



Environment and Conservation Fund

GUIDE TO APPLICATION



Conservation Project under the Public Private Partnership Scheme of the New Nature Conservation Policy



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1. INTRODUCTION

The New Nature Conservation Policy (NNCP) was promulgated in 2004 to regulate, protect and manage natural resources that are important for the conservation of biological diversity of Hong Kong in a sustainable manner, taking into account social and economic considerations, for the benefit and enjoyment of the present and future generations of the community. Twelve ecologically important sites¹ with high ecological value were identified under the NNCP as priority sites for enhanced conservation (priority sites). Two schemes, namely the Nature Conservation Management Agreement Scheme and the Public Private Partnership (PPP) Scheme, were introduced to enhance the conservation of these ecologically important sites, in particular those under private ownership.

Public-Private Partnership Scheme

Under the PPP Scheme, private developments of an agreed scale and plan will be allowed at the ecologically less sensitive portion (Developable Portion) of private land within the 12 priority sites, provided that land owners of the private land undertake to (a) retain and conserve the ecologically important portion of the site (the Conservation Portion); (b) provide a lump sum contribution to the Environment and Conservation Fund (ECF) that is sufficient to generate recurrent income to support the long-term conservation work for the Conservation Portion; and (c) appoint a conservation agent to apply for funding from the ECF regularly to carry out the required conservation work.

With effect from 6 October 2021, an additional option has been provided to land owners to surrender the Conservation Portion to the Government for proactive conservation and management by the Government (the Additional Option). Under this option, land owners are still required to provide to the Government a lump sum contribution that is sufficient to generate recurrent income to support the long-term conservation work for the Conservation Portion. Full market value premium will continue to be charged in accordance with the established mechanism for the Developable Portion. This Guide to Application is **not** applicable to those opting for the Additional Option. Interested parties should refer to the details set out in the website of the Environmental Protection Department (EPD) for information.

Role of the Environment and Conservation Fund

The ECF is a statutory fund established under the ECF Ordinance (Cap. 450) for the purposes of funding educational, research and other projects and activities in relation to environmental and conservation matters. Under the PPP Scheme (except the Additional Option), private land owners are required to provide a lump sum contribution to the ECF that is sufficient to generate recurrent income to support the long-term conservation work for the Conservation Portion of the site. After receiving the donation, the ECF will invite applications from non-profit making organisations (NPO) for carrying out the conservation work as a conservation agent. Under the funding management framework endorsed by the ECF Committee, to ensure that the conservation work is properly conducted, the land owner is required to nominate at least one competent NPO candidate as his conservation agent to manage the ecologically sensitive portion of the site and advise the conservation agent candidate(s) to apply for funding support from the ECF for carrying out the pledged conservation work. The scope and requirements will be set

¹ The 12 priority sites are Ramsar Site, Sha Lo Tung, Tai Ho, Fung Yuen, Luk Keng Marsh, Mui Tsz Lam and Mau Ping, Wu Kau Tang, Long Valley and Ho Sheung Heung, Deep Bay Wetland outside Ramsar Site, Cheung Sheung, Yung Shue O and Sham Chung. At its meeting on 18 November 2011, the ECF Committee endorsed the extension of the PPP arrangement to the Wo Shang Wai project, which is a low-density residential development involving around 270 units as well as a wetland restoration area located outside the 12 priority sites, but has voluntarily adopted the funding and land arrangements of the PPP Scheme to conserve the wetland restoration area in the Wetland Buffer Area.

based on the conservation and management plan (the Conservation Plan) as approved under the town planning application procedures by the Agriculture, Fisheries and Conservation Department (AFCD). The funding for each application is subject to approval of the ECF Committee.

1.1 Purpose of this Guide

This Guide provides guidance on the funding application to the ECF to support the conservation work to be carried out in the Conservation Portion under the PPP Scheme, and describes the basic requirements and responsibilities of the applicant organisation. Upon approval of funds by the ECF Committee, the applicant organisation will sign an agreement with the Government undertaking to observe the conditions of using the allocated grant and the approved funding.

1.2 Nature of Conservation and Management of the Conservation Portion

The project must contribute to enhancing the ecological value of the Conservation Portion through implementation of the pledged Conservation Plan as approved by the AFCD. Members of the public should also be allowed access to the Conservation Portion, for nature appreciation or education purposes, with suitable control such that the ecological features of the site will not be adversely affected. In the event that an application for funding from the ECF is successful, the land owner will appoint the successful applicant (i.e. the NPO) to be the conservation agent with full right of ingress, egress and regress to, from and through the Conservation Portion on and subject to the terms of a management agreement to be entered into between the land owner and the conservation agent for the purpose of carrying out the conservation work. Government representatives including the EPD and the AFCD should also be allowed unlimited access to inspect the conservation work carried out by the NPO.

1.3 Administration

The administration of grants for the approved projects is undertaken by the Secretariat of the ECF Committee (the Secretariat).

2. APPLICATION AND VETTING PROCEDURES

2.1 Eligible Applicant

- 2.1.1 Eligible applicant organisations must be local NPOs (e.g. green groups and community bodies).
- 2.1.2 To be eligible to apply for funding for the conservation project of the PPP project, applicant organisations must be able to obtain nomination from the land owner of the PPP project as its conservation agent candidate.
- 2.1.3 Eligible applicant organisations should provide a copy of the organisation's registration document, supporting documents to prove that the organisation is non-profit making in nature, and a list of the principal persons-in-charge and their positions, as evidence of proof.

2.2 Funding Amount

Applicant organisations should make reference to the estimated annual budget set out in the Conservation Plan as approved under the relevant statutory procedures (e.g. planning application), and take into account other factors when proposing the budget in the application.

2.3 Duration of Each Project

Each project should last for three years.

2.4 Application Procedure

- 2.4.1 The Secretariat will invite funding applications for each PPP project once every three years.
- 2.4.2 Applicants have to fill in an application form which can be obtained from the ECF website: <http://www.ecf.gov.hk>.
- 2.4.3 The person-in-charge of the application should be the head or deputy head of the applicant organisation. Completed application form should be signed by the person-in-charge and affixed with the chop of the applicant organisation. The completed form should be submitted to the following address: 22/F, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong. Incomplete application will not be processed.
- 2.4.4 Invitation for applications and deadline for receiving applications will be announced in the ECF website. Late applications will not be processed.
- 2.4.5 To avoid undue delay in processing applications, where feedback/response from the person-in-charge is not received within two weeks from the date of request for such information from the Secretariat/EPD/AFCD, the application will be considered as withdrawn and the application will not be further processed.

2.5 Vetting Procedure

All eligible application(s) received will first be vetted by a Vetting Committee comprising representatives from the EPD and AFCD according to the criteria set out in Section 2.6 of this Guide. Recommendations of the Vetting Committee will be submitted to the ECF Committee for approval. Decisions of the ECF Committee in respect of project applications will be final.

Notwithstanding anything to the contrary in the application documents, the Government reserves the right to disqualify an application on the grounds that the applicant organisation has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.

2.6 Vetting Criteria

The following criteria will be used in assessing the merits of individual applications. A marking scheme based on these criteria will be implemented to evaluate the merits of each application for consideration of funding support.

- (a) Whether the proposal is developed in accordance with the approved Conservation Plan;
- (b) The technical and project management capability of the applicant organisation, as well as its track record, including the effectiveness of past similar projects, under the ECF and/or other government projects, and its ability to comply with funding conditions, if any, imposed by the ECF;
- (c) Whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (d) Whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justifications for major expenditure items.
- (e) Whether the proposal is fully supported by the Vetting Committee.

2.7 Avoidance of Conflict of Interests

To avoid conflict of interest, members of the ECF Committee and Vetting Committee who are directly or indirectly related to an application will be required to declare interest and/or refrain from taking part in the discussion of that application by leaving the venue where the deliberation takes place during the meeting or from the circulation list. This is particularly applicable to members who are part of the project team and/or members who belong to the same applicant organisation.

2.8 Withdrawal

Applicant organisations can write to the Secretariat to withdraw an application at any time before an agreement is signed with the Government.

2.9 Resubmission of Application

For previously rejected applications, the applicant organisations can revise the content of their applications and resubmit the applications. These applications, together with other new applications, will be considered on equal footing at the next round of assessment. In completing the application form for a resubmitted application, the applicant should set out clearly the differences of the resubmitted application vis-à-vis the previous one.

2.10 Notification of Application Result

Applicant organisations will be informed of the result in writing. The successful applicant may be required to revise the application and its proposal to fulfil the conditions for funding approval set by the ECF Committee, if any. After a project has been granted funding approval, the successful applicant, i.e. the recipient organisation, is required to enter into an agreement with the Government and comply with all the terms of the agreement.

3. APPLICATION FORM

3.1 General

- 3.1.1 All sections of the application form should be completed with supporting documents wherever required. Where the information sought is not applicable or not available, please fill in “N.A.”.
- 3.1.2 The application form must be typed or printed on both sides of a paper. It should be duly signed by the person-in-charge (i.e. the Head or Deputy Head of the applicant organisation) and affixed with the chop of the applicant organisation. The completed application form should be submitted in both hard and soft copies (in word format).
- 3.1.3 Please give clear and concise information. Additional pages may be attached to the form if necessary.
- 3.1.4 Acknowledgment will be sent to the applicant organisation after receipt of an application.

3.2 Section A: Basic Information in Data Sheet

- 3.2.1 State the Chinese and English name of applicant organisation, which must be a registered local NPO.
- 3.2.2 State the background information of the applicant organisation, key members of the organisation and the person-in-charge of the project and experience in organising similar activities. The person-in-charge must be the Head or Deputy Head of the applicant organisation, who will act as the main contact point between the applicant and the Secretariat and the Government.
- 3.2.3 The applicant organisation must be able to obtain nomination from the land owner as a conservation agent candidate in order to be eligible for the application.
- 3.2.4 Provide a summary of the proposed project, including the bilingual project titles, target site, project description, project period and amount of funding requested. The summary may be published on the ECF webpage if the proposed project is approved.
- 3.2.5 Sign the declaration form and personal data collection statement to certify the accuracy of the information provided and agreement to abide by the terms and conditions as set out in this Guide as well as agreement to the collection of personal data.

3.3 Section B: Project Proposal

The applicant organisation should submit a project proposal covering the details of the conservation programme, which should be developed based on the scope and requirements set out by the AFCD for the specific site.

3.3.1 Project Title

State the project title, in both English and Chinese.

3.3.2 Target Site

Attach a map showing the target site, which should be the Conservation Portion of the PPP project site.

3.3.3 Duration of the Project

State the commencement and completion dates of the proposed project.

3.3.4 Nature and Purpose of the Project

In clear and specific terms, state how the project will contribute to enhancing the ecological value of the Conservation Portion concerned and overall conservation of the site. The applicant organisation may also supplement if the project may provide additional benefits in other aspects including cultural heritage and public education.

3.3.5 Details of the Project Team

State detailed information of the project team (including details of the project leader, composition and number of staff members, their respective positions in the applicant organisation (if applicable), their duties in the project, the amount of time they would spend working on the project (in terms of number of days/working hours per month), their relevant experience, and the project team's structure/organisation chart.

3.3.6 Role of the Applicant Organisation

State the role of the applicant organisation in organising and implementing the project. Projects in which the applicant organisation does not make a major contribution will not be eligible for funding support.

Applicant organisations should note that they should not bring the Government into disrepute or give rise to any actual or perceived conflict of interest. There should not be undue publicity for the applicant organisations, any sponsoring organisations and private land/property owners.

3.3.7 Project Details

In accordance with the scope and requirements set out for the specific site, the application should include but not limited to the following where applicable:

- (a) the target habitat types with the estimated area to be conserved;
- (b) the target taxonomic groups/species to be conserved;
- (c) the target levels for each of the target species; and
- (d) the target contribution of other environmental baseline and ecological data.

The applicant organisation may add other targets and key performance indicators which are considered relevant to support the application. Details should be included to illustrate the scale and merits of each item.

3.3.8 Method of Implementation of Project

State clearly the implementation method to be employed and show how this could help achieve the purpose of the project, including but not limited to the following where applicable:

- (a) hydrological management;
- (b) fish pond management;
- (c) vegetation management;
- (d) ecological monitoring and review programme; and
- (e) control of human access, disturbance and vandalism.

The applicant organisation may add other methods which are considered relevant to support the application. Details should be included to illustrate the scale and merits of each item.

3.3.9 Workplan and Timetable

State the following:

- (a) Workplan - Give a detailed workplan describing the various conservation activities that will be carried out under the project. Sufficient time should be incorporated into the workplan for seeking approval from all relevant authorities.
- (b) Timetable - Give a timetable showing the duration and sequence of the various activities in the project.

3.3.10 Deliverables and Expected Achievements

State the deliverables and expected achievements of the project with the proposed schedule which give quantifiable results of the project.

Upon submission of progress reports and completion of project, evaluation should be made to assess the level of achievement against the scope and requirements set out in accordance with the Conservation Plan, the effectiveness of the project, where applicable, against the performance indicators with the proposed schedule of achieving the targets, including but not limited to the following:

- (a) area of land conserved/managed with detailed breakdown by habitat types and habitat management measures;
- (b) biodiversity conserved (e.g. number of species of target taxonomic group recorded, change in species richness/abundance of target taxonomic groups/species, number of species of conservation concern recorded, etc.);
- (c) number of public education/communication engagement programmes organised and number of participants in each of these programmes; and

- (d) contribution of environmental baseline and ecological data and monitoring of the site concerned and relevant publications produced.

Given the uniqueness of each individual project, the applicant organisations could include additional targets and key performance indicators based on the circumstances of their programmes to illustrate the effectiveness of their projects.

3.3.11 Details of the Budget Plan

The applicant organisation should provide a detailed budget for the project proposal. Each income and expenditure item should be reasonable and realistic, and with detailed breakdown with reference to the budget guidelines in this Guide.

4. BUDGET GUIDELINES

4.1 General

- 4.1.1 The application should be accompanied by a detailed budget for the project proposal in Excel format as prescribed in the application form. Each income and expenditure item should be reasonable, realistic with clear and detailed breakdown.
- 4.1.2 All expenditure items must be incurred between the commencement and completion dates of the project supported with the original copy of receipts for expenses. Please refer to Appendix I of this Guide for the reference level of funding support for expenses.
- 4.1.3 Any **increase in cost arising from inflation or unforeseen requirements** will be of the responsibility of the recipient organisations. Request for budget variation(s) for additional funding after project approval will normally **not be considered**.

4.2 Manpower

- 4.2.1 The applicant organisation is expected to have the ability to supervise and the expertise to undertake the proposed project. Hence, no funding will be granted for employment of additional supervisory/administrative staff, hire of professional advisor(s) and provision of training course(s) for staff of the applicant organisation for undertaking the project.
- 4.2.2 Funding for project staff may be supported, the salary of which will be considered on a case-by-case basis. The total amount for covering the cost of project staff should normally be below 50% of the total approved amount or actual expenditure, whichever is the less. Detailed breakdown and full justification of all individual items of staff cost should be provided in the application.
- 4.2.3 Direct labour cost involved in conducting nature conservation and/or related activities on the site concerned may be supported. The actual amount to be granted will depend on the mode of operation of the project.

4.3 Procurement of Capital Items (including equipment) and Minor Works

- 4.3.1 Funding for purchase of capital items (including equipment) will be considered on a case-by-case basis. Please refer to Section 5.6 and 5.7 of this Guide for the procurement requirements and arrangements of capital items.
- 4.3.2 Funding for minor works will be considered on a case-by-case basis.
- 4.3.3 Maintenance costs of the approved capital items and minor works up to the end of the project period will be considered on a case-by-case basis.

4.4 Expenses on Computer Softwares, Education and Promotion Materials

- 4.4.1 Expenses on purchase of computer softwares and educational materials will be considered on the condition that the computer softwares are essential for specific ecological monitoring or habitat management work for the project; and that the education materials are essential for delivering the public education programme.
- 4.4.2 Funding for production of practical and promotional guides such as that on eco-tours and nature conservation will be considered on a case-by-case basis. Details of publication arrangements and relevant budget should be provided in the application for overall assessment. Use of e-channels to release the publication is encouraged.
- 4.4.3 Funding for design and maintenance costs of promotion websites will be considered on a case-by-case basis.

4.5 Rental Payment

- 4.5.1 Funding for renting premises necessary for the implementation of the project (e.g. management office at project site essential for ecological conservation or monitoring work) may be considered on a case-by-case basis. The actual amount will depend on the size and location of the selected premises.
- 4.5.2 This does **not** apply to premises under the possession of the recipient organisation, its office bearers or person associated with the recipient organisation, or premises already under rental contract of the recipient organisation.

4.6 Insurance

- 4.6.1 A recipient organisation must effect and keep in force appropriate insurance policies for its project(s) throughout the project period(s), including but not limited to employees' compensation insurance, third party insurance, public liability insurance, group personal accident insurance, etc. Under no circumstances shall the ECF or Secretariat or the Government be held liable for any loss or damages or liabilities arising from the funded project.

4.7 Others

- 4.7.1 All essential elements of an application will be considered in an integral manner.
- 4.7.2 For applications from NPOs without receiving government subventions, general administrative and overhead costs incurred from the project will be considered, subject to a cap of 10% of the total approved grant or actual expenditure, whichever is the less. Breakdown of expenditure with justification should be provided for such costs.
- 4.7.3 The applicant organisation should declare in the application form whether it is receiving or applying for any government subventions and **must** notify the Secretariat immediately if there is any change of this status.
- 4.7.4 Applicant organisations should ensure that the requested budget has already included all the expected expenses including those required for facilities installation, site/works supervision, and so on, if applicable.
- 4.7.5 Requests for funding for contingency items will only be considered on a case-by-case basis if supported with full justifications.
- 4.7.6 Non-local travel will **not** normally be supported.
- 4.7.7 Funding will **not** be granted to the applicant organisation for renting or purchasing materials already in the applicant organisation's stock.
- 4.7.8 Funding for payments to individuals as a reward for their participation in the activities associated with a project will **not** be granted.

4.8 Other Sources of Funds

- 4.8.1 Estimated revenue derived from the project, if any, should be deducted from the amount of fund applied for. Details should also be provided on how the income will be used to offset the cost of the project.
- 4.8.2 Applicant organisations should clearly indicate in their submission details (including the source, amount, and income to be generated, etc.) regarding such alternative funding outside the ECF.
- 4.8.3 Applicant organisations should also note that the other funding sources should not bring the Government into dispute or give rise to any actual or perceived conflict of interest. There should not be any undue publicity for the funding bodies, and the alternative funding is not aimed to generate commercial benefits. The alternative funding or revenue derived from the project must be ploughed back to the project account. Applicant organisations' intention to seek alternative funding should be conveyed to the Secretariat as soon as possible if the relevant details are not available when their applications are submitted.

5. CONDITIONS FOR THE USE AND ALLOCATION OF FUND

5.1 Contractual Requirements

- 5.1.1 For each approved project, the recipient organisation has to sign an agreement with the Government and comply with all the terms of the agreement therein.

5.2 Use of Funds

- 5.2.1 The benefits of the project must accrue to the district/local community as a whole, and not just an individual, a single private organisation or a consortium of private companies.
- 5.2.2 The allocated funds shall not be used as payments to individual members of the public as a financial reward for their participation in the activities associated with the project.

5.3 Disbursement and Reimbursement of Funds

- 5.3.1 The applicant organisation should provide a proposed disbursement schedule in the application form in accordance with the conditions in this section.
- 5.3.2 Depending on the cash flow requirement and nature of the project, the initial disbursement should normally lie between 25-50% of the approved fund upon approval of the application. The first part of the initial disbursement will be capped at 25% of the approved funding amount before commencement of the project and be payable to the designated project account after signing of the agreement with the Government. The remaining part of the initial disbursement would be released upon acceptance of the inception report.
- 5.3.3 Upon submission of an inception report within one month after commencement of the project, and a half-yearly progress report with information on satisfactory performance and financial position of the project, the recipient organisation may be eligible for a further disbursement.
- 5.3.4 After deducting 10% of the approved fund which will serve as the final disbursement, disbursement of the remaining of the approved fund will normally be divided equally by the number of half-yearly progress reports required, and be rounded down to cent. Any deviations from the above rules governing the disbursement schedule will only be considered under exceptional circumstances. Interim payment(s) may be released to the recipient organisation subject to the endorsement of the progress report(s) and statement(s) of account or an annual audited account.
- 5.3.5 The last 10% of the approved fund will only be released after completion of the project, subject to submission of a completion report together with a final audited account to the satisfaction of the EPD in accordance with the requirement specified in Section 5.5 of this Guide.
- 5.3.6 All income received or revenue derived from the project (including but not limited to sales of output, fees generated from activities and interest income generated from cash in hand for the project) during and after the project period

irrespective of whether it has been declared in the application, must be defrayed against the actual expenditure before calculating the amount to be reimbursed as the final payment. All such income/revenue should be ploughed back into the project account for offsetting part or whole of the actual expenditure. Failure to report and return such income to the Secretariat may render the recipient organisation ineligible for future funding support.

5.3.7 The amount to be reimbursed for individual items of the budget will not exceed the approved amount for that item. However, with reasonable justifications, the recipient organisation may seek prior written approval from the EPD to increase the original approved amount of an individual item by up to 20% provided that the total amount to be reimbursed will not exceed the total approved grant.

5.3.8 The approved funding amount could be reduced on a pro-rata basis in the following circumstances:

- (a) the scope and/or activities of the project have been changed;
- (b) the actual area of the site conserved is less than originally proposed;
- (c) the duration of the project has been reduced;
- (d) the actual frequency of activities conducted (e.g. ecological monitoring) is less than originally proposed; or
- (e) the conservation actions conducted (including activities and publications) are less than originally proposed.

5.3.9 Any item not on the approved list of budget items will normally not be reimbursed.

5.3.10 Any unspent balance of the approved funding shall be returned to the ECF within two months after completion of the project.

5.4 Project Account and Interest

5.4.1 The recipient organisation is required to open under its name and maintain a separate risk-free interest-bearing Hong Kong dollar bank account (the project account) with a licensed bank registered under the Banking Ordinance (Cap. 155) solely and exclusively for the purpose of processing all receipts and payments of the approved project. The recipient organisation should submit a copy of bank statement showing the name and bank account number of the recipient organisation after project approval.

5.4.2 All project funds, including funds from the ECF, income received and revenue generated, should be deposited into the project account, and all payments exclusively applied to the project shall be paid out from the project account to facilitate the checking of all financial records by the Government and auditors as and when necessary. All project funds should be kept in the project account by the recipient organisation until such funds are spent (paid) or returned to the Secretariat in compliance with the signed agreement.

- 5.4.3 All income and expenditure on the project should be clearly marked to facilitate the checking of all financial records by the Government and auditors as and when necessary. All bank statements of the project account should be kept for checking upon request.
- 5.4.4 All revenue received, including interest income generated from the fund/project account and other receipts for the project (irrespective of whether it has been declared in the project proposal), must be kept in the project account and be reflected in the financial statements and audited accounts of the project, and no negative interest should be charged to the project. In no circumstances should the interest earned be applied for other uses outside the project.
- 5.4.5 The recipient organisation may be required to compensate the Government for loss of interest income if the fund is not properly handled. Where necessary, the Government will initiate legal action for suitable remedies.

5.5 Reporting Requirement

- 5.5.1 **Inception Report:** The recipient organisation should, within one month after the commencement of the project, submit an inception report to the Secretariat/EPD. The inception report should include (i) detail arrangement of the proposed implementation method, project programme of activities/events, key deliverables; and timeline to obtain necessary permission/ statutory approval for proposed project works, if any; (ii) project organisation chart; and (iii) the agreed partnership with relevant organisations and landowners/premise owner and/or tenants/operators, if any. The inception report should be signed by the person-in-charge, dated and affixed with the chop of the recipient organisation.
- 5.5.2 **Progress Report:** For ongoing projects, the recipient organisation is required to submit a half-yearly progress report together with a statement of accounts for the project expenses once every six months to the Secretariat/EPD. The progress report should be submitted within one month following the end date of the corresponding reporting period.
- 5.5.3 **Statement of Accounts:** The recipient organisation is also required to submit, once every 12 months and within two months upon completion of the project, a statement of accounts audited by certified public accountants (CPA) (practising) within the meaning of Section 2 of the Professional Accountants Ordinance (Cap. 50) to the Secretariat/EPD. Except for the initial disbursement, all disbursements will be subject to satisfactory performance or progress of the project. The Secretariat/EPD/AFCD and relevant Government departments may carry out on-site visit(s) and/or surprise check(s) to examine the progress and achievements of the project at any time.
- 5.5.4 **Completion Report:** Within two months upon completion of the project or before the date(s) specified in the agreement, the recipient organisation is required to submit a completion report together with a statement of accounts audited by CPA (practising) to the Secretariat/EPD.
- 5.5.5 Where an audited account by CPA (practising) is required to be submitted with the progress report or completion report, the audited account to be certified by the CPA (practising) should show the approved budgets of the respective items with the corresponding expenditures, and provide reasonable assurance that the

audited accounts have properly presented the financial position of the project and that the conditions of the fund from the ECF are met, with these conclusions explicitly stated in the auditor's report.

- 5.5.6 The CPA (practising) are required to express an audit opinion as to whether the recipient organisation of the project have complied, in all material respects, with all the requirements set out in the "Notes for Auditors and Sample Auditor's Report" and to make full disclosure of any material noncompliance. The "Notes for Auditors and Sample Auditor's Report" are provided at Appendices II and III of this Guide.
- 5.5.7 Recipient organisations are required to make available to the auditors all information documents and explanations relating to their projects funded by the ECF for audit purpose.
- 5.5.8 All progress reports, completion reports and statement of account should be signed off by the person-in-charge, dated and affixed with the chop of the recipient organisation. The statement of account should be submitted in prescribed format as specified in the Template Statement of Account which will be provided together with the approval letter. Essentially all actual expenses and elaborations on individual transactions under each approved budget item should be clearly indicated with all necessary details provided, and the Secretariat/EPD is not obliged to request for additional information from recipient organisations.
- 5.5.9 If an extension of the submission deadline(s) for the progress and/or completion report(s) is required, prior approval should be obtained from the Secretariat/EPD. The Secretariat/EPD will assess the success or effectiveness of the project by comparing the project achievements/results against its original objectives and targets as set out in the application.
- 5.5.10 Unsatisfactory performance will affect the recipient organisation's future chance of getting funding support from the ECF, and the organisation's management will be informed.
- 5.5.11 Late submission of the audited accounts may lead to suspension or termination of the funding support for the project.

5.6 Procurement of Capital Items, Goods and Services

- 5.6.1 The recipient organisation is obliged to adhere to a high standard of integrity and spend the grant in an open, fair and accountable manner. It is advised to observe the "Best Practice Checklists" issued by the Corruption Prevention Department of the Independent Commission Against Corruption (ICAC), namely "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook" and the "Integrity and Corruption Prevention Guide on Managing Relationship with Public Servants" which can be downloaded from the ICAC website:
http://www.icac.org.hk/filemanager/en/content_218/GranteeBPC.pdf
http://www.icac.org.hk/filemanager/en/content_216/ps.pdf
- 5.6.2 The recipient organisation should exercise utmost prudence in procuring capital items, goods or services for the project and must adhere to the following procedures unless the Secretariat/EPD agrees otherwise:

- (a) for every procurement the aggregate value of which is \$5,000 or below, quotations from suppliers are not required for most items unless specified in Appendix I of this Guide;
- (b) for every procurement the aggregate value of which is more than HK\$5,000 but less than HK\$50,000, quotations from at least two suppliers should be obtained;
- (c) for every procurement the aggregate value of which is HK\$50,000 or more, but less than HK\$500,000, quotations from at least three suppliers should be obtained;
- (d) for every procurement the aggregate value of which is \$500,000 or more, but less than \$1,400,000, quotations from at least five suppliers should be obtained; and
- (e) for every procurement the aggregate value of which is \$1,400,000 or more, open tendering should be conducted.

- 5.6.3 The recipient organisation should select the supplier that has submitted the lowest conforming bid in a quotation exercise. If the lowest conforming bid is not selected, full justifications and assessment criteria (e.g. use of marking scheme) must be given and prior agreement must be obtained from the Secretariat/EPD.
- 5.6.4 In procuring goods or services, the tender document should not specify the brand, model and manufacturer for fairness' sake.
- 5.6.5 In case the applicant organisation intends to procure the items from a specified company/organisation/individual without following the open procurement process in Section 5.6.2 of this Guide, it has to provide details of the proposed procurement, justifications for the special procurement arrangement, and its relationship with the company/organisation/individual concerned in the application form. If such special procurement arrangement is not proposed in the application form and approved, subsequent prior approval from the Secretariat/EPD will be required.
- 5.6.6 The recipient organisation should take stock of any capital items procured with the fund. The person-in-charge of the recipient organisation is required to report the status of capital items procured with the fund, which should be listed out in the progress report(s) with photo(s) and condition of the items attached therein. Photos of all capital items procured with the grant should be taken afresh for each progress report submission.
- 5.6.7 For capital items such as computer, digital camera, tablet PC, projector, etc. and other asset items, strong justifications including the proposed usage rate and the function of equipment items in enhancing project effectiveness have to be provided for acquisition.
- 5.6.8 All quotations and tendering documents should be kept for inspection by the Secretariat or the Government.

5.7 Title of Capital Items, Education Materials and Computer Softwares

- 5.7.1 The title of capital items (including minor works, facilities and equipment), educational materials and computer softwares procured with the fund will remain with the Government during the project period.
- 5.7.2 Upon satisfactory completion of the project or expiry or termination of the project, whichever is earlier, the recipient organisation may be required to dispose of the capital items, educational materials and computer softwares at market price or make other arrangements for disposal. The recipient organisation should comply with such requirement and credit the sale proceeds to the project account.

5.8 Intellectual Property Rights Arising from Projects and the Use of Project Results

- 5.8.1 Unless negotiated and agreed otherwise with the Secretariat/EPD, the recipient organisation will solely own all intellectual property rights arising from the project.
- 5.8.2 The recipient organisation is required to grant unconditionally and irrevocably to the Government the right to publish or use the results, findings and any other information provided in the application, progress report(s), completion report and other publications or publicity materials (if any) of the project.

5.9 Publicity of Project Events and Results

- 5.9.1 The recipient organisation should notify the Secretariat/EPD of the project results before publicising them. Copies of publications or publicity materials produced under the project must be made available to the Secretariat/EPD within one month after completion of the project.
- 5.9.2 The recipient organisation should, as far as practicable, publicise the project results or any events related to the project through e-newsletters, websites, social media platforms, publications, seminars, workshop, conferences and exhibitions, etc., and provide relevant details in the progress/completion report(s).
- 5.9.3 Projects which receive funding support from the ECF, including the activities, publicity and other events organised under the projects, as well as their related educational, publicity and other related materials, should not be used for purposes of personal, political, commercial or religious publicity of any individuals or organisations. Nor should any such activities, events or materials arising from an ECF-funded project be presented in a way as to induce public perception of any personal, political, commercial or religious publicity of any kind, or misrepresent any association of any individuals or organisations with the ECF. In addition, activities/events organised and materials produced under the projects should not be implemented or distributed in a way which may adversely affect the image of and/or cause any liability to the ECF or the Government.
- 5.9.4 For publicity materials produced under the ECF-funded projects or activities, the size of the name and/or logo of the organisers/co-organising/assisting/supporting/sponsoring organisations should not be larger, or placed in a more prominent position, than those of the ECF.

- 5.9.5 For the purpose of identification, recipient organisations should issue suitable work identity cards for staff and/or volunteers carrying out activities under the approved projects. Staff and/or volunteers should not wear other uniforms apart from those of the recipient organisation. Where other means of identification is proposed, prior approval should be obtained from the Secretariat/EPD.
- 5.9.6 The recipient organisation is obliged to submit a copy/sample/artwork of all publicity materials proposed, produced or used for the project or its activities for review by the Secretariat/EPD as and when required, and should follow the advice of the Secretariat/EPD on the format and presentation of such materials whenever required. The appearance of publicity materials containing any message (whether, explicit and/or implicit) which will/may possibly constitute or cause the occurrence of any offences endangering national security or otherwise may be contrary to the interest of national security should strictly be prohibited.
- 5.9.7 When considering the location and arrangements for displaying publicity materials, the recipient organisation should comply with the relevant legislation and regulations, and obtain the endorsement of all relevant authorities, Government departments and other concerning parties, including consultation of parties affected as appropriate. ECF's funding support for the project should in no way be construed as support for the proposed location and arrangements for the display of such publicity materials.

5.10 Acknowledgement of Support and Disclaimer

- 5.10.1 To acknowledge the source of funding, both the name and logo of the ECF should be used in all publicity materials relating to the project. For installation facilities, the name and logo of the ECF of not less than A4 size should be displayed in an eye-catching location near to the facilities. Failure in making proper acknowledgment may result in suspension or termination of funding support and affect the recipient organisation's future applications.
- 5.10.2 The name and logo of the ECF may be used and printed onto various categories of publicity materials with a view to promulgating the contribution of the fund. Examples of publicity materials include publicity leaflets/posters/banners; reports and publications of project outcome; and advertisements on paper and electronic media.
- 5.10.3 Use of the name and logo of the ECF or relevant Government departments for other purposes is subject to the prior approval of the ECF or the concerned Government departments.
- 5.10.4 In no circumstances shall the name and logo of the ECF or relevant Government departments be used for publicity for commercial interest or other purposes which may damage the image and/or cause any liability to the ECF or the Government. A disclaimer which reads "*Any opinions, findings, conclusions or recommendations expressed in this material/event do not necessarily reflect the views of the Government of the Hong Kong Special Administrative Region and the Environment and Conservation Fund.*" should be added to all publications and media briefs related to ECF-funded projects.

5.11 Suspension/Termination of Funding Granted

5.11.1 The Secretariat/EPD may suspend/terminate funding support of a project under the following circumstances:

- (a) if the project does not commence within six months after approval of the grant and no reasonable explanation has been given by the recipient organisation;
- (b) the Secretariat/EPD considers that the project has not progressed satisfactorily and no reasonable explanation has been given by the recipient organisation;
- (c) the person-in-charge leaves the recipient organisation prior to completion of the project and there is no one available who has been involved in the project and considered suitable by the Secretariat/EPD as appropriate to take over the role of person-in-charge;
- (d) if the recipient organisation fails to submit the required report(s) and/or achieve the deliverables by the timeline stipulated;
- (e) if the recipient organisation fails to comply with the funding conditions as set out in this Guide and/or the approval letter and no reasonable explanation has been given; or
- (f) if the required permit/licence/consent from the relevant authority/private land owner is no longer granted at any stage of the project.

5.11.2 The Government may immediately terminate funding granted to a project upon the occurrence of any of the following events:

- (a) The recipient organisation has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- (b) The continued engagement of the organisation / contractor or the continued performance of the project is contrary to the interest of national security; or
- (c) The Government reasonably believes that any of the events mentioned above is about to occur.

5.11.3 In each of the above cases of suspension/termination of funding granted, the Secretariat/EPD shall give one month's notice to the recipient organisation, stating the reasons for the suspension/termination. In the case of suspension, the recipient organisation should demonstrate that measures have been taken to rectify the problems and the unsatisfactory situation has been redressed before the Secretariat/EPD will lift the suspension. In the case of termination, the balance of the grant or any funding given in advance shall be returned to the ECF. The Secretariat/EPD will consider possible redeployment of the capital items and computer softwares acquired for the project.

- 5.11.4 Any suspension or termination of a project will affect the recipient organisation's chance of getting financial support from the ECF in the future. The organisation's management will be informed.
- 5.11.5 The ECF funding shall be entitled to be refunded by the recipient organisation of part or all of a fund which has been used other than in accordance with the terms of the approved project.

5.12 Approval for Changes to Approved Project

- 5.12.1 Any major changes to the project must be approved by the Secretariat/EPD in consultation with the ECF Committee. Such major changes include:
- (a) significant revision to the budget (excluding those revision described in Section 5.3.7);
 - (b) change of the person-in-charge; or
 - (c) transfer of the project to another organisation.
- 5.12.2 Any proposed minor changes to a project should be submitted to the Secretariat/EPD for approval.
- 5.12.3 The Secretariat/EPD may suspend/terminate funding granted to the project if the project is being carried out under any of the above circumstances without prior approval.

5.13 Probity

- 5.13.1 The ICAC is authorised to review the procedures and practices of the funding arrangement to prevent corruption and related malpractices, including the obtaining of any information or records kept by the recipient organisation for inspection and analysis. The recipient organisation shall fully co-operate with the ICAC and give it all the assistance when required.
- 5.13.2 The applicant/recipient organisation shall observe the Prevention of Bribery Ordinance (Cap. 201) (PBO) and shall advise its associates, associated persons, project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project (including the co-organising/assisting/supporting/sponsoring organisations, if any) (collectively, the Relevant Personnel) that they are prohibited from offering, soliciting or accepting any advantages as defined under the PBO, such as money, gifts, loans, discounts, favour, etc. in the conduct of or in relation to the project.
- 5.13.3 The offer of an advantage to any government officers involved in the ECF/EPD/AFCD or the Chairperson or Members of the ECF Committee and Vetting Committee while having business dealing with them or with a view to influencing the application results is an offence under the PBO. Any such offer by the applicant organisation, or the Relevant Personnel may cause conflict of interest with the government officers involved in the ECF/EPD/AFCD or the Chairperson or Members of the ECF Committee and Vetting Committee and those be seen as such will render the application null and void. The Government

may also cancel the application approved and hold the applicant organisation liable for any loss or damage which the Government may sustain.

- 5.13.4 The applicant/recipient organisation shall ensure that the Relevant Personnel shall avoid conflict of interest situations as and when necessary and not to disclose any confidential information in the conduct of or in relation to the project.
- 5.13.5 The applicant/recipient organisation shall ensure that the Relevant Personnel shall not accept lavish, unreasonably generous or frequent entertainment, or which is likely to give rise to any actual, potential or perceived conflict of interest situations.

5.14 Indemnity

- 5.14.1 The applicant/recipient organisation shall indemnify and keep indemnified each of the Government, Secretariat, each member of the Vetting Committee, and any assigns and successors-in-title of each of them (collectively “Indemnified Parties”) fully and effectively indemnified against (i) all losses, damage, liabilities, and costs (including all legal fees and other awards, costs, payments, charges and expenses on a full indemnity basis) suffered or incurred by an Indemnified Party; and (ii) all action, proceedings, claims, and demands threatened, brought or established against an Indemnified Party (whether or not successful, compromised, settled, withdrawn or discontinued) (collectively, “Third Party Claims”); and everything mentioned in (i) above due to such Third Party Claims, which in any case arise directly or indirectly in connection with, out of or in relation to:
 - (a) any breach of the terms of the project by the applicant/recipient organisation, regardless of whether such breach was caused by the applicant/recipient organisation or any member of the project team; or
 - (b) any act or omission or negligence of the applicant/recipient organisation or any member of the project team in the implementation of the project; or
 - (c) any allegation or claim that the use, operation or possession of the project deliverables or the materials or the exercise by an Indemnified Party of any right granted under the funding agreement in relation to such materials infringes any intellectual property rights of any persons; or
 - (d) any warranties or representations made by the applicant/recipient organisation in the funding agreement, or in the approved proposal or in the approved budget or in any document (including in any of the reports) or information provided by the applicant/recipient organisation to the Secretariat, Vetting Committee or the Government from time to time being untrue, misleading, forged or incomplete; or
 - (e) any failure of the applicant/recipient organisation or of the project team to comply with or observe any applicable law or regulation (regardless of the law or regulation of which jurisdiction in the implementation of the project).

- 5.14.2 The ECF Committee, the Secretariat and the Government shall bear no responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.
- 5.14.3 The ECF Committee, the Secretariat and the Government may at any time, if consider fit, amend or add to the above conditions, without prior notice to applicant/recipient organisations.

Reference Level of Funding Support for Expenses

Items	Reference Level of Funding Support (HK\$)
1. Project Staff	<ul style="list-style-type: none"> The ceiling of expenditure should normally be capped at 50% of the approved total budget or total actual expenditure for the project, whichever is the less.
2. Direct labour Cost – involved in conducting nature conservation or related activities on the site	<ul style="list-style-type: none"> Maximum \$80 per hour for each labour.
3. Transportation – including hire of coach and launch, and hire of van/lorry for transportation of materials	<ul style="list-style-type: none"> Maximum \$2,600 per coach (round trip). The amount of funding support is based on the actual expenditure. Quotations must be provided. For hire of launch and van/lorry, the applicant organisation should specify and provide justification for the size of launch/van/lorry to be hired.
4. Travel Allowance – for staff and volunteers	<ul style="list-style-type: none"> Maximum \$20 per journey (excluding daily duty travelling of staff employed by the project, and only allowed for duty travelling from workplace to workplace, both under the project). The funding support may be adjusted upward on the merit of each case.
5. Meal Allowance – for volunteers only	<ul style="list-style-type: none"> Maximum \$50 per volunteer for activities lasting 3-5 hours (excluding preparation/travelling time). Maximum \$90 per volunteer for activities lasting more than 5 hours (excluding preparation / travelling time).
6. General Expenses – including stationery, film development, video tapes, etc.	<ul style="list-style-type: none"> The ceiling of funding support is capped at 10% of the approved total budget, or total actual expenditure, whichever is the less. Detailed breakdown on items to be charged to general expenses must be provided in the application for assessment.
7. Administrative and Overhead Costs – <i>only applicable to NPOs (including green groups) without government subventions</i>	<ul style="list-style-type: none"> The ceiling should normally be capped at 10% of the approved total budget or actual expenditure, whichever is the less. Detailed breakdown on items to be charged to the administrative and overhead costs must be provided in the application for assessment.
8. Insurance for Third Party Liabilities	<ul style="list-style-type: none"> Funding support will be based on the basic requirements. Quotations must be provided.

Remarks:

- (1) Unless there are special justifications, proposed budget exceeding the reference level will normally not be approved.
- (2) The reference level of funding support may be adjusted by the Secretariat/EPD as and when necessary. Applicant/recipient organisations should refer to the latest version in the ECF website.
- (3) Other conditions and requirements such as those on procurement as stipulated in this Guide and the approval letter should also be fully complied with.

**Environment and Conservation Fund (ECF)
Notes for Auditors of Recipient Organisations**

1. Pursuant to the project agreement made between the Environment and Conservation Fund (ECF) and the Recipient Organisations (ROs) in respect of each ECF project and the relevant ECF guidelines², ROs are required to submit annual and final “audited accounts”³ of each ECF project to the Secretariat of the Environment and Conservation Fund (the Secretariat) according to a stipulated timeframe. The requirement to submit “audited accounts” is to assure the ECF that:
 - (a) the project funds were fully and properly applied to the project for which they were paid, and received and expensed in accordance with the approved project budget; and
 - (b) the RO complied with the funding terms and conditions in the administration, management and usage of the ECF project.

These notes aim to provide guidance for auditors of ROs in conducting reasonable assurance engagements and in preparing auditor’s reports for each ECF project.

2. In conducting a reasonable assurance engagement, the auditors should perform audit procedures as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the ROs have complied with, in all material respects, the requirements set by the ECF (including the requirements to keep proper books and records and to prepare annual/final audited accounts of the project), and all the terms and conditions of ECF funding, as specified in the following documents:
 - (a) the project agreements made between the ECF and the ROs in respect of the projects and the appendices thereto (which includes the project proposals);
 - (b) relevant ECF guidelines¹ referred to in the project agreements⁴; and
 - (c) all applicable instructions and correspondences issued by the Secretariat to the ROs in respect of the projects.
3. The auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. The following information is required in an auditor’s report prepared by the auditors to be submitted by the ROs to the Secretariat -
 - (a) the auditors should state whether, in their conclusion, the ROs have complied with, in all material respects, the requirements set by the ECF (including the requirements to keep proper

² This means the funding and administrative guidelines of respective programme as referred to in the project agreement.

³ The annual and final “audited accounts” comprise income and expenditure statement, balance sheet, notes to the accounts and the auditor’s report and mean annual and final accounts of the project which have been reported on by Auditors under a reasonable assurance engagement conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

⁴ In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

books and records and to prepare annual/final audited accounts of the project), and all the terms and conditions of ECF funding, as specified in documents mentioned in paragraph 2, and that audited accounts properly presented the financial position of the project;

- (b) if the auditors are of the opinion that there exist any material non-compliances as identified in paragraph 3(a), they should make full disclosure and quantify the effects of such non-compliance in the auditor's reports; and if the auditors are of the opinion that a proper and separate set of books and records has not been kept by the ROs for the projects, or the project accounts have not been properly prepared, or if the auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagements, they should make appropriate qualifications in their auditor's reports.

- 4. The auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 2 and 3. In case of any ambiguities regarding the terms and conditions contained in the project agreements and rules and regulations governing ECF projects, auditors should seek clarifications from the ROs and the Secretariat. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguities of ECF guidelines or requirements, expressed by auditors in the auditor's report, will be returned to the ROs for rectification before re-submission to the Secretariat.

The auditors may come across during the course of their reasonable assurance engagements weaknesses/breakdowns in internal control on the part of the ROs which are considered material. They should bring to the ROs' attention the details of such weaknesses/breakdowns and provide the ROs with their recommendations for improvement by setting them out in letters to the ROs. Copies of such letters should be sent to the Secretariat for reference and action as appropriate.

- 5. Auditors are expected to follow the sample auditor's report as attached in the Appendix III.

**SAMPLE AUDITOR'S REPORT ON
THE ANNUAL/FINAL ACCOUNTS UNDER THE
ENVIRONMENT AND CONSERVATION FUND**

UNQUALIFIED CONCLUSION

[ABC PROJECT]

**[FOR THE PERIOD FROM DD/MM/YY (Date/Commencement Date) TO DD/MM/YY
(Date/Completion Date)]**

Auditor's Report to XYZ Organisation

Pursuant to the project agreement made between the Environment and Conservation Fund (ECF) and [XYZ Organisation] and the relevant ECF guidelines referred to in the project agreement in respect of the [ABC project] funded by the ECF, we have performed a reasonable assurance engagement to report on whether [XYZ Organisation] has complied with, in all material respects, the requirements set by the ECF (including the requirements to keep proper books and records and to prepare proper [annual/final] accounts of [ABC Project] (the project) for the period from [DD/MM/YY to DD/MM/YY] on pages to (the project accounts) in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), and all the terms and conditions of ECF funding, as specified in the following documents:

- (a) the project agreement made between ECF and [XYZ Organisation] in respect of the Project and the appendices thereto (which includes the project proposal);
- (b) the relevant ECF guidelines referred to in the project agreement; and
- (c) all applicable instructions and correspondences issued by ECF to [XYZ Organisation] in respect of the project.

Respective responsibilities of XYZ Organisation and auditors

The ECF requires [XYZ Organisation] to comply with its requirements (including the requirements to keep proper books and records and to prepare proper project accounts), and all the terms and conditions of ECF funding, as specified in the documents mentioned in the above paragraph.

It is our responsibility to form an independent conclusion, based on our reasonable assurance engagement, and to report our conclusion to you.

Quality Control and Independence

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Basis of conclusion

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA and the latest Notes for Auditors of ROs issued by the Secretariat of ECF.

Our reasonable assurance engagement includes examination, on a test basis, of evidences relevant to XYZ Organisation’s compliance with the requirements set by the EPD/ECF (including the requirements to keep proper books and records and to prepare proper project accounts), and all the terms and conditions of ECF funding, as specified in the documents mentioned in the above first paragraph. It also includes an assessment of the significant estimates and judgements made by XYZ Organisation in the preparation of the project accounts, and of whether the accounting policies have followed the requirements of ECF, and are consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidences to give our conclusion as to whether XYZ Organisation has complied with, in all material respects, all applicable HKFRSs issued by the HKICPA and the requirements set by the ECF (including the requirements to keep proper books and records and to prepare proper project accounts), and all the terms and conditions of ECF funding, as specified in the documents mentioned in the above first paragraph. In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the project accounts. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

Conclusion

Based on the foregoing, in our opinion, XYZ Organisation has complied with, in all material respects, all applicable HKFRSs issued by the HKICPA, the requirements set by the ECF (including the requirements to keep proper books and records and to prepare proper project accounts), and all the terms and conditions of ECF funding, as specified in the documents mentioned in the above first paragraph, and that the audited accounts properly presented the financial position of the project.

Use of this report

This report is intended for filing by XYZ Organisation with the ECF, and is not intended to be, and should not be, used by anyone except the above two parties for any other purposes.

ABC & Co.

Certified Public Accountants (Practising) Hong Kong

Date