

## 3.5 GUIDELINES ON USE OF GRANTS AND REIMBURSEMENT

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### 1. Use of Grant

#### 1.1 Cost-effective

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

#### 1.2 Compliance with the Approved Budget

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

#### 1.3 Within approval

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

#### 1.4 Unspent balance

The Organization shall be reimbursed the approved amount of grant or the actual cost expended within the scope of the program/project, whichever is lower. If donation has been released to the Organization in advance, any unspent balance must be returned to the Foundation within 4 months upon completion of the program/project.

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

## **2. Program/Project Implementation**

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

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

2.3 Not produced for sale

Materials produced with the Foundation funding, including audio / visual productions and publications, should not be reproduced for sale without the prior approval of the Foundation.

2.4 Expenses recognized at economy class rates

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

2.5 Per Diem expense

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

2.5.2 The Program/Project-in-charge and the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Program/Project-in-charge have the responsibility to remind their staff in writing, that they should spend the money sensibly and responsibly. A copy of this reminder should be sent to the Foundation. Economy rates should always be considered as a reference line for all expenses. Luxury items for any purpose, especially leisure purpose, should not be expended.

2.5.3 In some occasions, waiving the requirement of producing receipts for per diem expenses is set on a trust basis which assumes integrity on all sides. If and when it would be observed in future that the use of fund is abused, this trust basis would not be upheld and the requirement of producing receipts for per diem expenses would be strictly restored. Organizations should confirm from the Foundation before the program/project starts whether the requirement of producing receipts for per diem expenses is waived in their scenario.

2.6 Legal compliance

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

2.7 Inventory record

The Organization is required to keep inventory record of all equipment acquired with the Foundation grant and ensure that the equipment are properly kept.

2.8 Co-sponsor

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

2.9 Naming after a sponsor

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

2.10 Exchange rate

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

3. **Quotation and Tender Requirements**3.1 Requirements

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

Value of a single procurement / contract		Quotation / tender requirement
i.	Not exceeding \$5,000	Not required
ii.	\$5,000 - \$20,000	At least two quotations (verbal or written)
iii.	Exceeding \$20,000 but not over \$50,000	Written quotations or tenders from at least two contractors or suppliers
iv.	\$50,000 - \$1,000,000	Written quotations or tenders from at least three contractors or suppliers
v.	Works project (including renovation and fitting-out project)	Tendering exercise must be conducted, inviting at least three bidders (open / restricted). The Organization should have a sound policy on tendering. Tender documents should contain full specifications and detailed requirements. A tender report with clear authorization should be
	Services or Procurement	

			submitted to the Foundation for approval before release of grant.
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### 3.2 Strict compliance

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

### 3.3 Lowest quotation / tender

The lowest quotation / tender which is in full compliance with the specifications should normally be accepted. However, the Organization may, on justifiable grounds and with the prior consent from the Foundation, invite / accept quotation from less than the prescribed number of bidders or not accepting the lowest conforming tender. Justifications together with substantiating documentary proof should be forwarded to the Foundation for approval.

### 3.4 Proper record

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

### 3.5 Conflict of interest

The Organization should ensure that its staff / members are aware of situations where conflict of interest may arise. A system should be in place for declaration of interest in case a staff or a member of the Organization has any real or perceived conflict of interest while implementing the approved program/project. Conflict of interest situations may lead to criminal sanctions under the Prevention of Bribery Ordinance

(Chapter 201) or other relevant ordinances in Hong Kong, the Foundation expressly reserves the right to terminate / withdraw the grant and to demand an immediate return of any payment already disbursed to the Organization should any irregularities or criminal elements were discovered.

3.6 Proper approving authorities

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

#### **4. Disbursement/ Reimbursement of Grants and Reporting**

4.1 Payment method

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

4.2 Reimbursement

Request for reimbursement should be lodged with an Intermediate Report or a Final Report or in the manner as stated in the Funding Agreement between the Organization and the Foundation. Failure to do so may result in the approved grant being reverted to the Foundation without further notice.

4.3 Intermediate Report or Final Report

4.3.1 Submission Schedule

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

Funding Agreement signed between the Organization and the Foundation.

Type of Report	Applicable to	Submission Schedule
i. Intermediate Report	Project/Program period More than 1 year	Every six month; or as required and stated in the Funding Agreement
ii. Final Report	Project/Program period of whatever duration	Within 4 months after the approved completion date

#### 4.3.2 Documents of Intermediate Report or Final Report

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

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

#### 4.4 Original invoices/receipts

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

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

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

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

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

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

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

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

4.4.5 If the wording(s) or figure(s) on a invoice/receipt has faded out, supplementary description and/or figures should be added, and next to the invoice/receipt should be countersigned by the Program/Project-in-charge and the Financial Controller / Accounting Manager / Supervisor or Senior Officer of the Program/Project-in-charge.

4.4.6 All invoices/receipts are to be properly fixed on A-4 sized paper for easy record (recycled paper can be used).

- 4.4.7 For payment to services provided by an individual who may not have an official receipt (i.e. allowance for volunteer helpers / instructors / trainers), an acknowledgement of his/her receipt of the payment showing his/her full name, post/title and signature is required. The Organization may record the receipts in a table form if a number of individuals are involved. Such acknowledgements should be certified by the two signatures as specified in the above para. 4.4.2.
- 4.4.8 Regarding salary payment, the payment statement verified by the Administration/Accounting Manager of the grantee is required. In case of doubt, the Foundation will require the staff receiving the salary payment to sign and acknowledge the payment.
- 4.4.9 Where applicable, the calculation of exchange rate concerning invoices/receipts is based on the reference information cited by the Foundation. The Foundation's usual practice is to take the rate of the last working day of a month from the reference source. This practice will apply to all types of receipts including credit card receipt.
- 4.5 Preparation of Interim / Final Income and Expenditure Statement (I/E Statement)
- 4.5.1 Organizations should follow the format of I/E Statement provided by the Foundation.
- 4.5.2 Terminologies of expense items and/or categories in an I/E Statement should be identical with those on the Approved Budget.
- 4.5.3 All expenses (and hence invoices/receipts) can be grouped into categories according to those stated on the Approved Budget. For invoices/receipts under each category, a separate summary sheet to list out the index no. (assigned by the Organization) and amount of each invoice/receipt is required as a supplementary to the I/E Statement.

## **5. Acknowledgement**

- 5.1 The Organization should give appropriate acknowledgement to

the Foundation and show the Foundation's name, logo and standard acknowledgement statement on all the publicity or published materials, or backdrops of ceremonies/activities associated with the program/project. A copy of each publicity or published material should immediately be sent to the Foundation for record.

- 5.2 The Foundation's logo appears as below and the file would be provided to the Organization when needed.

In English :  Fu Tak Iam Foundation Limited

In Chinese :  傅德蔭基金有限公司

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

Acknowledgement

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

鳴謝

本會非常感謝 **傅德蔭基金有限公司** 對 (服務/計劃名稱) 的贊助。

- 5.4 The Organization should ensure that the Foundation's name and logo are correctly printed in any occasion of acknowledgement.
- 5.5 For vehicles purchased with the Foundation grant, the Organization is required to paint an acknowledgement and logo on both sides of the vehicles. The design and wordings should be submitted to the Foundation for approval.
- 5.6 For equipment purchased with the Foundation donation, the Organization is required to affix a permanent acknowledgement in a prominent position on the equipment.
- 5.7 For buildings fitted out / renovated / constructed with the Foundation grant of HK\$200,000 or above, the Organization is

required to install a commemorative plaque of a reasonable size in a prominent place within the premises of the project. The design and wordings on the plaque should be submitted to the Foundation for prior approval.

- 5.8 Expenses incurred in providing the necessary acknowledgement should be borne by the Organization.