of the Government, PIs are encouraged to pass to the Secretariat a copy of any disseminable output (e.g. policy brief, working paper, report, journal paper, conference paper, books, etc.) as soon as it is available. The Secretariat may circulate outputs to relevant Government bureaux and departments/statutory bodies/other organisations/parties for reference.

6.5   Ongoing projects will be monitored by the Secretariat. All completed projects will be reviewed by the Assessment Panel, which will assess the effectiveness of the project by comparing the project results against its original objectives and targets as set out in the project proposal. Relevant Government bureaux/departments' comments may also be sought.

6.6   PIs have to submit a final report (in softcopy and in both word and pdf formats) by the project completion date and two colour-printed and bound hard copies of the final report upon notification of the Secretariat. The final report should demonstrate the effectiveness of the project by comparing the project results against its original objectives and targets as set out in the project proposal. All approved substantial changes to the original research plan and the justifications for the changes should also be stated in the final report. As a standard practice, the final report should include (i) title of project, (ii) executive summary containing an abstract of research and a layman summary on policy implications and recommendations ((i) and (ii) in both English and Chinese languages), and (iii) main body including introduction, objectives of the study, research methodology, research results/findings, policy implications and recommendations, limitations, details of dissemination and conclusion. PIs also have to submit a Completion Report with any quantitative empirical data generated from the research accompanied by an auditor's report within six months after the project completion date to the Secretariat for record and assessment purpose. Quantitative empirical data should be submitted in word/excel, pdf and machine readable such as comma-separated values (CSV) formats. Any personal data therein should be erased to avoid disclosure of individuals' identities[11].

6.7   Generally speaking, final reports which are rated "satisfactory" by the Assessment Panel will be uploaded onto the schemes' webpage for public reference. For reports which are considered not completed according to requirements, the relevant PIs will be required to revise and re-submit the final reports within two months for the Assessment Panel's re-consideration. If a revised final report is rated "satisfactory", it will be uploaded onto the schemes' webpage. However, if a revised final report remains not completed according to requirements, neither the report nor its abstract will be uploaded onto the schemes' webpage. Instead, a remark stating that "the Assessment Panel decided that this report has not been completed according to requirements" would appear next to the relevant project title on the schemes' webpage. The relevant case will be brought to the attention of the head of the institution concerned. The Assessment Panel will take into account the PI's record of not completing a final report according to requirements when considering future applications from the PI. The Assessment Panel may also decide to debar the PI from

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[11] Data that contain any personal information or any information that may lead to the identification of a person either directly, or by aggregation, rearrangement and matching should not be released to the public. Please refer to the information as published by the Office of the Privacy Commissioner for Personal Data on the details (https://www.pcpd.org.hk/index.html).

applying for funding for up to three years if so warranted. If considered appropriate by the Assessment Panel, the final payment for such projects may not be disbursed or disbursed in full as an additional penalty.

6.8   Five years after completion of the research project, the quantitative empirical data generated from the research would be uploaded onto the schemes' webpage for data archiving. Users of the data sets archived will be required to acknowledge the research team and the Government. Such sharing of project data among the public policy community would facilitate the development of evidence-based public policy research in Hong Kong. Empirical datasets provided in machine readable format will also be uploaded onto the Open Data Portal[12] five years after completion of the research project.

7.   Acknowledgement

7.1   A suitable acknowledgement of the funding from the schemes by the Government should be included in any publication/publicity arising from the work done on a research project funded in whole or in part by the schemes. Please use the following template for the acknowledgement:

(a)   (Full version) This research project (Project Number: 20XX.XX.XXX.XXX) is funded by the Public Policy Research Funding Scheme / Strategic Public Policy Research Funding Scheme of The Government of the Hong Kong Special Administrative Region.

or

(b)   (Short-form for non-academic publication) This research project is funded by the Public Policy Research Funding Scheme / Strategic Public Policy Research Funding Scheme of The Government of the HKSAR.

PPRFS&SPPRFS Secretariat
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[12] The Government has launched the Open Data Portal (https://www.data.gov.hk) which aims for bureaux and departments and public/private organisations to disseminate various types of open data in machine-readable formats for free commercial and non-commercial use. The Open Data Portal facilitates wider dissemination and re-use of open data which is highly conducive to Hong Kong's development as a knowledge-based economy.