

**Funding Scheme to Support
the Use of Vacant Government Sites
by Non-government Organisations**

Guidelines for Delivery of Projects

**November 2020
Development Bureau**

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Chapter 1

Introduction

1.1 Scope and Approved Ceiling

- 1.1.1 At present, vacant government sites, or vacant school premises on government land, managed by Lands Department or other relevant authorities are available for use by non-government organisations (NGOs) through short-term tenancies (STT). However, since most of these sites may have been left idle for some time, restoration or other engineering works are required before they can be put to gainful uses. To optimise the use of these sites, this Funding Scheme (the Funding Scheme) is set up, with \$1 billion earmarked by Financial Secretary in 2018-19 Budget and approved by the Finance Committee of the Legislative Council, to provide NGOs with financial and technical support to make such vacant government sites fit for a variety of short-term community, institutional, or other non-profit making uses.
- 1.1.2 Applications will be processed by the Secretariat to the Assessment Committee under Development Bureau (DEVB) set up to vet applications and oversee the implementation of the Funding Scheme.
- 1.1.3 The Assessment Committee will assess applications on the basis of the proposals contained in the Application Form and all additional information provided by NGO-applicants.
- 1.1.4 The funds granted should be used to cover the following items of the approved projects –
- (a) consultancy services such as –
- feasibility studies on the proposed restoration and repair works, or investigation or site survey for preparing a detailed design;
 - detailed architectural, structural, geotechnical, building services, environmental, lighting, pedestrian/ vehicular access design and plans etc.;
 - submission of specified plans to Buildings Department, Fire Services Department, etc.; and

- quantity surveying services, including tender documentation, cost control and account preparation;
- (b) one-off, basic and essential restoration and repair works required to make the vacant site / premises fit for the proposed use and comply with statutory requirements & STT conditions. Possible items include –
- slope upgrading works;
 - site formation;
 - renovation of dilapidated premises;
 - erection of temporary structures (such as the use of modular integrated construction methods);
 - asbestos removal of building structures;
 - provision of public access (vehicular or pedestrian);
 - provision of sewerage/drainage; and
 - installation of fire safety equipment and barrier-free facilities;
- (c) insurance policies covering any potential claims that may arise during surveys, investigations and renovation works;
- (d) remuneration of resident site staff; and
- (e) external audit fees relating to the approved project.

1.1.5 The approved funding subsidy is **not** to cover the following items –

- (a) interior fitting-out;
- (b) furniture and equipment; and
- (c) all other operating or recurrent expense to be incurred in the short-term use on the sites in question, e.g. rental, utility charges, repair and maintenance cost, etc.

1.1.6 The lists in paragraphs 1.1.4 and 1.1.5 are not exhaustive. NGOs should consult the Secretariat if there is any doubt about the scope of the financial support.

- 1.1.7 The maximum amount of the funding subsidy to be granted to each approved project is **HK\$60 million**.

1.2 Guidelines for Delivery of Projects

- 1.2.1 The Guidelines set out the procedures for NGOs to deliver projects under the Funding Scheme. The procedures in the Guidelines are prescribed by DEVB which may amend, supplement, apply, interpret or make exceptions to them. There will be regular reviews of and updates to the Guidelines. NGOs are required to comply with the latest version of the Guidelines unless otherwise authorised by DEVB.

1.3 Reminder

- 1.3.1 NGOs are not advised to enter into any financial or contractual commitment in respect of any project before their funding applications are approved. DEVB is not responsible for any commitment so made.
- 1.3.2 To uphold the integrity of directors, staff members and agents of an NGO in relation to the funded project, the NGO shall:
- (a) prohibit the related personnel from offering, soliciting or accepting advantages as defined in the Prevention of Bribery Ordinance from any party, except in cases where the acceptance is within the specified permissible nature, values or circumstances such that no improper influence is involved;
 - (b) avoid, during the agreement period, to undertake any service, task or job or do anything whatsoever which conflicts, or which may be seen to conflict, with the NGO's duties under the Funding Agreement and require its directors, staff members and agents to observe the same; and
 - (c) where a conflict is unavoidable, ensure proper handling of the conflict, with the Secretariat duly notified in writing as soon as possible of the circumstances involved and the actions taken to remove/ minimise its impact (e.g. with the officers concerned removed from the related duties).

Chapter 2

Project Delivery

2.1 Submission of Application

- 2.1.1 NGOs must read carefully the Guide to Application and information available at DEVB's website¹ about the Funding Scheme before completing the Application Form.
- 2.1.2 An NGO-applicant must be committed to ensuring that the delivery of a proposed project would be technically feasible. Before applying for funding, the applicant must include in the application a clear definition of the project scope and identify any topographical survey, site investigation, environmental/ traffic/ drainage/ geotechnical impact/ risk assessments at the detailed design stage, site constraints, cost estimate, preliminary schematic design, works programme, and assessment about site accessibility, availability of utility services, etc. Under certain circumstances in relation to site / premises conditions, and where justified, funding may be granted for carrying out a technical feasibility study (including detailed design) before the Assessment Committee considers approving the whole sum of funding being sought in the application.
- 2.1.3 The application should contain a detailed breakdown of the estimated cost of the works, giving justification for major cost items (e.g. referencing preliminary quotations from contractors, similar cost items from previous projects, or cost items prepared by professional consultants, etc.).
- 2.1.4 If the proposed works are necessary for meeting statutory requirements (in relation to fire safety, gas, electricity, etc.), copies of letters of requirement or letters of no objection from relevant authorities (e.g. Fire Services Department), if available, should be attached to the Application Form.

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https://www.devb.gov.hk/en/issues_in_focus/Funding_Scheme_to_Support_the_Use_of_Vacant_Government_Sites_by_Non_government_Organisations/index.html

2.2 Approval of the Funding

- 2.2.1 The Assessment Committee may approve the funding sought by different stages, according to project implementation milestones as proposed by applicants. For example, funding may be provided for an NGO to cover the cost of investigation works to verify design assumptions before approval of funding for subsequent detailed design and capital works. Granting of funding in each stage, however, does not commit the Assessment Committee to supporting the remaining stages of a project.
- 2.2.2 The NGO will be informed in writing of the result of its application. It is required to comply with the terms of the Funding Agreement 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 NGO's control (e.g. the lowest conforming quotation or tender being higher than the approved estimate), it must first exhaust any funding allocated to contingency before applying for a funding increase. The NGO must not take it for granted that a proposed increase in funding must be approved by the Assessment Committee.
- 2.2.3 The NGO must follow the procedures for procurement of services as detailed in Chapter 3.
- 2.2.4 The procedures for project delivery are outlined in **Annex A**.

2.3 Payment Arrangement

- 2.3.1 Payment will normally be made on a reimbursement basis, i.e. disbursements to be made on receipts certified correct by the NGO. The NGO should satisfy itself that the relevant service/works covered by a payment has been undertaken in accordance with the terms and conditions of relevant contract/ agreement, and should settle the payment required in advance. The NGO shall hold legal responsibility for any claims filed by contractors /consultants / service providers if it fails to meet the obligations regarding timely payment of bills.
- 2.3.2 If the NGO indicates genuine difficulty in using its cashflow to settle bills or payments before seeking a reimbursement subsequently, the NGO may apply for an advance payment with justification and supporting evidence including its latest bank statements, and relevant invoices and contracts. On the basis of the justifications and supporting evidence submitted, the Secretariat may arrange an advance payment for the NGO to settle any outstanding bill as soon as possible

and to ensure that the project would proceed. The NGO should submit an original and duly certified receipt from its contractors /consultants / service providers to the Secretariat not later than two weeks for checking after receiving the advance payment from Government.

- 2.3.3 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 DEVB's approval of the final accounts of the contract based on the recognised works items.
- 2.3.4 Unless otherwise authorised, the NGO should keep a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong solely and exclusively for processing all receipts and payments in relation to the project. Payments from that account should be made by the authorised representative(s) of the NGO, whose names have to be registered with the Secretariat in advance.
- 2.3.5 A payment of the approved funding or any part of it from the Funding Scheme is usually made by the Treasury direct to the NGO's bank account if the NGO has completed the authorisation. Otherwise, a cheque may be issued to the NGO.
- 2.3.6 All interest income generated from the project bank account should be ploughed back into the project. Under no circumstances shall the interest earned be applied to other uses outside the project, and no negative interest should be charged to the project.
- 2.3.7 Where the project is not fully financed by the Funding Scheme, the NGO should use up capital contributions from other funding sources before calling on the grant from the Funding Scheme.
- 2.3.8 The approved funding under the Funding Scheme should be entered as a separate item into the audited financial statements of the NGO.
- 2.3.9 The NGO should submit the following documents to the Secretariat for any payment claim:
 - (a) a duly completed NGO's Certificate (**Annex B**);
 - (b) original of the invoices/ receipts related to the claim;
 - (c) Authorised Person/ Consultant's Certificate for works contract;
 - (d) Authorised Person/ Consultant's issuance of Defects Rectification Certificate or similar document certifying that all outstanding and defective works are satisfactorily completed (for retention money

or final payment); and

- (e) any other document(s) (e.g. Occupation Permit) deemed relevant by the NGO.

- 2.3.10 The NGO should make prudent arrangements to ensure that all claims by contractors (either through a consultant or other delegated person) or consultants/ service providers have been properly checked and accounted for. The NGO's Certificate is an important document which must be duly signed by the Project Co-ordinator, with the official chop of the NGO stamped on the NGO's certificate before submission to the Secretariat for processing.
- 2.3.11 The payment claim should be submitted to the Secretariat within the time specified in the Funding Agreement. Failure to submit the payment claim within the time specified may result in the unclaimed balance of the funding to be returned to the Funding Scheme.
- 2.3.12 As Government has no contractual relationship with consultants and contractors hired by an NGO for the project, enquiries in relation to the payment requested should be addressed to the NGO. DEVB will not address any enquiry from the contractors /consultants / service providers engaged by the NGO.
- 2.3.13 Under the circumstances which liquidated and ascertained damages (LD) are eligible to be deducted from the payment to the contractor due to late completion of works, the NGO is required to deduct the LD sum from the contractor's billed sum in the NGO's Certificate.
- 2.3.14 Where circumstances justify (e.g. when the project delivery is found not up to the requisite standard; or where the original receipts, invoices or certificates submitted are found unacceptable, previous bills not settled, or a large amount of fund unspent in the account of the project, etc.), DEVB may withhold or reclaim any payment from the NGO.

2.4 Keeping Records

- 2.4.1 The books of accounts and all other relevant records and information related to the Funding Scheme should be retained by the NGO for at least seven years after completion of the project or Government's release of the final payment to the NGO, whichever is longer, unless otherwise required under any relevant statutory requirement. These books and records should, at all reasonable time, be available for inspection by DEVB and Audit Commission.

2.4.2 Independent Commission Against Corruption (ICAC) is authorised to review the procedures and practices of the Funding Scheme to prevent corruption or related malpractices, including the obtaining of any information or record kept by the NGO for inspection and analysis. The NGO should fully co-operate with ICAC and give it assistance when so required.

Chapter 3

Procurement of Services

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3.1 Guiding Principles

- 3.1.1 The procurement of services funded by the Funding Scheme as well as management of those services procured should follow the procedures set out in this Chapter. The NGO, at the time of incurring expenditure, must exercise due diligence to ensure no over-commitment in spending, and expenditure items being limited to those having obtained a prior approval.
- 3.1.2 The procurement procedures are prescribed to achieve the following objectives –
- (a) Public accountability and value for money
The Funding Scheme is using public money. The NGO is accountable to the public for the use of funds granted under the Funding Scheme, and must always be prepared to account for all its purchasing decisions. The NGO is obliged to achieve good value for money for its procurement and exercise prudence in disbursement of any funds granted under the Funding Scheme. Innovation and creativity in the procurement exercise is encouraged if such would be conducive to securing value for money of the project and other positive values that serve the interest of the public.
 - (b) Transparency and Open and Fair Competition
The NGO must deliver the project with integrity and in a publicly accountable and transparent manner. All requirements and specifications of the intended procurement should be clear, and made known to as many service providers, suppliers or contractors as possible. It is necessary to uphold the principle of open and fair competition and level playing field in procurements for projects subsidised by the Funding Scheme. All tenderers and suppliers should be treated, and are seen to be treated, on an equal footing.
 - (c) Avoidance of Conflict of Interest
The NGO must observe due diligence, and its officers must avoid any perceived or real conflict of interests in making any procurement decision.

- 3.1.3 To promote good corporate governance, an individual NGO is responsible for the setting up and monitoring of its own procurement system with adequate checks and control and in accordance with the principles mentioned in paragraph 3.1.2 above. The procedures below merely provide a framework for the NGO to establish its own system.
- 3.1.4 To facilitate timely delivery of projects and reduce the risks of cost overrun or unnecessary lock-up of approved excessive funding, the NGO is encouraged to initiate the consultants/contractors selection exercise for the procurement of all consultancy and works contracts before securing funding approval. For works contracts, the NGO shall seek comments from DEVB on the design of the construction works prior to the tender invitation date. If time permits, the comments received shall be addressed and incorporated into the tender document prior to the tender closing date. In any case, all comments shall be incorporated prior to the tender award.

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3.2 Quotation Limit

- 3.2.1 The quotation/ tender ceilings of procurement of consultancy services, works contracts/ works-related services or other services are as follows

Procurement Type	Quotation Limits (Up to and including)
(i) Consultancy services	HK\$ 3,000,000
(ii) Works contracts/ works-related services*	HK\$ 7,000,000
(iii) Services other than those covered by (i) & (ii)	HK\$ 1,400,000

* For classification of the procurement type (ii), please refer to DEVB Technical Circular (Works) No. 5/2012². Most of the construction/ renovation works involved under the Funding Scheme should fall within the ambit of works contracts/ works-related services.

- 3.2.2 For any procurement with a value **not exceeding** the respective quotation limits stated in paragraph 3.2.1, written quotations from **not less than five** contractors/ consultants/ service providers should be invited (see paragraphs 3.2.4 and 3.2.5 below). The procurement contract should, unless otherwise agreed by DEVB, be awarded to the one submitting the lowest conforming quotation. In cases where it is

² <https://www.devb.gov.hk/filemanager/technicalcirculars/en/upload/320/1/C-2012-05-0-1.pdf>

not possible to invite not less than five written quotations, justifications must be provided for DEVB's approval.

- 3.2.3 For any procurement with a value **exceeding** the respective quotation limits stated in paragraph 3.2.1, unless otherwise agreed by DEVB, there shall be a tendering process in accordance with paragraphs 3.2.4 to 3.2.8 below. Tenders from **not less than 30** contractors/consultants should be invited (see paragraphs 3.2.4 and 3.2.5 below). The procurement contract should, unless otherwise agreed by DEVB, be awarded to a tenderer submitting the lowest conforming tender.
- 3.2.4 When inviting quotations or tenders for consultancy services, the NGO should normally invite consultants on the List of Consultants of the Architectural and Associated Consultants Selection Board (AACSB) maintained by Architectural Services Department (ArchSD)³, and/or the List of Band 3 Architectural Consultants (compiled, maintained and provided separately by The Association of Architectural Practices Ltd. and The Hong Kong Institute of Architects)⁴. When an NGO invites tenders for relevant consultancy services, normally **not less than one-third** of those prospective tenderers should be from the List of Band 3 Architectural Consultants.
- 3.2.5 When inviting quotations or tenders for works contracts/ works-related services, the NGO should invite contractors under the appropriate category and group of List of Approved Contractors for Public Works maintained by DEVB⁵ according to the estimated value of the works contracts/ works-related services.
- 3.2.6 The NGO may adopt e-procurement practices as appropriate such as invitation by emails, providing electronic copies of the tender documents, etc. in the procurement exercise.
- 3.2.7 Adequate time shall be provided to allow tenderers to prepare and submit tenders. A period of two to three weeks is normally required unless otherwise agreed by DEVB.
- 3.2.8 The NGO should submit the whole set of quotation/tender document, the proposed list of invitees for quotations or tenderers, the pre-quotation/pre-tender estimate and invitation letter to DEVB for examination prior to any quotation/tender invitation for the subsidised items under the Funding Scheme.

³ <https://www.archsd.gov.hk/en/consultants-contractors/consultants/list-of-consultants-of-aacsb/who-have-been-included.html>

⁴ <https://www.archsd.gov.hk/en/consultants-contractors/consultants/list-of-band-3-architectural-consultants.html>

⁵ <https://www.devb.gov.hk/Contractor.aspx?section=80&lang=1>

- 3.2.9 Should the NGO consider it necessary to deviate from the above quotation or tendering requirements in respect of the subsidised items under the Funding Scheme (e.g. introduction of a marking scheme to assess both the price and technical aspects of the consultant / contractor to enhance competition on technical quality particularly on the aspects of innovation and creativity with sufficient technical weighting to facilitate the assessment of the potential benefits; or assessment of the financial capability of tenderers), it should seek a prior approval from DEVB with justifications.
- 3.2.10 The NGO should ensure that all procurements using the funds provided under the Funding Scheme should be within the ambit of the respective funding and within the scope set out in the Funding Agreement. The details should be adequately reflected in the quotation or tender document.
- 3.2.11 All procurements should be conducted promptly or timely upon approval of the project grant. Any additional cost due to inflation attributable to the delay of the NGO/ APs in conducting the quotation or tender exercise will be the NGO's responsibility.
- 3.2.12 NGOs should follow, as far as practicable, the good practice set out in the "Strengthening Integrity and Accountability - Government Funding Schemes Grantee's Guidebook" published by ICAC⁶, and adopt the sample clauses detailed in Appendix 3 to 5 of the guidebook.
- 3.2.13 NGOs should submit the tender reports/ results of quotation exercise to DEVB for approval prior to award of contracts.
- 3.2.14 The procedures on handling written quotations are detailed at **Annex C**.
- 3.2.15 A detailed rundown of the tendering procedures for works projects from preparation of tender documents to the approval of tender is at **Annex D**.

3.3 Quotation/ Tender Assessment Panel

- 3.3.1 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

⁶ https://cpas.icac.hk/UploadImages/InfoFile/cate_43/2017/43903a1c-f8c9-4bac-b4f8-e7ed80b9a004.pdf

personal friends. A conflict of interest may be actual, potential or perceived. Some common examples of a conflict of interest are described below but they are by no means exhaustive:

- (a) a staff member involved in a procurement process is closely related to or has beneficial interest in a supplier being considered by the NGO;
- (b) a director of the NGO has a financial interest in a company whose quotation or tender is under consideration by the NGO;
- (c) a staff member accepts frequent or lavish entertainment from the NGO's service recipients, suppliers or contractors; and
- (d) a staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

3.3.2 The NGO should remind and require its management board or staff members involved in a procurement process to avoid any conflict of interest. If this is unavoidable, the management board or staff members concerned should make a relevant declaration so that the relevant authority of the NGO can decide whether the relevant person(s) should be excluded from a procurement decision. The NGO should also notify the Secretariat in writing as soon as possible of the circumstances involved and the actions taken to remove/ minimise its impact (e.g. with the officers concerned removed from the related duties).

3.3.3 All quotations/ tenders should be assessed by Quotation/ Tender Assessment Panel comprising the Chairman/CEO of the NGO as the Panel Chairman, and two other senior staff members of the NGO (i.e. altogether three Members). The selected members should confirm that they have no conflict of interest in the assessment in a standard proforma according to **Annex E** before the assessment.

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3.4 Engagement of Authorised Persons (APs) / Consultants for Works Projects

3.4.1 In general, the NGO (if it does not have the in-house expertise) is encouraged to engage APs/ Consultants to prepare design, tender documents and to supervise construction and engineering works. The normal duties of the Project APs or Consultants are detailed in **Annex F**.

- 3.4.2 Since APs/ Consultants are also involved in tender preparation and assessment for works contracts, the requirements about avoiding and/or handling conflict of interest as set out in paragraphs 3.3.1 - 3.3.3 should also be applicable to APs/ Consultants' staff concerned.
- 3.4.3 Unless otherwise authorised by DEVB in advance, the fees and payment terms for the APs/ Consultants should adopt the following principles –
- (a) the fee scales and payment terms shall be stipulated in the relevant consultancy agreements;
 - (b) time charge payment method should be avoided;
 - (c) the total professional fees for a project should not exceed 10% of the Total Cost of Works as defined in (d) below unless otherwise justified by the NGO and agreed by DEVB;
 - (d) the Total Cost of Works of a project shall include unless otherwise justified by the NGO and agreed by DEVB:-
 - (i) the cost of works itself excluding preliminaries and contingencies;
 - (ii) preliminaries (including head office and site office overheads and insurance, etc.) at a maximum of 10% of the cost of works where this exceeds \$800,000 (a maximum of 15% of the cost of works if the cost does not exceed \$800,000); and
 - (iii) contingencies at a maximum of 5% to 10% of the sum of cost of works in (i) and preliminaries in (ii) above, as appropriate.
 - (e) subject to not exceeding the maximum percentage of payment as stipulated in the relevant consultancy agreements, APs/ Consultants appointed for the works may claim interim payments up to 95% of their approved professional fees upon the issuance of the Certificate of Practical Completion. For the remaining 5%, payment will be retained until satisfactory completion of the final accounts.
- 3.4.4 The procurement of AP/ Consultant's services must follow the principle of competitive bidding as mentioned in Sections 3.1 and 3.2 above.

Chapter 4

Progress Monitoring

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4.1 Monitoring of Construction/ Renovation works

- 4.1.1 The NGO is responsible for monitoring the progress of its project closely with a view to having it completed on time and within the approved ceiling of the funding.
- 4.1.2 If, at any time, the NGO foresees any major slippage on the progress of works which may result in delay in completion, or significant under-spending of forecast annual expenditure (usually taken as over 10%), the NGO must report this situation to DEVB immediately. Likewise, the NGO must report immediately to DEVB if it foresees significant overspending.
- 4.1.3 The NGO is required to submit progress reports for construction works to DEVB in every two months. Slippage to the programme, if any, together with the causes and the mitigation measures should be reflected in the progress reports. The progress reports should include up-to-date actual and projected monthly cashflow, variation orders and claims from contractors of the project.
- 4.1.4 The NGO should also submit a final report to DEVB within two months from completion of the project and a report of making good all defects.
- 4.1.5 The Secretariat may conduct random site inspections on the works in progress from time to time. To facilitate the site inspections, the NGO is required to permit DEVB and all persons authorised by DEVB to enter the site/school premises and slopes within or adjoining the sites/permises to see the state and condition.

4.2 Contract Variation

- 4.2.1 The costs of all design or site variation works should be met from contract contingency and/or project saving. The NGO should ensure that the issue of variation orders will not result in exceedance of the approval ceiling.
- 4.2.2 The Consultant shall be required in a consultancy agreement to obtain

the prior approval of the Employer (the NGO) before issuing major variations, with the exception in emergencies where the order of variations is essential and it is impracticable to seek the prior approval of the NGO.

- 4.2.3 The NGO is required to obtain the prior approval of DEVB before granting approval to consultants to issue major variation for which the NGO intends to seek a subsidy to cover the costs, with the same exception as stated in paragraph 4.2.2.
- 4.2.4 A major variation in the context of paragraph 4.2.2 and 4.2.3 is defined to be the variation ordered in accordance with a work contract which may commit the NGO to an additional expenditure of a value estimated to exceed HK\$300,000.
- 4.2.5 The NGO shall allow sufficient time for DEVB to grant an approval for major variation. No retrospective approval is permitted. No variation should be issued after the completion of a contract. The NGO will be responsible for any time and cost implications in relation to all major variation orders issued to contractors without a prior approval from DEVB.
- 4.2.6 The NGO is responsible for monitoring the expenditure under the construction contract to be within the contract sum. The NGO should not commit expenditure under the contract beyond the contract sum. If an increase in the original contract sum becomes necessary, the NGO must seek approval from DEVB. Any expenditure exceeding the contract sum without a prior written approval from DEVB will be at the sole risk of the NGO, and the NGO will be liable for all the consequences for expenditure over the contract sum without any prior approval of DEVB.

4.3 Completion of Works and Project Finalisation

- 4.3.1 Upon completion of the construction/ renovation works, the NGO should arrange inspections with relevant statutory authorities, Government departments, etc. for the issue of an occupation permit, fire certificates and other licenses/permits required for the operation at the renovated premises. The NGO should provide the originals or copies where appropriate of the above to DEVB for reference.
- 4.3.2 The NGO should carry out maintenance works to the premises according to the conditions set out in the short-term tenancy.
- 4.3.3 The NGO should have the draft final project accounts ready for

examination by the Secretariat within six months after the date of practical completion of the works. The NGO must inform the Secretariat as soon as possible if it anticipates that this time frame cannot be met due to any circumstance.

- 4.3.4 The draft final project accounts should cover the following:
- (a) a copy of each works contract and consultancy agreement;
 - (b) the final account including all claims checked and confirmed by the NGO;
 - (c) an explanation of major variations issued including details and records of prior approval by DEVB;
 - (d) the expenditure on professional fees and expenses, shown separately for each consultant employed and on site supervision, and the relevant supporting documents to substantiate terms of employment and nature of work;
 - (e) date of practical completion, extension of time (EOT) with assessment and confirmation by NGO, reasons for EOT, cost implications for EOT if any, and date of making good defects; and
 - (f) any other supporting documents/invoices as DEVB requires.
- 4.3.5 The project accounts will only be considered as finalised until all comments from the Secretariat on the draft are satisfactorily resolved.
- 4.3.6 Examination made by DEVB on the final accounts will be based on the scope and ambit as approved by the Assessment Committee and any subsequent changes of which approvals from DEVB have been obtained. DEVB reserves its right in rejecting any variations/expenditure beyond the scope and ambit of the project and/or in excess of the original contract sum or approved ceiling of the funding. In this situation, DEVB may deduct a payment made from the any outstanding grant to the NGO, and require the NGO to repay partly or fully the grant made in respect of unauthorised variation/ expenditure.
- 4.3.7 Final payment will be made only after the Secretariat has examined the final accounts and endorsed a project cost admissible for the Funding Scheme. If the final admissible project cost is smaller than the amount released from the Funding Scheme, the NGO has to return the excess amount to DEVB. Any requirement exceeding the approved funding will be borne by the NGO. In vetting the final accounts, the Secretariat may conduct site inspections for the completed works. All variations and additional works should be provided in detail and preferably with sketch drawings.

Procedures for Project Delivery

Actions	Remarks
I. Application of Funding	
1. Application Received	<p>Based on the information provided, the Secretariat will assess the following:</p> <ul style="list-style-type: none"> - Eligibility requirement - Scope of works - Technical feasibility - Cost effectiveness - Estimated cost provided with justifications (e.g. from professional consultant or quotation from contractor) - Works programme with milestones - Other aspects e.g. staffing, financial capability, etc. <p>The Secretariat may ask for additional information from the applicant or refer the application to works departments for technical advice.</p>
II. Project Design and Tender preparation	
2. Stage 1 Approval of Funding	<p>Depending on the project-specific needs, Assessment Committee will approve first stage funding for NGO to engage Consultants/Authorised Person (AP) to carry out detailed design and tender preparation, or services providers to carry out further investigations/ surveys (e.g. ground investigation).</p>
3. NGO procures services to carry out further investigations/ surveys (optional)	<p>NGO should follow the procedures set out in the Guidelines about the procurement of services as stated in Chapter 3.</p>

<p>4. NGO appoints Consultants/ AP to prepare detailed design, tender documents and pre-tender estimate</p>	<p>NGO should submit the whole set of quotation/tender document, the proposed list of invitees for quotations or tenderers, and the pre-quotation/pre-tender estimate to DEVB for examination prior to any quotation/tender invitation.</p> <p>NGO should submit the tender report/ results of quotation exercise to DEVB for approval prior to award of contract.</p>
<p>III. Tendering of Works Contract</p>	
<p>5. Consultants/ AP prepare pre-tender estimate based on detailed design/ call tenders and submit report to the Secretariat with budget review.</p>	<p>NGO should submit the whole set of quotation/tender document, the proposed list of invitees for quotations or tenderers, and the pre-quotation/pre-tender estimate to DEVB for examination prior to any quotation/tender invitation.</p>
<p>6. Stage 2 Approval of Funding</p>	<p>Based on the pre-tender estimate/ tender sum to be awarded, the Assessment Committee will approve second stage of funding to cover the construction and other cost.</p>
<p>7. Consultants/ AP call tenders (If funding approval is based on pre-tender estimate)</p>	
<p>8. NGO awards contract to the contractors.</p>	<p>NGO should submit the tender report/ result of quotation exercise to DEVB for approval prior to award of contract.</p>
<p>IV. Construction</p>	
<p>9. Consultants/ AP supervise and monitors progress of construction.</p>	<p>The Secretariat will monitor progress of the project. In case of major change to the scope of works, the Secretariat's prior approval is required before actual works commence.</p>

V. Completion and Final Accounts	
10. Contractor hands over the completed project to NGO.	
11. Consultants/ AP prepare final account and fee accounts for the Secretariat's consideration.	The Secretariat will verify final account and arrange payment after detailed checking and site visit.

Annex B

To: Development Bureau (Planning & Lands Branch)
Attn: AS(P)SD3

Request S/N
For Official use

**Funding Scheme to Support the Use of Government Vacant Sites by
Non-government Organisations**

NGO's Certificate – Request for Payment

Name of NGO: _____

Title of Project: _____

Title of Contract/ Consultancy Agreement: _____

Description of Payment: _____

Total amount of payment requested (\$) ^(Note 1): _____

Architect's / Quantity Surveyor's Certificate No.: _____

I certify that:-

- a) the works have been undertaken in accordance with the terms and conditions of relevant agreements/contracts;
- b) the payment is within the approved ambit of the project;
- c) no previous payment on the same invoice(s) and receipt(s) have been requested;
- d) the total amount of funding received so far does not exceed the approved value ^(Note 2); the cash position of the organization is reflected in the latest bank statement as submitted in this request for payment.

I should be grateful if you could arrange the payment requested above.

The following supporting documents are attached to this certificate for your vetting:-
(Please tick ✓ as appropriate)

- Original of the invoice(s) and/ or receipt(s)
- Architect's/ Quantity Surveyor's Certificate
- Other relevant document(s), if necessary



Authorised Signature: _____
(Project Co-ordinator)

Name: _____
(in BLOCK letters)

Date: _____

Tel: _____ Fax: _____

Explanatory Notes

Note 1: If more than one invoice and/or receipts are submitted, a breakdown of total payment requested should be set out in the Quantity Surveyor's Certificate.

Note 2: Please refer to the relevant conditions stated in the Funding Agreement.

NGO's file reference : () in _____

**Funding Scheme to Support the Use of Government Vacant Sites by
Non-government Organisations**

To: The Secretariat

User code:																				
------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(For official use)

Name of Project: _____

Name of Payee: _____

Ref*	Invoice/ Receipt Amount (\$)	Supporting Documents
		<input type="checkbox"/> Architect's/ QS's Certificate
		<input type="checkbox"/> NGO's Certificate
		<input type="checkbox"/> Others (pls specify below):

Total:		

*Please find the appropriate Ref from the list below to indicate the type of payment.

Please arrange to make payment in respect of the above claims and charge to the above user code. I confirm that:

- (a) Payment has not been requested before;
- (b) Project estimate will not be exceeded with the above payment;
- (c) This claim is within the approved ambit of the project; and
- (d) Information on this Request Form is complete and accurate.

Name: _____ Signature: _____ Date: _____

Tel: _____ Designation: _____

For use by DEVB only			
Checked by:	Date:	Counter-checked by	

Procedures on the Handling of Written Quotations

- (a) Written quotations should be addressed personally to a senior staff member of the NGO in sealed envelopes marked with “Quotation” and the name of the project.
- (b) There should be adequate security measures to prevent possible leakage or tampering 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) Quotations by fax should be avoided.
- (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) All quotations received in a particular exercise should be opened at the same time and witnessed. They would then be date-stamped and initialed.
- (f) Any alterations found on opening of quotations 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 are 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.
- (i) To prevent manipulation of the receipt and opening of quotations, the NGO should segregate the duties specified in this Annex among different officers as far as practicable.

Tendering Procedures for Works Contracts

Preparation of Tender Documents

1. In preparing the tender documents, the NGO should ensure that the following requirements are met: -
 - (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 Assessment Committee of the Funding Scheme, and any non-subsidised portions should be clearly and separately shown in the tender documents and tender summary.
 - (d) Tenders must be strictly comparable and must include all sums for works to be executed by nominated sub-contractors.
 - (e) 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 strictly to avoid re-submission of documents for approval or re-tendering.

Approval of Tender Documents

3. Before tenders are invited, all tender documents, the list of proposed contractors and the invitation letter should be forwarded to the Secretariat for examination.
4. The NGO should invite contractors under the appropriate category and group of List of Approved Contractors for Public Works maintained by DEVB¹.

¹ <https://www.devb.gov.hk/Contractor.aspx?section=80&lang=1>

Invitation to Tender

5. A record of the contractors invited to tender should be kept by the NGO or its consultant.
6. Invitation letters may be in English or Chinese and can be issued by e-mail or mail. Tenders should be submitted in a sealed plain envelope clearly marked on the outside with "Tender for (Name of the Project)".
7. 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. 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.

Receipt and Opening of Tenders

8. The NGO (or the consultant) should arrange for a double-locked tender box at its 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 [the Name of Project]".
9. If tenders are sent to the NGO (or the consultant) by mail, the NGO (or the consultant) 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 (or the consultant) should acknowledge receipt of the tenders.
10. The tender box should only be opened at specified time by a tender opening team comprising at least two staff members, 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.
11. The NGO (or the consultant) should designate a senior staff member not involved in the evaluation to keep duplicate copies of the proposals.

12. Late tenders should not be accepted. They should be date-stamped and initialed by the supervising officer.

Selection of Tenders

13. 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;
- a confirmation of the NGO and/or the consultant carrying out the tendering exercise that all the procurement requirements under the Guidelines have been complied with;
- together with a tender analysis report which should give: -
 - (a) confirmation of arithmetical check on all tenders, indicating all corrections in red. The correction of tender errors should follow the correction rules under ETWB Technical Circular No. 41/2002²;
 - (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.

14. If the lowest tender exceeds the approved estimate and if a supplementary grant is required, an application with justifications should accompany the tender analysis report. Approval for supplementary grants must not be taken for granted. Any financial commitment accepted without the approval of DEVB will be the sole responsibility of the NGO.

15. As letting and administration of works contracts are inherently corruption prone, the Corruption Prevention Department of ICAC is willing to offer corruption prevention advice for NGOs. NGOs should approach ICAC should they need to put in place or review its existing system and safeguards.

² <https://www.devb.gov.hk/filemanager/technicalcirculars/en/upload/121/1/C-2002-41-0-1.pdf>

Signing of Contract Documents

16. Contracts must not be entered into until official approval has been received from DEVB. Any financial commitment accepted without the approval of DEVB 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 DEVB for record.

CONFLICT OF INTEREST DECLARATION FORM

**Declaration and Undertakings by Members and Staff
Involved in Preparing Tender**

Documentation including Tender Specifications and Assessing Tenders

[This form must be submitted before tender invitation]

[Agreement/ Contract Title]

Project Title:

“WITHOUT conflict of interest” Declaration:

I hereby declare that there is no conflict of interest, whether actual, potential or perceived, between my duties to the organisation in relation to the captioned tender exercise, including without limitation those in relation to the preparation of the tender documentation including tender specifications and the assessment of tenders, and my financial, professional, commercial, personal or other interests.

2. I undertake to –
- (a) hold in strict confidence all tender information that I have access to through my duties to the organisation in relation to the captioned tender exercise, including without limitation those in relation to the preparation of the tender documentation including tender specifications and the assessment of tenders. Tender information includes details of tenders received and any other sensitive or confidential information relating to a tender;
 - (b) refrain from making any unauthorised disclosure or taking advantage of any tender information referred to in paragraph 2(a) above whether or not for personal gain;
 - (c) declare any actual or perceived conflict of interest with my duties to the organisation in relation to the captioned tender exercise, including without limitation those in relation to the preparation of the tender documentation including tender specifications and the assessment of tenders immediately when I become aware of any such conflict; and

(d) take steps to avoid any conflict of interest with any prospective tenderer or tenderer by not putting myself in a position of obligation towards any of them; for example, by not accepting any favour or lavish or excessive entertainment, and not over-socialising with any of them.

3. The undertakings in paragraphs 2(a) and (b) above shall not apply:

(a) if and when the disclosure and information therein referred to becomes a matter of public knowledge (other than by reason of a breach of paragraphs 2(a) and (b) above);
or

(b) to any communications or disclosures caused or permitted by me to colleagues in the organisation or Government who are or are expected to be involved in the course of their duties in the captioned tender exercise or parts thereof.

4. I understand that I may be subject to legal action should I make a false declaration or fail to observe any of my above undertakings.

Signed: _____
Name (block letter) _____
Post: _____
Date: _____

**Confirmation of receipt of “WITHOUT conflict of interest”
declaration:**

[To be completed by a senior member or staff of the NGO]

It is noted that there is no conflict of interest as declared by the above member.

Signed: _____
Name (block letter) _____
Post: _____
Date: _____

CONFLICT OF INTEREST DECLARATION FORM

Declaration and Undertakings by Members and Staff Involved in Preparing Tender

Documentation including Tender Specifications and Assessing Tenders

[This form must be submitted before tender invitation]

[Agreement/ Contract Title]

Project Title:

“WITH conflict of interest” Declaration:

I declare that there is a conflict of interest (whether actual, potential or perceived) arising between my official duties and my private interests in the preparation of tender documentation including tender specifications and the assessment of tenders for the above *Agreement/Contract, with details as given below:-

2. Notwithstanding the conflict of interest as declared above, I undertake to –
 - (a) hold in strict confidence all tender information that I have access to through my duties to the organisation in relation to the captioned tender exercise, including without limitation those in relation to the preparation of the tender documentation including tender specifications and the assessment of tenders. Tender information includes details of tenders received and any other sensitive or confidential information relating to a tender;
 - (b) refrain from making any unauthorised disclosure or taking advantage of any tender information referred to in paragraph 2(a) above whether or not for personal gain;
 - (c) declare any actual or perceived conflict of interest with my duties to the organisation in relation to the captioned tender exercise, including without limitation those in relation to the preparation of the tender documentation including tender specifications and the assessment of tenders immediately when I become aware of any such conflict; and
 - (d) take steps to avoid any conflict of interest with any prospective tenderer or tenderer by not putting myself in a position of obligation towards any of them; for example, by not

accepting any favour or lavish or excessive entertainment, and not over-socialising with any of them.

3. The undertakings in paragraphs 2(a) and (b) above shall not apply :
- (a) if and when the disclosure and information therein referred to becomes a matter of public knowledge (other than by reason of a breach of paragraphs 2(a) and (b) above); or
 - (b) to any communications or disclosures caused or permitted by me to colleagues in the organisation or Government who are or are expected to be involved in the course of their duties in the captioned tender exercise or parts thereof.
4. I understand that I may be subject to legal action should I make a false declaration or fail to observe any of my above undertakings.

Signed: _____
Name (block letter) _____
Post: _____
Date: _____

Confirmation of receipt of “WITH conflict of interest” declaration and record of remedial action taken:

[Guidance Note: To be completed by a senior member or staff of the NGO]

It is noted that a conflict of interest (whether actual, potential or perceived) exists as declared by the above member/staff and *the member/staff has been instructed to cease any further involvement in the tendering exercise of the captioned *Agreement/ Contract with immediate effect. / *the following remedial action has been taken:- / *no remedial action has been taken as it is considered that the above member/staff duties will not be affected due to the following reasons:-

Signed: _____
Name (block letter) _____
Post: _____
Date: _____

* Delete as appropriate

Normal Duties of Project Authorised Persons or Consultants

Authorised 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 (the Employer) and the requirements of DEVB, if any, and ensuring that tender documents are in order and have been appropriately revised in the light of comments made by DEVB, where appropriate. All works prepared by the consultant should be in accordance with the latest edition of the “General Specification for Building”¹ published by the Architectural Services Department ;
- (b) drawing up a proposed list of tenderers and submitting under confidential cover to the Employer 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 Employer and DEVB;
- (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;

¹ <https://www.archsd.gov.hk/en/publications-publicity/general-specification-for-building.html>

- (f) certifying interim payment claims from the contractor;
- (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. DEVB 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 Employer within the period stipulated in the contract for onward submission to DEVB;
- (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 the Funding Scheme for approval of DEVB, where necessary, if non-subvented works have been included in the project.