

# Lotteries Fund Manual

**January 2010**

**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

- 1.1.1 The Lotteries Fund (LF) was established on 30 June 1965 by Resolution of the Legislative Council for the purpose of financing social welfare services by grants, loans and advance. The Fund is mainly funded from the proceeds of the Mark Six Lottery.
  - 1.1.2 Grants from the Fund are normally used to meet non-recurrent commitments for constructions, fitting-out, renovations, purchase of furniture and equipment (F&E) for premises occupied by Non-Governmental Organisations (NGOs) providing welfare services. With expansion in welfare facilities over the years, the LF is also used to finance routine non-recurrent requirements of the NGOs in running welfare services subvented by the Social Welfare Department (SWD), such as routine repairs and maintenance works.
  - 1.1.3 Grants from the Fund may also be used for meeting staff and operating expenses on a well-defined project basis provided the project concerned is of limited duration and is experimental or innovative in nature. Such projects should not have a duration exceeding four years. LF grants for this purpose will not commit the Government to provide any continuous recurrent funding for the project.
  - 1.1.4 Under powers delegated from the Financial Secretary, the Director of Social Welfare (DSW) may approve grants for minor fitting-out works, renovation and purchase of F&E costing between \$10,000 and \$400,000. The Director may also, subject to the advice of the Lotteries Fund Advisory Committee (LFAC), approve grants up to the limit of \$4 million each. The approval of the Secretary for Financial Services and the Treasury is
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required for commitments above that ceiling. In cases where the LF grant, normally that for major capital works, carries a likely recurrent expenditure implication for the Government in excess of \$10 million per year, the approval of Finance Committee of the Legislative Council has to be sought under an established convention.

- 1.1.5 A NGO is eligible to apply for a grant from the Lotteries Fund for the above purposes if it is recognized by SWD, the Department of Health or the Education Bureau as a bona-fide non-profit-making organisation providing a valuable service to the community.

**1.2 The Lotteries Fund Manual (the Manual)**

- 1.2.1 This Manual regulates matters relating to the use of the LF and guides the 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. LF grants approved **before end August 2001** will continue to be regulated by the Guide to Lotteries Fund Procedures (including supplementary guidance issued from time to time) or specified conditions prescribed in the approval of the grant as appropriate.
- 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 Specifically, the Chapters in this Manual cover –

<b>Chapter</b>	<b>Contents</b>
1	<u>Introduction</u>  The general ambit of the LF as well as the structure of the Manual.

<b>Chapter</b>	<b>Contents</b>
2	<p><u>Experimental Projects of Limited Duration</u></p> <p>The process and time-frame for applications for experimental projects of limited duration. It also covers arrangements for the annual bidding exercise and ad-hoc applications.</p>
3	<p><u>Fitting-out and F&amp;E for new or reprovisioned premises</u></p> <p>The use and control of the lump sum grants provided for fitting-out, furnishing and equipping new or reprovisioned premises.</p>
4	<p><u>Block Grant for the replenishment of F&amp;E and minor works for existing premises providing subvented welfare services</u></p> <p>The process and time-frame for the annual bidding of a block grant for meeting routine non-recurrent requirements arising from the running of SWD-subvented services, as well as the related payment and financial reporting requirements.</p>
5	<p><u>Major and other grants</u></p> <p>The application, payment and control procedures for construction, major renovation and projects not covered in the previous Chapters are included here.</p>
6	<p><u>Procurement and stores management</u></p> <p>The procurement and stores management rules for all LF-financed projects.</p>

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**Chapter****Contents**7      Other Issues

Annual Estimates of cash requirements for approved projects; the acknowledgement requirements; naming of a project after a donor; and the special arrangements in relation to Lump Sum Grant.

- 1.2.4 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 familiarize themselves with the background and requirements in Chapters 1, 6 and 7.

**1.3 General Reminder**

- 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.
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## **Chapter 2**

### **Experimental Projects of Limited Duration**

#### **2.1 Annual Determination of Themes**

2.1.1 In November of each year (after the Chief Executive's Policy Address), SWD will, after consulting the Social Welfare Advisory Committee (SWAC), make a submission to the LFAC comprising–

- (a) a set of proposed themes for the coming financial year 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 indicative global 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 prioritization of such proposals from NGOs.

#### **2.2 Invitation and Assessment**

2.2.1 Upon the endorsement of LFAC, SWD will advise NGOs of the selected themes and invite applications for projects to commence within the coming financial year. Where necessary, SWD may arrange briefing sessions to elaborate on or explain the respective themes for the prospective applicants. Given the limited resources and selected themes for one year will be superseded by other priority themes in another year, NGOs interested to pioneer an experimental project on a particular theme should seek to file an early application.

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- 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 then consult LFAC on the proposals with the Department's comments and recommendations. Applicant NGOs may be invited to attend before 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. Applicants 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 cost which should be kept to the minimum, etc. Since these projects are experimental in nature, applicants are also required to include means for evaluation and targets for performance measurement in their proposals.

### **2.3 Monitoring and Payment**

- 2.3.1 Upon approval of the application, SWD will notify the NGO the terms or conditions relating to the grant and amongst others, a contact person from the Service Branch concerned for liaison with the NGO on that particular project.
- 2.3.2 The successful NGOs should then 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. They should follow Chapter 6 on the procurement and stores management issues. They have to ensure that staff with the appropriate qualification (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 and LF or SWD would not accept any liabilities arising from the project. Payment of approved grants from the LF can be made by the Treasury direct to the NGO's bank account if the NGO has completed the necessary authorization. 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 is not fully financed by the LF, the NGO should normally use up its contribution before calling on the allocation from the LF.
- 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.
- 2.3.5 The grant would be disbursed in accordance with the pre-set payment schedule. Where no payment schedule has been pre-set, the grant will be disbursed by SWD's Finance Branch quarterly after the NGO has informed SWD the actual date of commencement of the project. A percentage of the grant (normally 5%) will normally be withheld at the final payment until satisfactory completion of the project and submission of the outstanding documents.
- 2.3.6 After completion of the project or at the end of each financial year during the project period, the NGO will be required to submit annual audited income and expenditure statement of the project to SWD not later than four months following the end of the financial year of the NGO. The recommended format of the income and expenditure statement is shown at Annex 2.1. The auditor should certify that he has examined the income and expenditure received and incurred by the NGO for the LF projects and in accordance with the Lotteries Fund Manual and
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other instructions issued by SWD. The auditor must be a Certified Public Accountant / Public Accountant whose name appears on the gazetted list of Certified Public Accountants / Public Accountants.

- 2.3.7 Any **surplus** (including interest) of the grant paid over the recognized total expenditure of the project (e.g. excess in rent or rates requirements) will be clawed back by SWD and returned to the LF. But any **deficit** exceeding the grant will be borne by the NGO.
- 2.3.8 The books of account of 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 the longer. These books and records should, at all reasonable times, be available for inspection by any authorized staff of SWD and the Audit Commission.
- 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, whether it has achieved its original objectives, and its cost-effectiveness. The details of the resources employed with particular regard to the manpower structure for the delivery of service should be included. Staff of SWD and Members of LFAC may visit the NGO to see how the project is being implemented 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 paragraphs 5.6.1 – 5.6.8.
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## **2.5 Other Projects of Limited Duration**

2.5.1 Experimental projects not related to the laid down themes for that particular year may also be submitted for consideration at any time of the year, although it should be noted that funds for this purpose are clearly limited. NGOs are advised to consult the respective Service Branch (or where the proposal is a district-based one, the respective DSWO) prior to the submission of the detailed proposals to avoid abortive work. The procedures of paragraphs 2.2.2 to 2.4.1 above will then apply.

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## Chapter 3

### Fitting-out and Furniture and Equipment for New or Requisitioned Premises

#### 3.1 Preamble

- 3.1.1 Two lump sum grants respectively for the fitting out works and procurement of F&E may be allocated to the selected operators to fit out and furnish new or requisitioned service units. The amount of the grant will be indicated in the bidding / invitation documents or made known to the allocatees in time. 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

- 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 Authorized 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, the conventional rules will apply.
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- 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 / F&E works to commence as soon as possible by the operator, SWD will make a submission to the LFAC for the approval of either or both of the two 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 in the bidding / invitation documents -
- (a) amount of the lump sum grant(s) 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; and
  - (e) any other special requirements.
- 3.2.4 After the operator is identified, SWD would formally notify the operator the LF allocations and the requisite procedures. No separate LF application needs to be made by the operator.

### **3.3 Fitting-out**

- 3.3.1 The operator will utilize 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 in the bidding / invitation documents, in this Manual, and as specified by SWD, if any. The operator should engage an AP for this purpose according to the procedures of Chapter 6. Prior to the taking over of the premises by the operator for the fitting-out works, the operator shall submit a copy of the contract document of the works including detailed works programme and a copy of the consultancy service
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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 certified true copy of as-constructed drawings to the Architectural Section of SWD. The operator may go for higher standards of provision through his own topping-up funds or donations or when such higher standards could well be accommodated within the lump sum grant but he 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. Such claims for reimbursement should be supported by original receipts, invoices and certificates prepared by the AP and an undertaking submitted by the operator and the AP that the fitting-out works are up to the standard specified in the TS. The payment of the remaining balance of 5% of the grant where required or any adjustment for the previous reimbursements will be made upon the submission of undertaking from the AP that all the TS requirements have been met and of the final account certified by the AP and accepted by the Architectural Section of SWD upon itemized site checking.
- 3.3.3 The operator must submit all payment claims for the project to SWD's Architectural Section for settlement within three months from the date of expiry of the defect liability period of the fitting-out works, beyond which all the unclaimed grant will be returned to the LF. The final account prepared by the AP should be completed and sent to the Architectural Section of SWD within the above-specified period.

### **3.4 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. While the list on which the calculation of the lump sum grant is
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based on will be provided to the operator, the list is meant for reference, not strict compliance, except where specified, e.g. vehicles. Like fitting-out, the operator may also go for non-standard F&E items through his own topping-up funds or donations or when such items could well be accommodated within the lump sum grant but he 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 list of all F&E items procured with LF grants.

### **3.5 Other Payment Issues**

- 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 authorization. Otherwise, a cheque will be issued to the operator.
  - 3.5.2 Where a project is not fully financed by the LF, the operator should use up its contribution before calling on the allocation from the LF.
  - 3.5.3 When the operator is unable to meet the expenses first, he may apply for advance payment from the LF. Full justification must be given together with an undertaking 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.
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- 3.5.4 The LF grant should be entered as a separate item into the audited financial statements of the operator.
- 3.5.5 However, payments may be withheld or reclaimed by SWD if the project is found to be not up to the requisite standard or where the original receipts, invoices or certificates submitted are found not acceptable.
- 3.5.6 Operators should submit the following documents to the Architectural Section (for fitting-out works) or the Finance Branch (for F&E items) of SWD for payment claim –
- (a) duly completed claim form (see Annex 5.3) signed by the AP of the operator; and
  - (b) original plus one copy of all the receipts / invoices related to the claim. The original receipt / invoices will be returned to the operator when payment has been arranged.

### **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 and 3.4.2 above) should be returned to 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 will also carry out handover inspections during which itemized checking over standard of fittings and furnishings will be carried out. It remains the operator / his AP's responsibility to ensure the minimum TS standards are met.
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3.7.2 The operators will have to comply with the procurement and stores management provisions in Chapter 6. They are required to 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. 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 operators 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 LF must, at all reasonable times, be available for inspection by authorized staff of SWD and the Audit Commission.

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## 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 furniture and equipment. 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 large items at small sums, the resources 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.
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## 4.2 Eligibility and Ambit

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. For the avoidance of doubt, services obtained by NGOs through contracting with SWD and which are not governed by subvention rules are not eligible. The Block Grant may be used to fund minor works projects each costing no more than \$500,000 on an individual service unit basis and F&E each item costing no more than \$50,000.

Revised  
01/2010

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

- (a) fitting–out of new or reprovisioned premises;
- (b) conversion of the existing premises as a result of in–situ expansion or addition / reduction of space provided for the existing service unit; and
- (c) engineer slope investigation or remedial works.

Revised  
01/2010

4.2.3 The Block Grant could be used to replace / upgrade IT equipment. The scope of IT equipment is confined only to procurement of personal computers and related software and peripherals, i.e. printer, scanner and USB flash drive for data backup. Other equipment such as mobile phone with computing functionalities is excluded. Capital IT procurements, such as enhancement of IT infrastructure, server or system, etc. should **not** be charged to the Block Grant and should be processed separately under the IT Strategy for the Social Welfare Sector co-ordinated by SWD and overseen by the Joint Committee on IT for the Social Welfare Sector, or as major (other) grants under Chapter 5.

- Revised 01/2010 4.2.4 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 for major (other) grants 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**, repairs and overhauling (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 premises or in-situ expansion. They are covered under the grants outlined in Chapters 3 or 5.

- Revised 01/2010 4.2.5 The Block Grant should also not be used for purposes of Personal Emolument, Other Charges, rent and rates or other recurrent expenses, or for the capitalization of these recurrent items.

**4.3 Allocation of Grant**

- Revised 01/2010 4.3.1 The LF Section 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 Lotteries Fund 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 LF Section will then make a submission to LFAC for the latter’s endorsement of the proposed allocations to individual NGO.
- 4.3.2 The grant will be provided on a 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.
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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 installments 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 authorization. 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 utilized as part of the grant.

4.4.3 The grant received by NGOs may be fully spent for expenditure incurred within the above ambit. 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. 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 annual financial statements which should be submitted to SWD's Finance Branch no later than 31 October of each financial year.

Revised  
01/2010

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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.

Revised  
01/2010

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 authorized staff of SWD and the Audit Commission.

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## Chapter 5

### Major Grants, Other Grants or Loans

#### 5.1 Preamble

5.1.1 Applications for grant to finance projects which are not covered by the earlier Chapters will be governed by the rules and procedures outlined in this Chapter. These projects include construction of purpose-built premises, major renovation / maintenance works exceeding \$500,000 for existing premises, engineer slope inspection or remedial works, conversion and fitting-out works related to in-situ expansion or the addition / reduction of space provided for the existing premises etc. Applications for the procurement of F&E items each exceeding \$50,000, ad hoc requirements arising from in-situ expansion, as well as the purchase of vehicles or IT equipment mentioned in paragraph 4.2.3 of the Manual should also follow these procedures. The procedures involved are basically an application – reimbursement arrangement.

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#### 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 Subventions Branch of SWD at Room 3601-02, 36/F, 248 Queen's Road East, Wan Chai, Hong Kong. The envelope should be clearly marked on the outside with "Application for allocation of funds from the Lotteries Fund".

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### **5.3 Works Projects (Purpose–built premises, 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 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.
- 5.3.2 Procedures for subvented purpose–built projects are outlined in Annex 5.2.

### **5.4 Works Projects (Major Renovation or Others)**

- 5.4.1 Applications from NGOs providing SWD–subvented services for minor works covered within the ambit of the Block Grant (Chapter 4), e.g. renovation / repairs items of a service unit with a (vetted) cost not exceeding \$500,000, will normally not be considered.
- 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.
- 5.4.3 The application should contain a detailed breakdown of the estimated costs of the works, giving full justification 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 reference. Where the works involve structural changes, NGOs should obtain prior approval /
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approval in principle from the relevant authority, landlord and / or the management body of the premises. Address of the premises concerned and details of the contact person should be clearly indicated in the application to facilitate site inspection by SWD or Architectural Services Department 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 inspection 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 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 however that a supplementary grant will always be approved.
- 5.4.6 For works projects exceeding \$500,000, where some form of tendering is prescribed as generally preferred, the NGO or its APs should submit the following documents to SWD, copied to the Architectural Services Department (ArchSD) [Attention : Chief Technical Advisor (Subvented Projects)], for endorsement—
- (a) the draft quotation / tender documents and 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
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- (b) after assessment of quotations / tenders but before awarding the contract, the quotation / tender recommended by the NGO together with the quotation / tender report and quotation / tender documents from the lowest three conforming quotations / tenders.

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

- 5.4.7 Payment will be made on a reimbursement basis. Release of payment claims of the contract sum at the practical completion stage will be set at 95%. The remaining 5% of the contract sum will be released upon SWD's approval of the final accounts of the contract based on the recognized works items.
  - 5.4.8 Please refer to paragraphs 6.6.1 to 6.6.8 regarding the release of payment to AP.
  - 5.4.9 At the final account stage, the detailed contract account prepared by the AP with full supporting information detailed at Annexes 6.4.1 and 6.4.2 should be forwarded to the LF Section of SWD. Final payment will be made only after ArchSD or the SWD Architectural Section has examined the final account and recommended a project cost admissible for the LF grant. If the final admissible project cost is smaller 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. In vetting final accounts, site inspections for the completed works will be made by staff of ArchSD or SWD Architectural Section. 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 ArchSD or SWD the exact locations of all completed works. All variations and additional works should be provided in detail and preferably with sketch drawings.
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- 5.4.10 The final contract statement, excluding retention money, should be submitted to the LF Section not later than three months after the expiry of the defect liability period of the project. Early finalisation of account is to the mutual benefit of the NGO, the AP and SWD. All parties should pledge to co-operate fully in this respect.
- 5.4.11 In cases where no AP 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 SWD's Architectural Section.

## **5.5 Furniture and Equipment (F&E) and Other Services**

- 5.5.1 Application from NGOs providing SWD-subvented service 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 as a result of some associated works requiring also LF grants, for example, in-situ expansion etc. should normally be submitted together with the application for the associated works. The application should contain the detailed breakdown of the estimated costs, together with the justification for each item. In preparing the applications, NGOs should refer to the following –
- (a) standard lists of F&E for SWD-subvented services; and
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(b) the latest Price List of Common Furniture and Equipment issued by SWD annually.

5.5.4 These lists are posted on SWD's website. Where the items are not included in the Price List at (b) above, the amount requested should be supported by at least one quotation which the NGO considers to be good value for money.

5.5.5 NGOs will be informed in writing of the result of their applications. While the list of items on which the calculation of the grant is based on will be provided to the applicant, the list is meant for reference, not strict compliance except where specified e.g. vehicles. No supplementary grant will normally be given.

## **5.6 Payment of Grant (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 grants from the LF can be made by the Treasury direct to the NGO's bank account if the NGO has completed the necessary authorization. Otherwise, a cheque will be issued to the NGO.

5.6.3 Where a project is not fully financed by the LF, the NGO should use up its contribution before calling on the allocation from the LF. The NGO should submit evidence to show that the contribution has been used up.

5.6.4 When the NGO is unable to meet the expenses first, it may apply for advance payment from the LF. Full justification must be given together with an undertaking that receipts of works and purchases 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.

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

5.6.6 NGOs should submit the following documents to SWD's Finance Branch for payment claim:

- (a) duly completed payment claim form (see Annex 5.3) signed by the authorized person of the NGO; and
- (b) original plus one copy of all the receipt / invoices related to the claim. The original receipt / invoices will be returned to the NGO when payment is arranged.

5.6.7 The payment claim should be submitted to SWD's Finance Branch within the time specified in the approval letter. The normal time frames are detailed in Annex 5.4. Failure to submit the payment claim within the time specified may result in the unclaimed balance of the grant to be returned to the LF.

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's Finance Branch may withhold or reclaim any payment from the NGO.

## **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 SWD stating the purpose of the loan, the amount requested and the period of repayment. The application must be accompanied by the audited financial statements of the Organisation. The NGO must also give evidence to demonstrate its ability to repay the loan.

5.7.2 Loans are 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.

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## **5.8 Keeping Records of the Lotteries Fund 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 and 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 authorized staff of SWD and the Audit Commission.
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## Chapter 6

### Procurement and Stores Management

#### 6.1 Preamble

6.1.1 The 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.

6.1.2 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.

(b) Transparency and Open and Fair Competition

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 principles of fairness, competition and level playing field in all procurements. All tenderers and suppliers should be treated, and are seen to be treated, on equal footing.

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. The procedures below merely provide a framework for NGOs to establish its own systems.

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**6.2 Quotation and Tender Ceilings**

6.2.1 Except as provided in paragraphs 6.3.2 and 6.6.9 below, the quotation / tender ceilings are as follows –

<b>Value of a single procurement / contract</b>	<b>Quotation / tender requirement</b>
(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 or 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 \$1,000,000	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.
(ii) For services exceeding \$50,000 and not exceeding \$500,000	
(iii) For stores exceeding \$50,000 and not exceeding \$200,000	

<b>Value of a single procurement / contract</b>	<b>Quotation / tender requirement</b>
<p>(e) (i) For works projects exceeding \$1,000,000</p> <p>(ii) For services exceeding \$500,000</p> <p>(iii) For stores exceeding \$200,000</p>	<p>NGOs must conduct tendering 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.</p>

### **6.3 Procurement Authority and its Delegation**

6.3.1 The NGO’s Board of Management (the Board) may in writing delegate authority to –

- (a) 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; and
- (b) tender boards to accept the lowest conforming tender.

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 for procurement / contract with a value not exceeding \$1,000,000 (for works), \$500,000 (for services) or \$200,000 (for stores). The Board may also in writing delegate authority to individual staff members of appropriate level or tender / quotation boards to approve inviting 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 \$500,000 (for works), \$250,000 (for services) or \$100,000 (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 6.6.9 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 tender / quotation 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.

## **6.4 Procurement Procedures**

- 6.4.1 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
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licensed contractors (e.g. Registered General Building Contractors registered with the Building Authority) for any particulars type of works should be used to undertake the works.

- 6.4.2 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.
- 6.4.3 Except for the use of Block Grant where NGOs will carry out at their own pace throughout the year, all procurements should be conducted promptly or timely upon approval of the project-specific grant. The normal time frames are detailed in Annex 5.4. Fitting-out works should comply with the programme endorsed. Any additional cost due to inflation attributable to the delay of NGOs / APs in conducting the quotation or tender exercise will be the NGO's responsibility.
- 6.4.4 NGOs should also follow, as far as practicable, the good practice set out in the Best Practice Module(s) for Subvented Social Welfare Non-Governmental Organisations issued by ICAC from time to time. The Module will be distributed to all NGOs providing subvented welfare service and will also be posted on the SWD Homepage.
- 6.4.5 The procedures on handling written quotations are detailed at Annex 6.1.
- 6.4.6 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.
- 6.4.7 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
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- (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.

## **6.5 Conflict of Interest**

- 6.5.1 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.
- 6.5.2 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.
- 6.5.3 NGOs should set up their own system for the declaration of interest which should include the essentials detailed in the Best Practice Module mentioned in paragraph 6.4.4 above.

## **6.6 Engagement of Authorized Persons / Consultants for Works Projects**

- 6.6.1 (a) Authorized Persons (AP) / Consultants must be employed for the following types of projects –
    - (i) Purpose-built projects carried out by a NGO (paragraphs 5.3.1 – 5.3.2); and
    - (ii) Fitting-out works covered by a lump-sum grant (Chapter 3).
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- (b) For works projects covered by the Block Grant (Chapter 4), NGOs will themselves decide whether an AP is required with reference to the guidelines at paragraphs 6.6.2 and 6.6.3 below.
- (c) In circumstances other than (a) – (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 6.6.2 and 6.6.3 below.

6.6.2 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;
- (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 inspection and remedial works which require the input of a geotechnical engineer.

6.6.3 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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- 6.6.4 The normal duties of the Project APs or Consultants are detailed in Annex 6.4.
- 6.6.5 The points to note in the selection of AP / Consultant are detailed in Annex 6.5.
- 6.6.6 The fees and payment terms for the AP / Consultants should adopt the following principles –
- (a) the fee scales and payment terms should not exceed those set down by the respective professional bodies e.g. the Hong Kong Institute of Architects (for Architects), and the Association of Consulting Engineers of Hong Kong (Structural Engineering and Building Services), etc.;
  - (b) for the appointment of Quantity Surveying Consultant, a separate and independent consultancy agreement should be used based on the fee scales of the Royal Institute of Chartered Surveyors (Hong Kong Branch);
  - (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% of the cost of the works plus preliminaries; and
  - (e) prior to the issuance of the Certificate of Practical Completion, APs / Consultants appointed for the works may claim an interim payment up to 70% of the approved professional fees based on the net project cost, i.e. after deduction of the contingencies and other provisional and prime cost sums. The APs / Consultants may further claim up to 95% of their approved professional fees upon the issuance of the Certificate of Practical Completion but Quantity Surveyor may only claim up to 85% at this stage. For the remaining 5% or 15% in the case of the Quantity
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Surveyor, payment will be retained until satisfactory completion of the final accounts.

6.6.7 The procurement of AP's or Consultant's services should follow the principle of competitive bidding as mentioned in sections 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 amount not exceeding \$30,000 may be provided in the approved budget of successful applications for NGOs to reimburse an AP/Consultant for carrying out project estimation and preliminary design works for the purpose of lodging an LF application, irrespective of the result of the assessment of the need of an AP for the project [paragraph 6.6.1(c) above]. In this connection, the NGO should include in the application for the project a specified amount for this purpose together with the works carried out by the AP. These 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 Arch SD) will consider the level of this provisional sum. If it is considered that an AP should be engaged for this project, then this provisional amount will be included as part of the AP's fees.
  - (b) Upon receipt of the letter approving grants for the engagement of an AP for the entire project, the NGOs should proceed to select the appropriate AP / Consultant for the project. The AP who has prepared the information for lodging the application [paragraph 6.6.7(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.
  - (c) For consultancy or professional services with a value not exceeding \$500,000, 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 \$500,000, 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.

6.6.8 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), an AP in his firm, or an AP in an associated firm. Any of these arrangements are acceptable, provided that no additional fees are charged by the consultant or AP 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.
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- (d) The consultant should invite tenders / quotations from qualified contractors from the list of Approved Suppliers of Materials and Specialized 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 accounts 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.

6.6.9 The Lump Sum Grant for fitting-out works (Chapter 3) and the Block Grant concerning minor works (Chapter 4) where needed have provision for professional services. Although NGOs are encouraged to use competitive bidding to select APs, 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 recognizes the fact that NGOs may have to

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engage an AP 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 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 service on each occasion might not be cost-economical.

## **6.7 Contract Variation**

- 6.7.1 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 that the LF will not be responsible for any financial consequences.
- 6.7.2 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.
- 6.7.3 For other F&E contracts, variations within the original scope of the contract are normally permitted.
- 6.7.4 Where the variation will increase the value of the contract to exceed the respective ceilings in paragraph 6.2.1, the variations should be approved by the corresponding approving authority at paragraphs 6.3.1 or 6.3.2.
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## **6.8 Receipt and Payment of Stores / Fixed Assets**

- 6.8.1 Upon receipt of the goods, the officer responsible 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.

## **6.9 Records, Stock Taking and Verification**

- 6.9.1 NGOs should distinguish the goods procured into inventory (e.g. vehicles, machinery, consumer durables such as refrigerator, TVs and F&E items, etc.) and non–inventory items (e.g. stationery, utensils etc.) as appropriate.
- 6.9.2 Each inventory item procured using LF grants should be labeled with an assigned serial number and recorded in the inventory record or fixed asset register within a reasonable period after procurement as stipulated by the management.
- 6.9.3 An 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 authorization for scrap or disposal

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

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- 6.9.4 Routine physical checking of inventory 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.
- 6.9.5 While the routine checking of inventory may be done by the service units staff themselves, the NGO's HQs management should undertake random / surprise / supervisory physical checkings to ensure the completeness and accuracy of the record.

## **6.10 Disposal of the Assets**

- 6.10.1 An asset procured using LF grant may only be disposed of if it is unserviceable or if it is a surplus item. The procedures outlined in paragraphs 6.10.2 to 6.10.5 below should be followed for the disposal.
- 6.10.2 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 \$3,500, 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.
- 6.10.3 The Board of Management should delegate to management staff at an appropriate level or a Board to accept a serviceable item as surplus to the NGO and may be disposed of. The officers concerned or the Board should satisfy themselves with the reasons of classifying the item as surplus.
- 6.10.4 Unserviceable or surplus items may be disposed of in the following ways in descending order of priority –
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- (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.

6.10.5 Disposal of unserviceable or surplus items should be properly recorded in the inventory record.

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## **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 grants of over \$500,000. 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 architects, 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 publicize 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.
-

- 7.2.2 The following acknowledgement requirements are normally imposed in making a LF grant :
- (a) for a 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 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;
  - (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 either English or Chinese and size of each letter character should not be less than 2 cm 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.

### **7.3 Naming of a Project after a Donor**

- 7.3.1 The approval of SWD is required if a NGO intends to name a project after a donor, whether the project is at the application stage, is in progress or has been completed. The person to be named after or the NGO making the proposal is required to contribute towards the recognized portion of the project at a level to be agreed with SWD. In considering the amount of contribution, the revised final capital cost of the project resulted from increase in cost of labour / material will be taken into account. To avoid subsequent negotiation after the pledged contribution and in order to prepare a definite amount of donation to be required, it is useful to look ahead for 'possible' increase and to let the prospective donor know the final amount to be involved. For that matter, where the project cost is not already expressed in money-of-the-day (MOD) prices, a formula to work out this sum for new building projects at planning stage is proposed to account for "average increase" of the Tender Price Index (TPI) over the past five years and the average time taken of four years for a project to complete. Hence the formula is : –

$$[\text{The estimated capital cost of the project (ECC) + (ECC x TPI\% x 4 yrs)}] \times 20\%$$

where TPI% is the average of the Tender Price Index over the past five years.

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- 7.3.2 Applications to name a project after a person who has made valuable contributions, not in monetary terms but in terms of dedication and effort to the Organisation, may also be considered on exceptionally justified grounds. Each case will be considered on its own merit.
- 7.3.3 Full details of information listed below should be given in the application : –
- (a) the name of the person to be named after;
  - (b) his / her contribution to the project or to the Organisation;
  - (c) his / her own and his / her spouse's trade or profession;  
and
  - (d) their past and present involvement in community affairs and welfare services.
- 7.3.4 If the project is to be named after a deceased person similar information on the descendant(s) is required.
- 7.3.5 Upon approval of naming, the NGO should install a plaque in the premises to acknowledge assistance from the LF. SWD's approval should be sought on the proposed wording on the plaque.

**7.4 Use of LF as Tide-Over Grant, Special One-off Grant and One-off Subsidy for NGOs providing Subvented Welfare Services under Lump Sum Grant and additional resources for implementing recommendations of Lump Sum Grant Independent Review Committee**

Revised  
01/2010

- 7.4.1 In connection with the change of the subvention mode and as a measure to enable NGOs to honour their contractual commitments in terms of salary increment to existing staff, special arrangements have been made for the use of LF to provide Tide-Over Grants (TOG) to NGOs operating under
-

Lump Sum Grant for a five-year period from 2001–02 to 2005–06.

7.4.2 In view of the need of NGOs for more time to complete/consolidate the transitional arrangement after cessation of the TOG in 2006-07, special arrangements have been made to provide time-defined financial support from LF in the form of Special One-off Grant to NGOs from 2006-07 onwards to enable them to complete / consolidate their reengineering / restructuring initiatives and achieve financial viability after the TOG period.

7.4.3 To assist NGOs in coping with the increasing complexity of social challenges and staffing difficulties facing them, special arrangements have been made to provide financial support from LF in the form of One-off Subsidy to NGOs in 2008-09 to help them reinforce their organisational restructuring and service reengineering efforts or introduce one-off measures to enhance their capacity in resource management and service delivery.

Revised  
01/2010

7.4.4 Special arrangements have also 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.

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**Income and Expenditure Statement for  
Lotteries Fund Experimental Project(s) of limited duration  
for the Year Ending 31 March 200X**

NGO Name : \_\_\_\_\_

	(Project 1) Project Name Grant Code <u>Completion Date</u> \$	(Project 2) Project Name Grant Code <u>Completion Date</u> \$
<b>Income</b>		
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>
<b>Expenditure</b>		
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 B / F (D)	XX	XX
Cumulated Expenditure B / F (E)	XX	XX
Cumulated surplus / (deficit) B / F (F)=(D)-(E)	<u>XX</u>	<u>XX</u>
Cumulated surplus C / F (G)=(C)+(F)	<u>XXX</u>	<u>XXX</u>

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

Authorized Signature: _____	Authorized Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

## 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
Authorized but not contracted for		<u>X</u>
		<u><u>XX</u></u>

**獎券基金撥款申請表格 (工程 / 傢俬 / 用具)**  
**Lotteries Fund Application Form (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 (廣泛敘述是項申請的背景，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

<u>類別</u> Category	<u>申請款額</u> 元 Amount requested \$	<u>附件</u> (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 及 2 <input type="checkbox"/> and
3.2 傢俬及用具 Furniture & equipment	( )	附錄 3 <input type="checkbox"/> Appendix
3.3 其他, 如購買或維修車輛 (請註明) Others, such as purchase or overhauling of vehicle (please specify)	( )	附錄 3 <input type="checkbox"/> Appendix
總款額: ( ) Total:		

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

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
<b>1.</b>	<b>工程項目類別 Works Items</b>		
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			
<b>2.</b>	<b>顧問及有關工程合約支出 (只適用於聘有認可人 / 其他專業顧問之工程申請) Fees and Related Contractual Charges (ONLY applicable for application when Authorized Person / Consultant is appointed)</b>		
2.1	基本工程合約條款支出 / 初步費用 Preliminaries		
2.2	工程備用金 Contingencies		
2.3	認可人 / 專業顧問費 Professional Fees		
2.4	印務費 Lithography		
分項 2 合計款額 Sub-total			
<b>總款額 GRAND TOTAL</b>			

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  
Summarized 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)
<b>總款額</b> <b>Total</b>						

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.).

傢俬及用具 (包括購買車輛)  
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 including 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; and with elaboration)
<b>總款額</b> <b>Total</b>					

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。

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.

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## 個人資料收集聲明 Notes about Personal Data

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### 收集目的

#### Purposes of Collection

本表格所提供的機構及個人資料，會供社會福利署用以審核貴機構的獎券基金申請，以及供研究和調查之用。填寫本表格提供個人資料，純屬自願。如未能提供足夠資料，本署可能無法處理有關的獎券基金申請。

The personal data provided by means of this form will be used by the Social Welfare Department for assessing your application for Lotteries Fund and conducting of research and surveys. The provision of personal data by means of this form is voluntary. If you do not provide sufficient information, we may not be able to process your application.

### 向其他轉介資料的人士的類別

#### Classes of Transferees

在本表格所填報的機構及個人資料，可能會供政府其他決策局、署及部門作上文所述的用途。

The personal data you provide by means of this form may be disclosed to other Government bureaux, commissions and departments for the purposes mentioned in above.

### 查閱個人資料

#### Access to Personal Data

你有權根據《個人資料(私隱)條例》(第 486 章)第 18 條、第 22 條及附表 1 第 6 原則的規定，就有關你的個人資料提出查閱及改正要求。你的查閱權利包括取得本表格所填報關於你個人資料的副本一份。

You have a right of access and correction with respect to personal data as provided for in Section 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance, Cap.486. Your right of access includes the right to obtain a copy of your personal data provided by this form.

### 查詢

#### Enquiries

與本申請表所收集的個人資料有關的查詢，包括提出查閱及改正要求，應向下述人士提出：

Enquiries concerning the personal data collected by means of this form, including the making of access and corrections, should be addressed to :

社會福利署署長

[經辦人：社會工作主任(獎券基金)]

香港灣仔

皇后大道東 248 號

36 樓 3601 至 02 室

電話：2832 4328, 2832 4340

傳真：2151 0573

電郵：lfenq@swd.gov.hk

Director of Social Welfare

[Attn: Social Work Officer (Lotteries Fund)]

Room 3601-02, 36/F

248 Queen's Road East

Wanchai

Hong Kong

Tel : 2832 4328, 2832 4340

Fax: 2151 0573

E-mail: lfenq@swd.gov.hk

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

**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 (Excel) of completed Appendices 1, 2 or 3 to your application.** The soft copies of the forms may be downloaded from SWD's website.
- 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, Social Welfare Department's Child Care Centres Advisory Inspectorate and Licensing Office of Residential Care Home 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 F&E Lists (both available on SWD's website), where appropriate, before completing this part. Please note that loose F&E items are standard provision. 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 repairs / overhauling does not exceed \$100,000, 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) NGO or 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:	Discussions between NGO and SWD to define the scope of works.
(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 reprovisioning 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 / ArchSD's approval.	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 constructs 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 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 a 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 / ArchSD for approval.	

Actions	Remarks
IV. <u>Formal Approval of Funds</u>	
9. SWD approves the feasibility study report and seeks LFAC / FSTB / FC's approval for funding commitment of the project (e.g. cost for construction, fitting-out and a provisional sum for furniture and equipment).	If recurrent expenses are above the specified limits, FSTB / FC's approval of the project will have to be sought as appropriate.
10. SWD notifies NGO the approved funding for the project.	
V. <u>Project Design and Tendering</u>	
11. NGO selects AP after consulting SWD.	NGO should follow the provision stipulated in Chapter 6 of the Lotteries Fund Manual in selecting the AP.
12. NGO appoints AP and instructs AP to prepare detailed design, tender documents and pre-tender estimate, which will all be submitted to SWD / ArchSD for approval.	SWD will monitor project development. If ArchSD recommends seeking supplementary funding based on the pre-tender estimate, LFAC / FSTB's approval will be sought as appropriate.
13. AP 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 for preparation of tender report and budget reconciliation. If supplementary funding is required to meet the cost difference between the recommended tender sum and approved budget, approval will be sought as appropriate.
14. SWD approves the award of contracts.	
15. NGO awards contracts to contractors concerned.	NGO should have obtained DLO's approval for site possession at this stage to allow construction works to commence.

Actions	Remarks
VI. <u>Construction</u>	
16. AP supervises and monitors progress of construction.	SWD will monitor progress of project. In case of major change in scope of works, SWD / ArchSD's prior approval is required before actual works commence.
VII. <u>Completion and Final Accounts</u>	
17. Contractor hands over the completed project to NGO.	At fitting-out stage, NGO submits F&E list for SWD's vetting to determine the actual support level of funding out of the provisional sum granted. If additional funding is required, approval will be sought as appropriate.
18. AP prepares final account and fee accounts for ArchSD's consideration.	
19. ArchSD comments on final account and recommends payment.	

To : Finance Branch, SWD

**Lotteries Fund  
Claim Certificate**

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

Name of NGO : \_\_\_\_\_

Service Unit : \_\_\_\_\_

SWD File Ref. and Date of Approval of the  
Grant : \_\_\_\_\_

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 (For works projects with Authorized Person) / \*Form II (For furniture & equipment, works projects without Authorized Person and other claims) attached, I 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.

- (3) \* full receipts have been attached /
  - \* the claim for those items under Form I or Form II not yet supported by receipts but with invoices is made with the justifications given below and such receipts will be submitted as soon as possible and in any case within 1 month after receipt of payment from the Lotteries Fund.

Justifications : \_\_\_\_\_  
\_\_\_\_\_

- (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.

Signature : \_\_\_\_\_ Name & Position : \_\_\_\_\_  
Official Chop of NGO : \_\_\_\_\_ Date : \_\_\_\_\_

## **Notes**

1. Each claim must be covered by a separate Claim Certificate.
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 re-imburement.

**Lotteries Fund  
Certificate of Payment – Form I (Note 1)  
(For works project with Authorized Person)**

Name of NGO : \_\_\_\_\_  
 Service Unit : \_\_\_\_\_  
 SWD File Ref. and date of Approval of the Tender / Quotation (Note 2) : \_\_\_\_\_  
 Grant Code : \_\_\_\_\_  
 Name of Contractor : \_\_\_\_\_  
 Amount of Grant Approved : \_\_\_\_\_  
 Amount of approved tender sum : \_\_\_\_\_

Extra work of Variations (if any) \$	(+) _____ (-) _____	Amount \$
Adjusted contract sum :	_____	
Current Payment Certificate No.	(if any) : _____ Date : _____	Amount : _____
Other payments to be taken into account (if any)	_____ : -	
Total amount certified to date : -		
DEDUCT Retention Money : -	(per cent)	( )
DEDUCT (1) Payment on previous certificate		\$
Payment Certificate No.	_____	
Payment Certificate No.	_____	
Payment Certificate No.	_____	
Payment Certificate No.	_____	
Payment Certificate No.	_____	
Payment Certificate No.	_____	
(2) Amount of Recipient's / Borrower's Contribution (if any)	_____	( )
	Amount now claimed \$	

**Notes :**

1. This form must be accompanied by the AP's certificate of progress and (for lump sum grant for fitting-out projects) undertaking that the fitting-out works are up to the standard specified in the Technical Schedule. One original plus one copy of each document should be attached.
2. Where approval of tender / quotation by the Social Welfare Department is required, the SWD file reference in respect of the approval of tender / quotation should be stated.

**Lotteries Fund**  
**Certificate of Payment - Form II**  
(For furniture & equipment, works project without Authorized Person and others)

Name of NGO : \_\_\_\_\_

Service Unit : \_\_\_\_\_

Description of Grant : \_\_\_\_\_

Grant Code : \_\_\_\_\_

**Part A** – Details of previous valid claims

SWD File Reference of Previous Notification(s) of Payment (Note 1)	Date	Amount Released \$
(A) :		

**Part B – Details of current claims**

Attachment No. (Note 2)	Description of Items and Quantity (Note 3)	Amount Claimed (\$)
(B) :		
Total Claims up-to-date (A) + (B) :		

**Notes :**

1. Details of the items which have been claimed previously are not required.
2. Please assign sequential reference number to each supporting invoice / receipt. The number should be marked on the top right hand corner of each invoice / receipt.
3. (a) For works project, please enter the item (and its number) claimed as described in the approval list of SWD's approval letter. Alternatively, details of current claims can also be provided by a photocopy of the said approval list modified to include information required in Part B here.  
  
 (b) For claims of furniture and equipment and others, please fill in the description of the invoice / receipt.
4. One original plus one copy of invoice / receipt should be attached.

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

**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**

1. A project 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 Authorized Persons), excluding retention money, should be submitted not later than three months after the expiry of the DLP.
2. For projects exceeding \$500,000, the time frames 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 tender / quotation 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

**II. Purchase of furniture equipment or vehicle**

	<b>Completion of Purchase</b>	<b>Submission of Claims</b>
<b>A. Purchase of F&amp;E (other than vehicles)</b>		
1. For existing service units	2 months after approval of the grant	1 month after completion of purchase
2. For new / reprovisioned service units involving a grant not exceeding \$1,000,000	2 months after commencement of operation	
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	
4. For new / reprovisioned service units involving a grant exceeding \$3,000,000	6 months after commencement of operation	
<b>B. Purchase of vehicle</b>	5 months after commencement of operation (for new / reprovisioned service units) or approval of the grant (for existing service units)	
<b>C. Others</b>	2 months after commencement of operation (for new / reprovisioned service units) or approval of the grant (for existing service units)	

### **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 authorized staff member only should be used.
- (e) Quotations should be opened at the same time and witnessed. They would then be date-stamped and initialed.
- (f) Any alterations found on opening should be noted and initialed 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 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 and any non-subsidized 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 approval of the Lotteries Fund grant. 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.

### **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, 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 Architectural Services Department. This would normally be on the Monday or Tuesday following the tender opening day.

### **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-subsidized’ provision, including any provision which are above the approved standard. A copy of the report together with the three original lowest tenders should be sent to Social Welfare Department, copied to the Architectural Services Department 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.

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;
  - 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;
- (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, following the recommendation of 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.

BUILDING/FITTING OUT / PREPAIRS TENDERS INVITATION LETTER

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, 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,

( )

TENDER

FOR

(Type of Work / Installation)

-----

FOR

(Name of NGO)

-----

AT

(Site of Work)

-----

-----

CONTRACT NO.

\_\_\_\_\_

FORM OF TENDER

for

\_\_\_\_\_

(Title of Work / Installation)

To : \_\_\_\_\_

(Name of NGO)

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 work 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 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 work 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 Work

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. Work 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.

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 work.

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)

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

DESCRIPTION OF WORKS

21. (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 / Deduct net adjustment of variations (Any variations to be authorised in writing by NGO. Quote correspondence).					
Total Omissions / Additions \$					
<u>Less</u> Total Omissions					
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 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 analyzed, 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.

**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,

( )

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

Name and Address of 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. ....

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

**Price Comparison Table****Furniture & Equipment**

Amount of Lotteries Fund Grant for the Whole Project : \_\_\_\_\_

**Date of Approval Letter Issued by SWD** : \_\_\_\_\_

SWD File Reference : \_\_\_\_\_

<b>Serial No.</b>	<b>Item Ref. No. as Exactly Numbered on the Approval Letter by SWD</b>	<b>Item</b>	<b>Quantity &amp; Amount Supported</b>	<b>Name of Supplier</b>	<b>Amount of Individual Quotation / Tender (unit cost) <u>HK\$</u></b>	<b>Remarks</b>
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### **Normal Duties of Project Authorized Persons or Consultants**

Authorized Persons or 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 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 (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 and 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 met 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 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. Statement of final accounts prepared and certified by the Authorized Person concerned.
4. Summary of the variation orders with description of and explanation on the need for each variation item, copies of the Authorized Person's variation orders and relevant quotations from contractors.
5. Date of contract commencement.
6. Certificate of Practical Completion.
7. Certificate of Completion of Making Good Defects.
8. Letter stating the extension of contract period, if applicable, and the subclause under which the extension is granted.
9. Summary of lithography charges (a breakdown in terms of quantities and unit rates with supporting receipts should be provided).

Note (A) For items (3) to (9), please provide two copies so that ArchSD and SWD 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.







**Points to Note in the Selection of Authorized Persons or Consultants**

When selecting a 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.

### Samples of Wordings of Acknowledgements

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



- (b) Sample of acknowledgement to be painted on both sides of a vehicle  
(minimum size per letter / character : 2 cm<sup>2</sup>)

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