

GUIDELINES ON USE OF GRANTS AND REIMBURSEMENT

1. Use of Grant

1.1 Cost-effective

Funds must be expended prudently within the ambit of the approved project and in the most cost-effective manner to achieve the specified objective(s).

1.2 Compliance with the Approved Budget

Recipient organization (the Organization) should comply with the Approved Budget approved by the Foundation as appended to the Foundation Approval Letter. Items not stated in the Approved Budget will not be reimbursed. Normally virement of not more than 10% between each expenditure item is permitted. Beyond 10% virement between each expenditure item, the Organization has to seek prior approval from the Foundation. However depending on individual circumstances, no virement on some particular expenditure items may be required; and grantees will be informed at the time of grant approval for these particular items. If there is a genuine need to make variations, prior approval from the Foundation must be obtained.

1.3 Within approval

The Foundation will not be responsible for any financial outlay beyond the ambit of the approved project, nor will it reimburse project expenses incurred before and after the date of the Approved Project Period unless prior approval has been granted.

1.4 Unspent balance

The Organization shall be reimbursed the approved amount of grant or the actual cost expended within the scope of the project, whichever is lower. If donation has been released to the Organization in advance, any unspent balance must be returned to the Foundation within 2 months upon completion of the project.

- 1.5 Supplementary funding
The Foundation will not consider any request for supplementary funding. It is the sole responsibility of the Organization to top-up any remaining balance (when only part of the project cost is supported by the Foundation) or extra cost to ensure completion of the project without significant impediment in scale and in scope.

2. Project Implementation

- 2.1 Variations in the Approved Terms of the Project
- 2.1.1 The Organization should inform the Foundation immediately in the event of any failure / anticipated failure to comply with the planned schedule and/or the approved plan. The Organization should give justifications in writing for the slippage and provide supporting document. A revised commencement / completion schedule and/or Project Plan should also be forwarded to the Foundation for approval.
- 2.1.2 The Organization should strictly comply with all the approved terms of the project as stated in and appended to the Approval Letter. In case of any variations the Organization must solicit the prior approval of the Foundation in the form of written request (even when there is no cost implication).
- 2.1.3 In particular when the variation concerns a major change in the Project, a revised Project Plan (and budget if necessary) must be submitted for the Foundation's approval before the variations take place or are put into operation. Such changes may be related to objectives, scope, geographical location, target beneficiaries, period of implementation, planned activities, personnel, project budget, outputs, outcomes, allocation of expenses (even within approved project budget), etc.. The Foundation will not be responsible for any expenses which are not in compliance with our policy or the Approved Terms of the Project.
- 2.2 Conditions of Virement in Expenses
The Organization is responsible for any financial outlay beyond the ambit of the approved project. Normally virement of not more than 10% between each expenditure item is

permitted. Beyond 10% variation between each expenditure item, the Organization has to seek prior approval from the Foundation. However depending on individual circumstances, no variation on some particular expenditure items may be required; and grantees will be informed at the time of grant approval for these particular items. If there is a genuine or essential need to make variations, prior approval from the Foundation must be obtained.

2.3 Not produced for sale

Materials produced with the Foundation funding, including audio / visual productions and publications or any electronic materials / products / media, should not be reproduced for sale without the prior written approval of the Foundation.

2.4 Expenses recognized at economy class rates

As a general principle, travelling expenses, refreshments, meals, accommodation, and other expenses are recognized only at economy rates. Grantees are required to spend the grants with a responsible and sensible attitude and not in an extravagant or luxurious manner. The limit of hotel expense (if applicable) per day per head will be stated on the Approved Project Budget that is attached to the Approval Letter sent to the concerned grantee at the time of approval.

2.5 Per Diem expense

2.5.1 For “per diem per day” item, it is assessed according to actual expense per day within the approved amount. Any unused portion of per diem should not be claimed.

2.5.2 The Project-in-charge and the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Project-in-charge have the responsibility to remind their staff in writing that they should spend the money sensibly and responsibly. A copy of this reminder should be sent to the Foundation. Economy rates should always be considered as a reference line for all expenses. The cost of any luxury items for any purpose, especially leisure purposes, should not be expended, nor should they be claimed or charged to the Foundation or its account. The Foundation will not accept any liability or reimburse the Organization for any expenditure of

this nature.

2.5.3 On exceptional or rare occasions, the waiving of the requirement of producing receipts for per diem expenses is set on a trust basis which assumes integrity on all sides. If and when it would be observed in future that the use of the funds is abused, this trust basis will not be observed going forward and the requirement of producing receipts for per diem expenses would be strictly restored and implemented. Organizations should obtain prior written confirmation from the Foundation before the project starts whether the requirement of producing receipts for per diem expenses will be waived in their case.

2.6 Legal compliance

The Organization is responsible to ensure that the project is carried out in full compliance with the statutory requirements prevailing from time to time. Audio-visual materials funded by the Foundation should not contain anything that infringes intellectual property rights or any rights of portrait, privacy, secrecy or publicity. The Organization is responsible for ensuring that there is no such infringement. Prior approval from the copyright owner should be sought if the Organization intends to use materials created by others. The Foundation will not be responsible for any claim against infringement or violation of any laws / regulations, or infringement of any intellectual property rights.

2.7 Inventory record

The Organization is required to keep an inventory of and a record of all equipment acquired with the Foundation's grant and ensure that the equipment is properly maintained and kept in good repair, useable and serviceable order.

2.8 Co-sponsor

If the Organization intends to accept sponsorship for the project from any organization other than the Foundation, a prior written request for such consent must be raised to and lodged with the Foundation. If the Foundation considers it inappropriate to co-sponsor the project with that organization, the Foundation may withdraw its own grant and demand immediate return of any payment already disbursed.

2.9 Naming after a sponsor
Prior written approval of the Foundation is required if the Organization wishes to name a project after a sponsor.

2.10 Exchange rate
Where applicable, the calculation of any currency or foreign exchange rate concerning invoices/receipts is based on the reference information cited by the Foundation. The Foundation's usual practice is to take the rate of the last working day of a month from the reference source. This practice will apply to all types of invoices/receipts including credit card receipt. On the other hand, at time of approval of grant, the reference date of exchange rate will be confirmed to the Organization on an individual basis.

3. Quotation and Tender Requirements

3.1 Requirements
The Organization should ensure that the purchase of goods and services in relation to the approved Project Plan be made on a competitive basis by obtaining quotations / tenders from a number of suppliers / contractors as stipulated in the following tables : -

Value of a single procurement / contract (HK\$)		Quotation / tender requirement
i.	Not exceeding \$5,000	Not required
ii.	\$5,000 - \$20,000	At least two quotations (verbal or written)
iii.	Exceeding \$20,000 but not over \$50,000	Written quotations or tenders from at least two contractors or suppliers
iv.	\$50,000 - \$1,000,000	Written quotations or tenders from at least three contractors or suppliers
v.	Works project (including renovation and	Exceeding \$1,000,000 Tendering exercise must be conducted, inviting at least three bidders (open / restricted). The Organization should have a

	<i>fitting-out project)</i>		sound policy on tendering. Tender documents should contain full specifications and detailed requirements. A tender report with clear authorization should be submitted to the Foundation for approval before release of grant.
	Services or Procurement	Exceeding \$1,000,000	

3.2 Strict compliance

The quotation / tender limits must be interpreted strictly and the Organization should not evade the limits by separating contracts or dividing procurement requirements into installments. The Organization must ensure that the above quotation / tender requirements have been complied with and should so certify on the claim(s) submitted to the Foundation (See para. 4.3).

3.3 Lowest quotation / tender

The lowest quotation / tender which is in full compliance with the specifications should normally be accepted. However, the Organization may with good reason and the prior written consent from the Foundation, invite / accept quotation from less than the prescribed number of bidders or not accepting the lowest conforming tender. A Memorandum containing explanations or reasons for inviting / accepting quotations from less than the prescribed number of bidders or not accepting the lowest conforming tender together with substantiating documentary proof should be forwarded to the Foundation for approval.

3.4 Proper record

The Organization should keep proper Tender Reports / Quotation Records and records of all tender and quotation documents. The Tender Report and/or Quotation Record should be attached to the Intermediate Report or Final Report; and all other records should be submitted to the Foundation for inspection upon request. Quotation Records should summarize the quotations obtained (the price, the company name, contact person and contact number must be included in the Record).

3.5 Conflict of interest

The Organization should ensure that its staff / members are aware of situations where conflicts of interest may arise and should have policies or procedures in place for avoiding, notifying, or reporting interests or conflicts of interest in the contracts, bids, tenders made or raised by the Organization. Reporting requirements should be in place for declaration of interest in case a staff or a member of the Organization has any real or perceived conflict of interest while implementing the approved project. Conflict of interest situations may lead to criminal sanctions under the Prevention of Bribery Ordinance (Chapter 201) or other relevant ordinances in Hong Kong, the Foundation expressly reserves the right to terminate / withdraw the grant and to demand an immediate return of any payment already disbursed to the Organization should any irregularities or criminal elements were discovered.

3.6 Proper approving authorities

The Organization should ensure that segregation of duties is properly adopted in the purchase of goods, equipment and the procurement of services. A responsible person at an appropriate level within the Organization should be designated as the approving officer. The approving officer should be different from the person who is responsible for calling the quotations / tenders and doing the purchase.

4. Disbursement/ Reimbursement of Grants and Reporting

4.1 Payment method

The Organization may be offered to receive the grant by reimbursement or advance payment. In general, advance payment (in total sum or by installments) will be considered for small organizations or in circumstances when the organization demonstrates a difficulty in cash flow or due to other justified reasons. The payment method will be stated on the Funding Agreement signed between the Organization and the Foundation at the time of approval.

4.2 Reimbursement

Request for reimbursement should be lodged with an Intermediate Report or a Final Report or in the manner as stated in the Funding Agreement between the Organization and

the Foundation. Failure to do so may result in the approved grant being reverted to or being withdrawn by the Foundation without further notice.

4.3 Intermediate Report or Final Report

4.3.1 Submission Schedule

An Intermediate Report or Final Report should be submitted in the cases of both reimbursement or advance payment. The general schedule of submission is shown below but the schedule may vary on individual cases and the Organization should observe and comply with the terms stated on the Funding Agreement signed between the Organization and the Foundation.

Type of Report	Applicable to	Submission Schedule
i. Intermediate Report	Project period More than 1 year	Every six month; or as required and stated in the Funding Agreement
ii. Final Report	Project period of whatever duration	Within 2 months after the approved completion date

4.3.2 Documents of Intermediate Report or Final Report

An Intermediate Report or Final Report should include the following documents:

- i. Project Evaluation Report
(according to the Foundation's required format)
- ii. Interim / Overall Income & Expenditure Statement
(I/E Statement)
(according to the Foundation's required format)
- iii. Original invoices/receipts
(see para. 4.4.1 to 4.4.9 for details on the required format of certification)
- iv. Quotation Record
- v. Tender Report

4.4 Original invoices/receipts

4.4.1 The Organization should submit original invoices/receipts to the Foundation, which will be returned to the Organization after checking.

4.4.2 A statement with two original signatures including (i) and any one of (ii) specified below is to be attached to the submission of original invoices/receipts declaring that all the invoices/receipts have been checked against those points stated in the paragraph 4.4.3 below.

- i. the Project-in-charge; and
- ii. the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Project-in-charge.

Beside each signature, the corresponding name & title, and date signed should also be shown on this statement.

4.4.3 The Project-in-charge and the signing persons should carefully examine the invoices/receipts and ensure the following points before submitting them to the Foundation :

- i. The invoices/receipts have been checked correct and no previous claim in respect of the grant has been made;
- ii. The quotation / tender requirements have been duly observed;
- iii. The goods / services purchased have been received in good order and conditions; and are considered necessary for the project.

(This paragraph constitutes the content of the “Statement” mentioned in para. 4.4.2.)

4.4.4 Any alteration to an invoice/receipt (i.e. amount, description, name, date, name of allowance recipient, etc.) should be countersigned by the Project-in-charge and the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Project-in-charge.

- 4.4.5 If the wording(s) or figure(s) on an invoice/receipt has faded out, supplementary description and/or figures should be added, and next to the invoice/receipt should be countersigned by the Project-in-charge and the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Project-in-charge.
- 4.4.6 All invoices/receipts are to be properly fixed on A-4 sized paper for easy record (recycled paper can be used).
- 4.4.7 For payment to services provided by an individual who may not have an official receipt (i.e. allowance for volunteer helpers / instructors / trainers), an acknowledgement of his/her receipt of the payment showing his/her full name, post title and signature is required. The Organization may record the receipts in a table form if a number of individuals are involved. Such acknowledgements should be certified by the two signatures as specified in the above para. 4.4.2.
- 4.4.8 Regarding salary payment, the payment statement verified by the Administration / Accounting Manager of the grantee is required. In case of doubt, the Foundation will require the staff receiving the salary payment to sign and acknowledge the payment.
- 4.4.9 Where applicable, the calculation of exchange rate concerning invoices/receipts is based on the reference information cited by the Foundation. The Foundation's usual practice is to take the rate of the last working day of a month from the reference source. This practice will apply to all types of receipts including credit card receipt.
- 4.5 Preparation of Interim / Overall Income and Expenditure Statement (I/E Statement)
- 4.5.1 Organizations should follow the format of I/E Statement provided by the Foundation.
- 4.5.2 Terminologies of expense items and/or categories in an I/E Statement should be identical with those on the Approved Budget (which is attached to the Approved Letter).

- 4.5.3 All expenses (and hence invoices/receipts) can be grouped into categories according to those stated on the Approved Budget. For invoices/receipts under each category, a separate summary sheet to list out the index no. (assigned by the Organization) and amount of each invoice/receipt is required as a supplementary to the I/E Statement.

5. Acknowledgement

- 5.1 The Organization should give appropriate acknowledgement to the Foundation and show the Foundation's name, logo and standard acknowledgement statement on all the publicity or published materials, electronic media, and also backdrops of ceremonies or activities associated with the project. A copy of each publicity or published material should immediately be sent to the Foundation for record.
- 5.2 The Foundation's logo appears as below and the file would be provided to the Organization when needed.



傅德蔭基金有限公司
Fu Tak Iam Foundation Limited

- 5.3 The standard statement of acknowledgement is shown as follows:

Acknowledgement

We are grateful to the **Fu Tak Iam Foundation Limited** for their sponsorship of the (name of Project)

鳴謝

本會非常感謝傅德蔭基金有限公司對(專案名稱)的贊助。

- 5.4 The Organization should ensure that the Foundation's name and logo are correctly printed in any occasion of acknowledgement.
- 5.5 For vehicles purchased with the Foundation grant, the Organization is required to paint an acknowledgement and logo on both sides of the vehicles. The design and wordings should

be submitted to the Foundation for prior approval.

- 5.6 For equipment purchased with the Foundation donation, the Organization is required to affix a permanent acknowledgement in a prominent position on the equipment.
- 5.7 For buildings fitted out / renovated / constructed with the Foundation grant of HK\$200,000 or above, the Organization is required to install a commemorative plaque of a reasonable size in a prominent place within the premises of the project. The design and wordings on the plaque should be submitted to the Foundation for prior approval.
- 5.8 Expenses incurred in providing the necessary acknowledgement should be borne by the Organization.