

3 January 2020

Mr Anthony Chu
Clerk, Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 2 of the Director of Audit's Report No. 73
Provision of consultancy, research and development and training services
by the Hong Kong Productivity Council (HKPC)

As requested under your letter with reference (CB4/PAC/R73) dated 20 December 2019, the relevant information and attachments are as follow:

(a) Supplementary information regarding HKPC's consultancy study:

In 2000, in view of the rapid technological and economic advancement in Hong Kong, the Innovation and Technology Commission (ITC, then Industry Department) suggested HKPC to commission a consulting agency and conduct strategic study on its positioning. In 2001, upon the approval from the Council, HKPC appointed an external consulting agency to review its role, management and operations. After the completion of the consultancy report in 2002, HKPC has not engaged any other external consulting agency for another comprehensive study about its role, management or operation.

In 2011, a Strategic Planning Meeting was held among the Council Members, public officers and HKPC management to evaluate the industry conditions, service needs, as well as formulating the then future strategic direction for HKPC. Furthermore, there was another Strategic Planning Meeting in 2016 to formulate the future strategic direction and positioning, to enable HKPC to fulfill demands from the wider industry sectors in Hong Kong.

In recent years, HKPC has been supporting the HKSAR Government for Innovation and Technology Bureau's strong advocacy on "reindustrialisation", as well as innovation and technology development in Hong Kong. Hence HKPC did not conduct any other similar research in this regard. HKPC and ITC will discuss together the need to review the operations mode, future development direction and status for government subvention.

(b) Supplementary information on 2017-18 HKPC expenditure:

Breakdown of depreciation and amortisation:

		HKD 港元 '000
生產力大樓	HKPC Building	5,344
租賃樓宇改善工程	Leasehold improvements	11,918
傢具及設備	Furniture and equipment	19,047
無形資產	Intangible assets	4,445
合計	Total	40,754

(c) Supplementary information for Key Performance Indicators (KPI):

As the market needs have changed in recent years, HKPC has promoted Industry 4.0 (i4.0) and assisted corporates ranging from large enterprises to SMEs for the transformation and upgrade of their businesses. On the other hand, the required consultancy projects from the industry have become more complex which involve advanced technology development, therefore, there is a need to consider both project scale and nature simultaneously. It cannot fully reflect the performance of HKPC if only referring to the target on “Number of consultancy projects accepted”. In view of that, the target would be adjusted every year according to evolving market needs and then be reviewed and approved by the Council and ITC.

From 2014-15 to 2018-19, the scale of consultancy projects accepted by HKPC has become larger. For instance, the proportion of projects with value more than HK \$ 1 million has been increasing (from 48% in 2014-15 to 73% in 2018-19). As a result, the target number of “Number of Consultancy Projects Accepted” was lowered accordingly. The overall revenue of consultancy projects has also increased.

(d) Supplementary information on “Number of Consultancy Projects Accepted” in KPI:

- (i) “Number of Consultancy Projects Accepted” refers to the number of fee-charging external consultancy projects accepted in the Enterprise Resource Planning (ERP) system within the year.

Before July 2018, the “Number of Consultancy Projects Accepted” included “Consultancy: advisory service” (CA), “Government Funding (with HKPC as implementation agent)” (CB), “Government Funding Scheme Secretariat service” (CC), “Consultancy: development/implementation/turnkey engineering service” (CD), “Award with consultancy element” (CE) and “In-company Training programme” (CF). From July 2018, in addition to the above classifications, a new category of “Professional manufacturing support service with consultancy elements” (CG) was included.

- (ii) “Number of Manufacturing Support Projects Accepted” was not a reporting KPI; the income from manufacturing support projects was included as a KPI. From July 2018, the “Professional manufacturing support service with consultancy elements” (CG) and a service fee of more than HK \$ 5,000 were included in the KPI of “Number of Consultancy Projects Accepted”.

- (iii) As the industry steps into the road for transformation, there has been greater demand for more complexed and integrated support services from HKPC, resulting in more cross-function projects to fulfill the requirements. Projects often include elements such as consultancy, professional testing or prototyping etc. Some of the manufacturing support services will also include consultancy elements as per client’s request. The KPI at that time hence could no longer reflect the actual work done by HKPC. Therefore, HKPC decided in the management meeting held in July 2018 that the “Number of Consultancy Projects Accepted” should also include manufacturing support service projects with consultancy elements if its service fee exceeds HK\$ 5,000. This exercise was done to reflect the real market scenario and HKPC work done in a more accurate and comprehensive manner.

- (iv) “Professional manufacturing support service with consultancy elements” (CG) refers to the provision of general manufacturing support services (e.g. watch and clock technology, jewelry technology, advanced surface technology, advanced electronic processing technology, plastic machinery performance testing, reliability testing, electromagnetic compatibility testing, environmental analysis and innovative product testing, conformal cooling technology, and industry summit conference services etc.); and that service also includes consultancy services (e.g. advisory service for product improvement, functionality evaluation and recommendations for enhancement).

Regardless of the project service fees, manufacturing support projects without consultancy element would not be included in the KPI on “Number of Consultancy Projects Accepted”.

In 2018-19, 141 professional manufacturing support service with consultancy elements (including 86 projects value over HK\$5,000 and 55 projects value below HK\$5,000) were all included in reporting the KPI on “Number of consultancy projects accepted”. However, according to the decision of HKPC's management meeting in July 2018, only manufacturing support consultancy projects with service fee of more than HK\$5,000 should be included in the KPI of “Number of Consultancy Projects Accepted”. Therefore, HKPC will exclude such 55 projects with service fees below HK\$5,000.

The table below showed the classification of the 86 professional manufacturing support service projects with consultancy elements and service fee of over HK\$5,000:

Classification	Number of Project (in %)
Testing service	65 (76%)
Professional service	13 (15%)
Design and advanced machining service	8 (9%)

- (v) For the sample of job quotation / agreement, please refer to attachment: Chap2_d(v)
- (vi) The purpose of the adjustment to the definition of consultancy projects was to reflect the actual work done by HKPC in a more accurate and comprehensive manner. It will have no impact on the manufacturing support services provided by HKPC staff members in fulfilling the industry demands. The original scope of “Number of Consultancy Projects Accepted” was based on the definition of consultancy projects. When the definition was adjusted, it was not considered to amend the corresponding target.
- (vii) Internally at HKPC, there is currently no relevant detailed procedure in place, leading to the omission in providing the update or seeking approval from the Council. Learning from this experience, HKPC will develop relevant procedures with clear details, to overarch the items to be reported for approvals from the Council, and to prevent the recurrence of similar incidents in the future.
- (viii) When HKPC submitted the Annual Programme and Estimates of 2019-20 to the Council in November 2018, and reported to the Council in July 2019 on the KPI for the “Number of consultancy projects accepted” of 2018-19, the Council and ITC were not notified of the change to the definition of the consultancy project. HKPC acknowledged such omission and will learn from this experience to strictly abide by the provisions under the Memorandum of Administrative Arrangement No. 7.2 to prevent the recurrence of similar incident.

The current target of “Number of Consultancy Projects Accepted” of 2019-20 is based on the revised definition of consultancy projects, which will be subject to subsequent review and discussions among ITC and the Council in March 2020 before deciding whether any amendment deems necessary.

- (ix) & (x) In the past 5 years, the number of KPI was adjusted from 30 in 2014-15 to 22 in 2015-16; and further fine-tuned to 23 in 2016-17 until 2018-19.

Regarding the HKPC KPIs and the results in the past 5 years, please refer to the tables below:

Table ix.i: KPIs in 2014-15 (Number: 30)

KPIs in 2014-15	2014-15 Target	2014-15 Actual
(1) Key Performance Measure: Service Delivery		
(a) Number of consultancy projects accepted	1,250	970
(b) Number of fee-charging training courses	300	180
(c) Number of people attended fee-charging training courses	5,800	3,041
(d) Number of exhibitions/fee-charging study missions/conferences	50	57
(e) Number of people attended exhibitions/fee-charging study missions/conferences	2,900	3,969
(2) Key Performance Measure: Operating Efficiency		
(a) Percentage of employee hours charged to billable projects	68.0%	62.0%
(3) Key Performance Measure: Financial Result (HK\$M)		
(a) Overall income/expenditure ratio	67.4%	71.1%
(b) Income from consultancy projects	290.675	265.44
(c) Income from training courses	19.81	12.898
(d) Income from exhibitions/study missions/conferences	5.506	9.386
(e) Income from manufacturing support projects	33.103	26.027
(f) Overall income per employee	0.58	0.637
(g) Income from each consultancy project in progress	0.15	0.129
(4) Key Performance Measure: Effectiveness		
(a) (i) Number of theme-based industry consultation organized: Hong Kong Industry Network Cluster (HK-INC)	6	6
(ii) Number of theme-based industry consultation organised: non HK-INC	31	36
(b) Number of people attended events/networking activities for associations/non-fee charging seminars	200	310
	18,160	23,531
(c) Number of new services and products introduced	29	30
(d) Number of and approved funding for commercial R&D projects (HK\$M)	8	10
	2	2.1
(e) Number of patent/licence/royalty	8	19
(f) Number and approved funding of new government-funded projects (HK\$M)	35	28
	64.7	49
(g) Number and contract value of products/ technologies commercialised (HK\$M)	13	15
	12	14.0
(h) (i) Number of new R&D projects	29	31
(ii) Number of R&D projects in progress	43	67
(i) Percentage of customers reporting productivity increase	95%	100%
(j) Customer satisfaction index	8.7	8.9
(k) Training participants satisfaction index	7.7	8.1

Table ix.ii: KPIs in 2015-16 (Number: 22)

KPIs in 2015-16	2015-16 Target	2015-16 Actual
(1) Key Performance Measure: Service Delivery		
(a) Number of consultancy projects accepted	1,070	917
(b) Number of fee-charging training courses	285	196
(c) Number of people attended fee-charging training courses	5,370	4,248
(d) Number of people attended exhibitions/fee-charging study missions/conferences	2,180	2,221
(2) Key Performance Measure: Operating Efficiency		
(a) Percentage of business employee hours charged to billable projects	87.0%	92.8%
(3) Key Performance Measure: Financial Result (\$M)		
(a) Overall income/expenditure ratio	68.4%	70.7%
(b) Income from consultancy projects	300	307.716
(c) Income from training courses	19	8.91
(d) Income from exhibitions/study missions/conferences	3.9	4.844
(e) Income from manufacturing support projects	34	23.602
(f) Overall income per employee	0.62	0.676
(g) Income per consultancy project in progress	0.15	0.152
(4) Key Performance Measure: Effectiveness		
(a) Number of theme-based industry consultation organised: Hong Kong Industry Network Cluster (HK-INC) and non HK-INC	40	51
(b) Number of people attended events/networking activities for associations/non-fee charging seminars	18,430	20,620
(c) Number of new services and products introduced	24	30
(d) Number of patent/licence/royalty	8	13
(e) Number of products/ technologies commercialised	14	21
(f) (i) Number of new R&D projects	29	38
(ii) Number of R&D projects in progress	52	99
(g) Percentage of customers reporting productivity increase	95%	100%
(h) Customer satisfaction index	8.8	8.92
(i) Training participants satisfaction index	8	8.4

Table ix.iii: KPIs from 2016-17 to 2018-19 (Number: 23)

KPIs from 2016-17 to 2018-19	2016-17 Target	2016-17 Actual	2017-18 Target	2017-18 Actual	2018-19 Target	2018-19 Actual
Part I Core KPIs						
(1) Key Performance Measure: Operating Efficiency						
(a) Percentage of business employee hours charged to billable projects	87.50%	96.4%	90%	96.6%	92%	95.2%
(2) Key Performance Measure: Financial Result (HK\$M)						
(a) Overall income/expenditure ratio	69%	74.1%	69.60%	76.4%	67.60%	77.5%
(b) Overall income per employee	0.65	0.76	0.68	0.82	0.74	0.81
(c) Total external income	429.4	447.3	449.8	471.7	433.9	464.5
(3) Key Performance Measure: Effectiveness						
(a) Number of theme-based industry consultation organised: Hong Kong Industry Network Cluster (HK-INC) and non HK-INC	40	42	40	50	40	65
(b) Number of people attended events/networking activities for associations/non-fee charging seminars	22,000	22,093	22,000	24,187	22,000	28,396
(c) Number of new services and products introduced	24	28	26	35	27	27
(d) Number of patent/licence/royalty	8	18	10	14	10	22
(e) Number of products/ technologies commercialised	14	19	18	24	18	18
(f) Number of new R&D projects	30	46	35	45	35	43
(g) Percentage of customers giving a score of 7.5 or above out of 10 in terms of productivity gain	75%	87%	80%	87%	82%	90%
(h) Customer satisfaction index	8.8	9	8.8	9.0	8.8	9.1
(i) Training participants satisfaction index	8	8.4	8.2	8.4	8.2	8.6
Part II Other KPIs						
(1) Key Performance Measure : Service Delivery						
(a) Number of consultancy projects accepted	1020	948	968	699	935	889*
(b) Number of fee-charging training courses launched	226	203	200	267	200	233
(c) Number of people attended fee-charging training courses	3390	4198	3000	6196	3000	6079
(d) Number of people attended exhibitions/fee-charging study missions/conferences organised	4000	4293	4000	4425	4000	4039
(2) Key Performance Measure: Financial Result (\$M)						
(a) Income from consultancy projects	312.6	342.4	346.6	362.6	322.8	340.9
(b) Income from training courses	17.6	9.4	14	8	12.6	7.6
(c) Income from exhibitions/study missions/conferences	3.9	9.4	7.2	8.1	5.5	6.2
(d) Income from manufacturing support projects	36.6	25.2	33.7	26.7	26.1	30.0
(e) Income per consultancy project in progress	0.15	0.14	0.155	0.166	0.15	0.16
(3) Key Performance Measure: Effectiveness						
(a) Number of on-going R&D projects	49	99	65	127	65	132

*After the PAC meeting on 13 December 2019, in the process of preparing the project details on the "Consultancy – Professional Manufacturing Support Service" type, all 141 projects under this type were checked to ensure the accuracy. However, 55 projects were found not to meet the criteria for counting under the KPI of "number of consultancy projects accepted" as decided at the monthly management meeting in July 2018 to include manufacturing support projects "if service amount exceeds \$5,000". It was believed that the erroneous counting was due to insufficient cascading to frontline staff, and the failure in updating such information timely in Standard Practice – which was a primary guideline for frontline staff to categorise project types. Based on such finding, a rectification will be immediately carried out to revoke the number of "Consultancy – Professional Manufacturing Support Service" projects from 141 to 86, deducting the 55 wrongfully included projects. Hence, the total of the "Number of consultancy projects accepted" will be adjusted from 944 to 889. The above situation was reported immediately to ITC and the Council Chairman upon discovery. As effort to avoid similar situations from happening again, the Standard Practice will be updated during the upcoming KPI revamp, in consultation with ITC and the Council. The exercise to define new KPIs and targets is expected to complete by March 2020, and submit to ITC and Council for approval.

- (xi) With a series of promotional efforts, HKPC is hoping to enhance the awareness of our capabilities and expertise in technological and professional regimes, and gradually increase the industry engagement of our services. Below are some initiatives carried out by HKPC to achieve such purpose:
- 1) Industry Liaison and Consultation – actively engage different industry associations, e.g. through attending their activities or joining function committees, to identify the pain-points and the needs of the industry, then further introduce HKPC’s services available to assist the industry through various R&D services, professional testing, knowledge on government funding etc.;
 - 2) Media Publicity – regularly distribute the latest updates about HKPC’s homegrown inventions and technological outcomes, as well as relevant services through news release, social media postings or HKPC newsletters.
 - 3) Technology Events – organise technology related activities to increase market awareness about the latest technology development, market trends and HKPC’s technology applications. HKPC’s experts will speak and share in various large scale R&D events, or act as the technical leaders in some specific technology regime, e.g. HKPC TechDive R&D Seminar held on 19 December 2019.
 - 4) Open Day – organise open day for the public to explore more about our expertise in R&D and professional equipment; and how we can support the development of the Hong Kong industry.
 - 5) HKPC SME One Fund Fair – upholding its public mission to serve the industry, HKPC organised SME One Fund Fair in September 2019 to promote over 40 government funding schemes covering various industries. Starting from January 2020, HKPC will introduce the “SME ReachOut” team to contact SMEs proactively, with an aim to provide guidance and advisory on the funding schemes available and applicable in the market provided by the HKSAR Government.

As the government subvention accounts for only about one-third of its annual expenditure, HKPC must also support the industry while ensuring that it can be self-financed. For example, after considering HKPC’s financial condition, HKPC announced four immediate measures in September 2019 to provide concessions until 31 March 2020 to support Hong Kong SMEs and startups in facing the unprecedented challenges from the global business environment, help them improve business performance, enhance productivity and competitiveness. HKPC will then review factors such as our financial condition and economic environment, and decide whether to continue with such relevant measures.

- (xii) For facilitating the transition and handover between the current and former Executive Directors, HKPC will arrange face-to-face meetings for the two with an aim to exchange the information on the overall strategies or management directions. However, this exchange did not include whether any update of KPI definitions requiring reporting to the Council. HKPC will uplift the handover procedure in future, to list out items required transition in future.

(e) Supplementary information on the classification of Manufacturing Support Consultancy Projects under HK\$ 5,000:

- (i) The 141 projects under this type were checked to ensure the accuracy. Among which, 55 projects with service fees less than HK\$5,000 were found not to meet the criteria for counting under the KPI of “number of consultancy projects accepted” as decided at the monthly management meeting in July 2018 to include manufacturing support projects “if service amount exceeds HK\$5,000”. It was believed that the erroneous counting was due to insufficient cascading to frontline staff, and the failure in updating such information timely in Standard Practice – which was a primary guideline for frontline staff to categorise project types.
- (ii) In 2018-19, 54 out of the 69 consultancy projects with service fees below HK\$5,000 were patent or trademark application consultancy services. The remaining 15 were small scale consultancy projects mainly for Enterprise Resource Planning (ERP) system advisory support and in-company training.
- (iii) The relevant post-meeting note means that the number of “Professional manufacturing support service with consultancy elements ” (CG) will be disclosed in future reports under the KPI of “Number of Consultancy Projects Accepted” for review by management. The reports are distributed through e-mail to the Directors and General Managers of divisions, and are reported during monthly management meetings.
- (iv) There is no minutes for the daily Morning Prayer meetings. The resolution made at the Morning Prayer meeting held on 25 July 2018 to adjust the definition of KPI was formally recorded in the post-meeting note of the Action List for the monthly management meeting held on 19 July 2018.
- (v) The relevant resolution was recorded in the Action List of the monthly management meeting held on 19 July 2018, and distributed to meeting attendees (including the Directors and General Managers of divisions) on 13 August 2018 as an official record and the basis for daily implementation. There was hence no need to confirm such resolution in the next meeting.
- (vi) The Council is HKPC’s governing body providing strategic leadership in the fulfilment of the organisation’s functions. The daily implementation and operational details discussed during the HKPC’s management meetings are not required to inform the Council under the current arrangement. There are regular meetings for the HKPC management to report the results of various work to the Council in a timely manner every year.
- (vii) The Internal Audit & Risk Management Officer (ARO) of HKPC conducts sample review of the Standard Practice for every 2 years. For details of the Standard Practice F3 about project management, please see attachment Chap 2_e (vii).

(f) Supplementary information on projects outside Hong Kong:

- (i) HKPC’s consultancy projects generally contain technical components or R&D elements, and, as a result, the project may encounter unforeseen technical difficulties (e.g. difficulties under exploration stage of new technology; lengthy process in finding relevant high-end components or equipment; or new testing requiring approval by the relevant local governing bodies etc.), or implementation difficulties (e.g. staff turnover). For project undertaking assignments outside Hong Kong, HKPC agrees with the recommendation from the Audit Commission, and has required all employees at special meetings held respectively on 29 November and 2 December 2019 to comply with “The Hong Kong Productivity Council Ordinance” to recover in full cost for overseas consultancy projects. In any exception case of not being able to recover the full cost, detailed documentation of the justifications is necessary. In addition, to ensure that full cost recovery of

consultancy services outside Hong Kong, HKPC will strengthen its monitoring mechanism. Starting from December 2019, relevant project officers and management will receive regular project cost monitoring reports for controlling project costs carefully. Officer-in-charge of projects has to report and explain to the management regularly on the technical or implementation difficulties encountered. The management, after gaining an in-depth understanding to the project, will consult the expertise from other HKPC divisions to help overcome the difficulties and ensure the project cost would not overrun.

- (ii) The 47 projects mentioned in paragraph 2.12(b) by HKPC referred to an overarching 5-year service programme, running from 2015 to 2020, under a fixed-value agreement between the HKSAR Government and HKPC signed in mid-2015.

Under such agreement, HKPC submitted in 2014 the quotation to the HKSAR Government based on a full-cost recovery charging rate under prevailing pricing policy. The standard cost rates at that time had taken into account the factor of government subvention. The inflationary factor built in at the quotation was 4.8% per annum.

The programme was finally confirmed in mid-2015 and started implementation in 2016. The project cost by then had already increased more than the budgeted inflation factor due to the time gap (for about 10%). In February 2016, the Council approved a pricing structure based on full-cost recovery and zero subvention from the Government. This new standard charging rate therefore generally increased around 20% from the existing rate.

For example, for a Technology Promotion project under the programme with manpower cost originally quoted at HK\$38,000 to the Government would eventually increase to HK\$50,000 in 2016, showing deficit in budget under new standard charging rate.

In the future, HKPC will strengthen the project management, and also study the appropriate adjustment to the “Contingency Budget” when calculating costs to meet unforeseen additional costs, such as technical difficulties or inflation.

Because fixed-value agreements have been entered into such projects, with respect to the spirit of the contract, no additional costs have been recovered.

- (iii) According to the previous reporting mechanism, when a project was complete with deficit, or the actual variance was higher than 5% or HK\$10,000 (whichever is higher), the project manager should provide a post project review report to explain the deficit reason or variance.

HKPC has further enhanced the monitoring mechanism. Starting from December 2019, relevant project officers and management will receive regular project cost monitoring reports to control project costs carefully. Officer-in-charge of the project has to report and explain to the management regularly on the technical or implementation difficulties encountered. The management, after having an in-depth understanding to the project, will consult the expertise among other HKPC divisions to help overcome difficulties and make sure the project cost would not overrun.

(g) Supplement information on pricing concession guidelines:

The existing pricing policy and system of concession were set up and implemented since February 2016. According to the Standard Practice for Pricing Policy, documentation of justification is necessary for applying any of concession. In addition, all concessions could only be given with prior approval by at least General Manager level. For project value over HK\$500,000, the granting of concession could only be approved by Directors or Executive Director. The implementation reports were regularly provided to the Finance Committee under the Council in the first adoption year. Internally, the management team closely monitored the reports from February 2016 to March 2018. After the implementation of the pricing and concession system had become stable for more than 2 years, General Managers of divisions are currently responsible for monitoring the daily implementation.

(h) Please refer to attachment Chap 2_h for HKPC guidelines on fee concessions from September 2019.

(i) Supplementary information on concession policy:

- (i) The relevant charging mechanism was approved at the management meeting on 14 June 2016, with participants including then Executive Director, Directors, General Managers of the divisions and other relevant staff members. Please see attachment Chap 2_i (i) for details. Respective meeting minutes was sent to the relevant staff members or follow-up actions through email after the meeting.
- (ii) HKPC Standard Practice generally lists out policy principles, objectives and rules that are to be carried out on a long-term basis. In the Standard Practice for pricing, the framework and principle of full cost recovery and the system of concession, which were endorsed by the Council, are clearly stated. On the other hand, regarding some short-term measures put in place by the management team, such as the short-term pricing strategies, are generally not included, but directives are released to the relevant staff via emails.
- (iii) The deficits in 2017-18 and 2018-19 were mainly due to the completion of several large consultancy projects for the government or public organisations within the two years. As efforts to fulfilling the public mission, these projects did not recover the full cost. These projects were carried out in 2016 or before (which was before the meeting mentioned in paragraph 2.15 (a)) and were not affected by the decision of the meeting at that time. In addition, according to our knowledge, another reason for the loss in these projects was due to human resources issues, such as higher manpower investment during transitions arisen from talent turnover. Because related projects were engaged through fixed-value agreements, no additional fees were charged for higher associated manpower costs as to abide with the contractual agreements.

(j) Supplementary information on project completion:

- (i) According to the information, the rate of project delays at HKPC was higher before July 2018, due to the inefficiency of the monitoring system and its follow up actions.
- (ii) The following is an excerpt from the relevant clause about project delays in the standard agreement:

/...
Clause 4(d)

The Council shall not be responsible or liable in any way for any delay or default in delivery of services or goods, or failure to perform any of its obligations under this Agreement if such delay,

default or failure was caused by (i) any delay or fault by the Client or its contractors or suppliers, or (ii) any other unforeseeable events or circumstances beyond the Council's control, including but not limited to war, riots, fire, flood, typhoon, lightning, severe weather, earthquake, explosion, strikes, shortage of energy supplies, acts of state or governmental action or operational disruptions.

.../

- (iii) The delayed completion of consultancy project may have impacted on the full cost recovery of the project. However, due to different technical complexity of the implementation of each project, whether the delayed projects could recover the full cost would depend on the actual individual project implementation which may vary in different circumstances.
- (iv) The current mechanism is that the Executive Director and the management of HKPC conduct regular meetings to review projects which needs to be extended. Only projects with sufficient justifications can be extended to ensure consultancy projects are completed at the designated timeframe.

(k) About strengthening the control over the services provided under manufacturing support projects:

- (i) Upon the discovery of Staff A's case in September 2018, HKPC requested the Internal Audit and Risk Management Officer (ARO) to carry out an audit to the provision of manufacturing support service by Division A, where Staff A belonged to, in the fourth quarter of 2018. Through sampling, ARO audited 839 manufacturing support services, accounted for 85% of the total number from the relevant units of Division A between July 2016 to October 2018. There was no similar case being found.

ARO also carried out another audit to Division B for the manufacturing support services provided, with a sampling of 101 cases, accounted for 53% from the relevant units of the division under their manufacturing support service provision. No similar case was found as well.

- (ii) At the time of Staff A's case, the quotation for manufacturing support services was not issued via SAP centralised computing system. The quotations by then were issued via the software Microsoft Excel, and input to SAP upon the service completion, leading to a time gap in monitoring the completion of services in SAP, and a timely alert for outstanding payments.

Upon the discovery of Staff A's case in September 2018, HKPC completed an evaluation and improvement plan on the related process in December 2018 – all quotations shall be issued via SAP, with the deployment of a sequential number, facilitating the monitoring and follow-up actions of those quotations by the General Managers of divisions every month, ensuring all manufacturing support services will receive timely payment with proper records.

- (iii) In accordance to the recommendations from the Audit Commission, HKPC has further extended the scope of review and identified 315 cases of manufacturing support service through sampling, from the division where Staff A belonged to. The figure accounted for about 10% of the relevant division's total manufacturing support services. The whole process is estimated to be completed by end of the fourth quarter of 2019-20. ARO will then review with Audit Commission to ensure the action can fulfill Audit Commission's recommendations.
- (iv) For the audit results and improvement suggestions of ARO, please refer to attachment Chap 2_k (iv).
- (v) Please refer to attachment Chap 2_k (v) for relevant details.
- (vi) Please refer to the attachment Chap 2_k (vi) for relevant details.

- (l) In order to increase the membership and income of Inno Space, HKPC has launched in 2019 a new scheme, STEM Network, with an aim to connect secondary schools, universities, start-ups and the Hong Kong Science and Technology Park together, and assist the development of STEM education in schools by offering basic to advanced courses ranging from HK\$5,000 to HK\$15,000. These courses include student workshops, train-the-trainer programmes, technology updates and the use of Inno Space facilities.
- (m) Through STEM Network, practical training has been added to the brand new STEM training courses, aiming to boost the utilisation of Inno Prototype. The overall utilisation rate of Inno Prototype from April to November 2019 has increased by 40% as compared to the same period of 2018-19.
- (n) Please refer to the attachment Chap 2_n for related details.
- (o) The independent external auditor had made the following recommendations to HKPC during their audits in the past 5 years:
- In June 2014, the independent external auditor confirmed proper implementation in 2013-14, as per the recommendations made in 2012-13, including recognising expenses on accrual basis, special payable account for government assistance, proper approval for accounting vouchers and settlement of long-aged intercompany payable. In the same report, they also reviewed the new accounting system SAP and made recommendations including carrying out periodic user access review, built-in configuration controls and protection settings.
 - In June 2015, the independent external auditor had confirmed the implementation of the recommended controls as listed above.
 - No further comments were made by the independent external auditor from 2015-16 to 2018-19.

For more details about the recommendations from the independent external auditor to the HKPC management, and the respective response, please refer to the attachment Chap 2_o.

Please feel free to contact me if you have any question about the information provided.

Yours sincerely,



Mohamed D. Butt
Executive Director
Hong Kong Productivity Council

c.c. Secretary for Innovation and Technology
Commissioner for Innovation and Technology
Secretary for Financial Services and the Treasury
Director of Audit (Attention: Mr. Anthony Lo, Senior Auditor)

***Note by Clerk, PAC: Attachment Chap 2_o not attached.**



HKPC EMC Centre
LG1, HKPC Building,
78 Tat Chee Avenue,
Kowloon, Hong Kong
Tel : 2788 6396 Fax : 2788 5405
Email: emc@hkpc.org



Quotation for EMC Testing

To: U From: L
Attn.: C Tel.: _____
Tel.: _____ Fax: _____ Date: 11 February 2019
Quotation No.: 20000396
EMC Job No.: 14347

We are pleased to provide you with the quotation for the following testing service (the "Service"):

Equipment to be tested: **Consultancy and support service for EMC management plan and EMC test plan documentation**

Item	Qty.	Test description	Price (HKD)
1	1	Consultancy and support service for EMC management plan	28,050
2	2	EMC test plans documentation and support service	
Total :			28,050

Payment Method:

1) Due on Delivery

Please transfer the payment to the following bank accounts (HKD) & send the "payment advice" to us for record after the settlement.

*Bank charges to be borne by client

BANK NAME : STANDARD CHARTERED BANK (HONG KONG) LIMITED
BANK ADDRESS : 4-4A DES VOEUX ROAD CENTRAL, HONG KONG
ACCOUNT NAME : HONG KONG PRODUCTIVITY COUNCIL
ACCOUNT ADDRESS : HKPC BUILDING, 78 TAT CHEE AVENUE, KOWLOON,
HONG KONG
BANK CODE : 003
BRANCH CODE : 447
ACCOUNT NO : 447-1-071900-3
BANK BRANCH : HONG KONG OFFICE
SWIFT CODE : SCBLHKHHXXX



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Quotation for EMC Testing

Terms and Conditions for Prototyping and Testing Service (collectively, the "Service")

1. Hong Kong Productivity Council ("HKPC") reserves the right to decline any application for the Service and the right to alter any deliverable or report (collectively, the "Result") which HKPC may consider desirable or necessary by written notice to Client specifying the desired alterations. If application for the Service is accepted by HKPC and the price quotation is accepted by Client (irrespective of the form of acceptance), the Service will be carried out to the best ability of HKPC in the strict accordance with the terms contained herein except otherwise agreed in writing by the parties. In the event of any inconsistency, between this condition and any other conditions, this condition shall prevail to the extent of such inconsistency.
2. HKPC makes no guarantee as to the repeated application of the Results under changing circumstances.
3. HKPC shall exercise all reasonable care in handling Client's sample submitted at its own cost, but does not guarantee that the original condition of the samples submitted will remain unchanged after performance of the Service and disclaims any liabilities for loss accrued thereon or damage made thereto. Samples not destroyed during testing will be destroyed at the expiration of one month after completion of the Service unless return is requested by Client in writing before completion of the Service. HKPC shall not be responsible for any maintenance repairs or servicing of the deliverable or equipment submitted.
4. The Result shall be treated private and confidential and is issued to Client for its internal use only and subject to the condition that it will not be reproduced (except in full and in its entirety without combination) and will not be used for any purpose in connection with any advertising or other promotional purpose in any medium or manner without the prior written permission of HKPC. Except where required by the relevant regulatory authorities or applicable law, any use or disclosure of the Result other than as permitted herein is strictly prohibited. This prohibits, for example, any disclosure to third parties or use in any legal proceedings without HKPC's prior written consent. Where consent to use the Result is obtained from HKPC, only the latest available version of the Result shall be used for communications purposes and any brochure or publication referencing the Result must cite the source, include the relevant date of the Result and the data generated by HKPC. HKPC may comment upon Client's interpretation of the Result. None of the Result may be presented in a misleading manner and any representation or communication by Client that HKPC has endorsed any claim in Client's publicity and communications materials is NOT permitted under any circumstances. The right to use or disclose the Result as permitted hereby is conditional upon Client agreeing to indemnify and hold harmless HKPC and its officers, employees or agents against all claims, damages, losses or expenses including legal fees arising from or relating to such use or disclosure.
5. Client's use of the Result provided on an "as is" and "as available" basis is at Client's risk. HKPC and its officers, employees or agents do not warrant that the Result conforms with the relevant order or otherwise meet with Client's expectation, nor is it free from defects in design, materials and workmanship. HKPC expressly disclaims all warranties of any kind (whether express or implied including, without limitation, the implied warranties of merchantability or revenue potential, fitness for any particular purpose, product performance, non-infringement, interworking with or support rendered for any third party service or equipment), and assumes no legal liability or responsibility for the use and/or application of the Result. HKPC makes no representation or warranty as to the accuracy, completeness, reliability or currency of the content of the Result and makes no warranty of whatsoever nature with regards to the material used for the deliverable. All express or implied warranties, representations or statements relating to the subject matter hereof which are not contained herein are excluded by HKPC.
6. The Result may consist of estimates only and is subject to statistical errors or acceptable tolerance inherent in making projections from sample data and HKPC shall not be liable for any errors or tolerance limit arising from the Result, or for any loss or damage made to any physical property (including consequential damage). In the event that any Result is proved to be inaccurate due to the act, default, error or neglect of HKPC, the liability of HKPC shall be limited to refunding to Client the fee (free of interest) paid to HKPC for such Result. In no circumstances shall HKPC be liable to compensate or indemnify Client or any third party whomsoever for or in respect of any loss or damage sustained by such party as a result of any inaccuracy of the Result. The remedies set forth herein shall be Client's exclusive remedies in legal proceedings of any kind against HKPC hereunder or with respect to any Result to be provided by HKPC.



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Quotation for EMC Testing

7. The Result may be collected upon production of a valid delivery note or any other supporting document validly issued by and acceptable to HKPC. Enquiries relating to the Result must be raised within 14 days from the date of issuance of the Result, failing which, deemed acceptance of the Result by Client applies.
8. Payment shall be settled forthwith upon collection of the Result. The fees payable by Client to HKPC shall be net of any taxes, levies, charges, impositions or expenses of whatsoever nature. Each party shall be responsible for its own payment of all taxes to be levied by the relevant government authorities (including Hong Kong and elsewhere) in connection with the Service.
9. These terms and conditions do not transfer ownership of any intellectual property right of HKPC's data. Intellectual property right subsisting in the Result remains the property of HKPC.
10. Where on-site attendance outside of HKPC's premises is required for performance of the Service, Client must comply with the legislative requirements regulating work safety in ensuring the working environment is in safe condition as well as providing HKPC's representatives with all necessary safety measures. Client must maintain sufficient insurance to cover HKPC's representatives against all liabilities with a reputable insurer whilst the Service is being performed.
11. HKPC shall not be held liable to Client for any loss of business or profit or other consequential loss and damages suffered as a result of any default on the part of HKPC, and HKPC's liability in respect of any direct loss sustained by Client is expressly limited and shall in no case exceed the fees actually paid by Client to HKPC.
12. Client shall indemnify and hold HKPC harmless from all claims and liabilities directly or indirectly resulting from any claims for infringement or alleged infringement of patents, designs, copyrights or other rights brought by a third party in relation or attributable to any information or materials supplied by Client to HKPC, except for any claim and liability resulting from any negligence or default by HKPC.
13. Client must observe and abide by the confidentiality requirement of the terms contained herein including, without limitation, pricing, delivery milestone, details and performance of the Service.
14. Without prejudice to any other remedy HKPC may have against Client, HKPC shall have the right to terminate these terms and conditions immediately if Client:-
 - (i) is wound up or is petitioned to be wound up, commits an act of bankruptcy or compound or arrange with its creditors or have a receiving order made against it or being a limited company enters into compulsory or voluntary liquidation (except for the purposes of amalgamation or restructure only);
 - (ii) refuses or prevents the furnishing of the Service hereunder by HKPC;
 - (iii) violates any of the terms and conditions contained herein; or
 - (iv) a force majeure event or any event beyond the reasonable control of HKPC occurs and subsists for 30 days, thereupon, Client shall be liable (a) to reimburse HKPC all expenses actually incurred for and on behalf of Client in respect hereof up to the date of termination; and (b) to pay HKPC any part(s) of the fees due and payable hereunder; and (c) to pay the fees for any Service rendered but not yet paid for which shall be calculated by reference to the same charging rate and basis as that for the fees.
15. In no event shall the delivery or issuance of the Result by HKPC operate to construe HKPC as a party or agent or in any other way or in any relationship contractual or otherwise between Client and any other party whatsoever.
16. These terms and conditions shall be governed by and construed in accordance with the laws of The Hong Kong Special Administrative Region and each party hereby agrees to submit to the exclusive jurisdiction of the courts of The Hong Kong Special Administrative Region with respect to any claim or matter arising out of or in connection herewith.

HKPC[®]

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Quotation for EMC Testing

Additional Conditions: The EMC Centre is accredited by HOKLAS for specific tests as listed in the HOKLAS Directory of Accredited laboratories.

1. **Validity:** This quotation is valid for 1 month from the date of issue.
2. **Quotations:** Quotations are given out on a sample by sample basis. The client must obtain a second quotation if he wishes to have more than one sample tested.
3. **Reminder:** The client is reminded that he is responsible for providing all necessary ancillary equipment to operate and monitor the EUT during testing.
4. **Test Plan:** A test plan must be completed and signed by the client prior to submitting the sample. The EMC Centre will assist the client in case of difficulties. However, the client must still sign the test plan.
5. **Test reports:** If full compliance testing is carried out a test report may be issued. All raw data from the testing will be copied to the client even if a test report is not requested.
6. **Testing:** Once the sample is submitted it will be tested according to the EMC Centre schedule. If the client wishes to be present during testing he will have to make prior agreements with the EMC Centre.
7. **Samples:** It is the sole responsibility of the client to collect any items submitted after 10 days from the issue of test report. Items not collected within 2 months thereafter shall be disposed by HKPC as it deems fit.

Prepared by _____

Business Registration No. : _____

Date: 20 FEB 2019

Confirmed and accepted by client
Please stamp and return by fax or email

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Standard Practice No.:	F3
Subject:	Project Management
Prepared by:	Finance and Procurement Division
Date issued: (dd/mm/yyyy)	1/4/2019
Supersedes that issued on:	8/3/2019

Policy

1. The Council strives to exhibit quality project management meeting the expectation of corporate governance and management efficiency.

Objective

2. The Standard Practice depicts the principle and guidelines on project management so as to ensure the project initiation, planning, execution, controlling and completion processes are properly carried out.
3. Timely and accurate project management in a transparent and documented manner help alert project managers and the management to the Council's business operations and financial performance.

Principle

4. As the Council engages in projects of very diverse nature, the system and process stipulated herewith on project management serves to provide broad guidance only. Staff, particularly project managers, should exercise their professionalism and due judgment reasonably in managing details connected with overall project management even if those details are not explicitly stated in the Standard Practice.
5. Project managers (who must be [grade 4](#) or above) are responsible for the overall relevance, accuracy and timeliness of the project activities related information contained in the Council's enterprise resources planning (ERP) system.

Regulations

6. Details required for project management are set out in the "Guidance Notes on Project

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Management”.

- (a) project should be properly approved by management in accordance with internal approval matrix (paragraph 7 below); and
- (b) Project details and milestones should be recorded in the ERP system in accordance with the agreed proposal with the client and the signed agreement with client.

Project Approval Authorities

7. Project approval authorities are in accordance with project value as listed in the table below.

Table of Project Approval Authorities

Project Value*	Approved By
Above HK\$1,500,000	Executive Director
Up to HK\$1,500,000	Branch Director
Up to HK\$500,000	General Manager

* Project value refers to the estimated income or estimated cost, whichever is the higher.

Commencement Date

8. The Standard Practice will commence on the date of its promulgation.

Related Guidance Notes, Appendices and Forms

Guidance Notes on Project Management

Appendix A: Project Definition

Appendix B: Table of Credit Note Approval Authorities.

Appendix C: Table of Timesheet Approval Authorities.

Certificate of Project Completion (CPC) Template

Guidance Notes on Project Management

Classification of Project Type

1. HKPC has a duty to report on the kinds of activity it engaged and so project is classified according to its nature. Project has to be set up according to its Type, or Business Area, in ERP system.
2. Definitions and details reference on Business Areas are listed in Appendix A (“Project Definition”) of this Guidance Notes.

Project Approval Authority

3. For each project, there are only one Project Manager (PM) and maximum two Deputy Project Managers (DPM). PM has responsibility on the project management and maintenance of project information in ERP. PM and DPM must be **grade 4** or above. If a project involves more than one unit, there should have one PM and not more than 2 DPMs in each unit.
4. Before releasing the project proposal to client, PM is required to upload and input the following to ERP:
 - (a) Enter the preliminary project financial information into the quotation summary with management approval (as per Project Approval Authority)
 - (b) attach a draft project proposal

FPD will validate the above information in ERP.

5. If the client accepts the proposal, PM is required to upload and input the following to ERP:
 - (a) Signed Agreement and other relevant documents
 - (b) Project details (Work Breakdown Structure and Easy Cost Planning)
 - (c) Billing Schedule (Billing Plan and Billing Request)
 - (d) Staff Cost and Other Cost projected to end of project (Period Split)
 - (e) Manpower planning (Capacity Planning and Personnel Assignment)

Then PM should submit the project to management for acceptance and FPD validation in

ERP.

6. For Low Value project with value up to HK\$100,000 and project duration not exceeding 3 months, the project could be approved and accepted in one step with simplified project information:
 - (a) Project details (Work Breakdown Structure and Easy Cost Planning)
 - (b) Billing Schedule (Default at the beginning of the project)
 - (c) Manpower planning (Personnel Assignment only)

Then PM should upload signed agreement and submit the project to GM for acceptance and FPD validation in ERP.

7. If the project is cancelled (due to error or create by mistake), PM should seek GM approval to update the project status in ERP.

If the project is rejected by client, PM should obtain approval from management per Table of Project Approval Authorities with justifications and seek GM to update the project status in ERP.

Billing plan and payment terms

8. Once billing plan is confirmed on project acceptance, PM cannot change the billing schedule in ERP without GM approval. Should the billing schedule be revised, either in billing amount or postpone in billing date, PM should provide supporting document in ERP to justify the revision with approval from GM. FPD will then validate the billing schedule in ERP accordingly.
9. Exception to paragraph 8 above is allowed for amendment in billing plan:
 - (a) GA and CB type project, for internal monthly income recognition
 - (b) Billing for Patent / Trademark application
 - (c) CG, SA, SB, SC, and TA type project.
10. Invoice will be sent to client by FPD as per billing plan. Credit note can only be issued upon request from PM with justification and approval from management per Appendix B.
11. Payment terms and payment schedule must be included in the project plan in ERP. Deposit payment is required as per SP F1 (Deposit/Payment).

Project costs

12. For staff cost, PM applies standard staff cost rate as per Standard Practice (SP) F7 (Pricing) on estimated working hours for the staff.
13. Staff needs to fill out timesheet and submit to GM for approval. Timesheet submission and GM approval should be done at least once a week during the month and before weekly cut-off day. Timesheet submission and GM approval should be done no later than the last day of the calendar month.
14. For Out of pocket project expenses such as travelling cost, this should be complied with SP A5 (Official Expenses).
15. As part of project opening validation, PM should declare on whereby assets purchased for a project will remain with HKPC and become HKPC's own fixed asset during or at the end of the project.

Amendment of project plan, budget, and project end date extension

16. PM and project members should execute the project as per project plan. If there is any foreseeable deviation, the project plan in ERP should be amended.
17. Project fee should be amended in ERP if the project scope is increased due to additional jobs.
18. If the actual outlay booked is more than the project budget, no further purchase requisition or purchase order can be processed. PM should provide justification and revise the project budget in ERP accordingly. In case the revision of the project budget will exceed 20% in each category at WBS Level (or as per the respective Government Funding Guideline, which may allow for a higher percentage) of the original budget, or result in higher total Project Cost, PM should obtain management approval per Table of Project Approval Authorities (except for cross unit budget transfer under the same line item).
19. If the estimated end date of the project is required to be extended, PM should obtain management approval per Table of Project Approval Authorities with justification and client's consent to the extension of the project end date. Relevant supportive document should be attached to ERP.

20. Percentage Of Completion (POC%) indicates the portion of work completed. It is calculated automatically in ERP based on actual total cost incurred against estimated total cost of the project. The information is used for the calculation of deferred income.

Project completion

21. CDD coordinates with PM to issue a Project Satisfaction Poll and record the feedback in ERP as per Standard Practice G9 PSP.
22. As soon as the deliverables are performed, all other outstanding items such as outstanding purchase order and staff claim should be cleared and the project should be completed in ERP within 3 months (except for government department clients, which is within 6 months; for government funding scheme projects, within 12 months respectively.)
23. PM should analyze and report income and cost variances during project execution. Post project review report should be prepared and uploaded to ERP if, the income or total cost variance is more than 5% or above HKD10,000 against budget, whichever is higher; or actual recovery is below 100%.
24. Upon project completion, PM should declare on whereby assets# purchased for a project will be delivered to client or remained at HKPC.

#Assets include fixed assets (defined under SP A06/01) and low-value moveable items (defined under SP A06/05).

PM should transfer assets declared in paragraph 15, or fixed assets come into existence incidental to project execution, to HKPC's own fixed asset pool upon project completion.

25. PM should attach a "Certificate of Project Completion" (CPC) confirmed and signed by client in ERP upon project completion. CPC should be obtained before the final billing as per the Agreement (except final billing will be issued before final project deliverables per Agreement). The CPC is not required in the following circumstances:
- (a) Project value not exceeding HK\$50,000
 - (b) Government Funded Project (e.g. GA, CB type and BUD project)
 - (c) Projects from Hong Kong Government Departments
 - (d) Project under PAG Scheme
 - (e) Multi-client project (SA and TC)
 - (f) Internal projects (IA, IB and IC)

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- (g) In-Class Training (e.g. TA type)
- (h) Projects from WFOEs

26. When all outstanding items are cleared, PM submits the project for completion to management for approval per Table of Project Approval Authorities. Then FPD validates the project completion process.

Project termination

27. Project termination is defined as any on-going project being terminated by either the client or HKPC before its completion.
28. PM submits justification for termination request and management approves as per Table of Project Approval Authorities.

Value-added Content Consideration

29. HKPC provides value-added services to its clients through direct consulting services instead of by trading equipment and/or subcontracting its services to third parties. To maintain a reasonable level of staff contribution in each project, the staff cost assigned to a project should be no less than 30% of the total project cost.
30. Government Funded projects (GA, CB), Study Mission (TC) and Patent projects are exempted due to their inherent high third-party costs.
31. If the above requirement is not met, approval is required as per table of project approval authorities. The following factors may be considered before granting approval-
- (i) to secure business from a new client;
 - (ii) the project concerned is considered a stepping stone to more consultancy projects;
 - (iii) the overall risks and opportunities trade-off to HKPC; and
 - (iv) any other valid justification.

Project Risk Assessment and Contingency Expense

32. As a prudent risk management measure, divisions should, if circumstances warrant, include contingency expenses within their project cost estimation to protect HKPC from any

unnecessary exposure to financial loss. In so doing, divisions should take into account the following factors-

- (i) the special nature of the product, for example, whether the project involves unpredictable level of novelty; whether HKPC has little or no prior exposure in such projects, etc.;
 - (ii) the scale of the project, for example, whether the overall project sum is of an inordinate scale and therefore certain margin of errors should be allowed;
 - (iii) the complexity of the project, for example, whether the project is highly complex whereby the satisfactory delivery of the project is beyond the control of HKPC (such as involving many different business partners and stakeholders);
 - (iv) the duration of the project, for example, whether the project lasts over an extended period of time; and/or
 - (v) other miscellaneous factors such as staff cost increment, fluctuation in inflation rate, currency exchange rate; or any other regional or global financial situation that poses unpredictable financial risks.
33. Should the risk factors determining the contingency expense do not eventuate at the end of the project, the contingency portion would be retained by HKPC for future development need.
34. PM should explicitly provide a statement at the inception of a project that he/she has assessed any expected risk, either financial or non-financial in nature, in engaging the project, and that measure, if applicable, has been built into the project to deal with the expected risk.
35. The level of contingency expenses should under no circumstances exceed 15% of the overall project cost.

Report to the Business Development Committee (BDC) of Council on projects funded by the Innovation and Technology Fund (ITF)

36. For completed ITF projects, except those with project funding below \$1M each, a final performance review with detailed assessment of the impact created by individual projects should be conducted within one year after project completion for submission to the BDC of

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Council. This applies to ITF projects with HKPC as applicant/ co-applicant/ implementing organization. The review should cover target achievements, industry response and new service opportunities for HKPC.

Enquiry: Manager, Management Accounting
 (ext. 5875)

Issued to: All Staff Member

Reviewed by: Chief Financial Officer;

Issue Date : 1 April 2019

Project Definition

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
CA	Consultancy - Advisory Service	Project relied on the domain knowledge of consultant(s) to provide professional help and advice to the client	<ul style="list-style-type: none"> - Project master plan preparation - Consultancy team formation - Onsite visit / Client interview - Information collection / Fact finding - Situation analysis / Problem diagnosis - Improvement areas identification - Advice / Solution recommendation - Consultancy report submission / Presentation to client 	Subject expert / Consultancy team	Charged by fixed amount as per agreement
CB	Consultancy - Government Funding (Implementation Agent/Service Provider)	Project sponsored by government funding scheme in which HKPC is responsible for implementing the scheme or providing the service	<ul style="list-style-type: none"> - Project master plan preparation as per the schedule commitment in funding proposal - Financial accounting arrangement - Project team and committee formation (usually with representatives from external parties) - Equipment / Product / Service procurement - Vendor / Subcontractor management - Project task execution and delivery 	<ul style="list-style-type: none"> - Project manager / Coordinator - Project team - Committee member 	Charged by fixed amount as per agreement

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
CC	Consultancy - Secretariat Service	Project relied on a service team to handle secretarial, clerical, administrative affairs for the client (usually a trade association or Government funding scheme); sometimes provide event management service as well	<ul style="list-style-type: none"> - Project committee meeting / Progress review meeting / report - Deliverables submission / propagation - Final report compilation - Project closing and audit - - Secretariat / Service team formation - Hotline / Enquiry support - Correspondence handling - Meeting (such as ExCo meeting and AGM) scheduling, facilitation, and support - Documentation and filing - Membership registration and support - Bookkeeping and basic accounting support (such as petty cash and cheque payment) - Regular event (such as annual dinner) planning and execution - Additional event (such as seminar) management and support 	<ul style="list-style-type: none"> - Secretariat / Service team 	Charged by basic annual / monthly service fee, plus extra charge on optional service
CD	Consultancy - Development /	Project relied on a technical team to design	<ul style="list-style-type: none"> - Overall planning and scheduling - Technical team formation 	<ul style="list-style-type: none"> - Project manager - Technical team 	Charged by fixed amount as per

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
	Implementation/ Turnkey Engineering Service	and/or develop a product / component / system and/or install / implement the deliverables for the client	<ul style="list-style-type: none"> - Requirement collection and analysis - Technical design / prototyping / machining / small batch production - System and feature customization - Vendor / Subcontractor engagement - Development and testing / fine tuning - Deliverables Implementation / Installation - Post-implementation review 		agreement
CE	Consultancy – Award	Project relied on a service team to organize an award / competition	<ul style="list-style-type: none"> - Award programme design and planning - Judging and nomination criteria - Judges / Assessors invitation - Sponsors / Supporting organization engagement - Promotion and Entry recruitment - Assessment / Judging process - Trophy preparation and award booklet - Award ceremony and publicity - Post-programme evaluation 	<ul style="list-style-type: none"> - Programme manager / Coordinator - Award secretariat - Assessment team 	Charged by organizing fee (paid by award organizer) / sponsorship fee
CF	Training – In-Company Programme	Training programme for a particular company aiming to delivering	<ul style="list-style-type: none"> - Training requirement confirmation - Training venue / equipment booking and setup 	<ul style="list-style-type: none"> - Programme / Course coordinator 	Charged by fixed amount as per agreement

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
		knowledge / skill to employees	<ul style="list-style-type: none"> - Trainer engagement / Training team formation - Training programme / course design and material compilation - Training programme / course execution - Post-training evaluation 	<ul style="list-style-type: none"> - Trainer / Training team - Logistics support staff 	
CG	Consultancy – Professional Manufacturing Supporting Service	Project providing multiple testing / machining / professional supporting services with consultancy advisory to a client	<ul style="list-style-type: none"> - Service scope and schedule confirmation - Service team formation / booking - Design, engineering and precision fabrication - Laboratory / Equipment booking and setup - Service provision and delivery - Post-service evaluation - Deliveries include analysis report / consultancy advice 	<ul style="list-style-type: none"> - Service team - Laboratory assistant 	Charged by service fee or fixed amount as per agreement
IA	Internal Corporate Research and Development Project	Project initiated by a division regarding product / service development and project work, and approved by	<ul style="list-style-type: none"> - Project scoping and planning - Project team formation - Project task execution and progress monitoring - Deliverables submission / propagation 	<ul style="list-style-type: none"> - Team members within the same division 	Internal income from Corporate to the division who executed the project

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
	(i.e., CRD project)	top Management with funding under the Corporate budget	- Project closing and evaluation		
IB	Internal Project - Divisional Development, Maintenance and Support	Project initiated by a division regarding internal development, maintenance / support and project work undertaken by the same division	- Project scoping and planning - Project team formation - Project task execution and progress monitoring - Deliverables submission / propagation - Project closing and evaluation	- Team members within the same division	No project fee. Logging of internal labor hours only
IC	In-house Project - Inter Divisional Consultancy and Maintenance Service	Project initiated within HKPC and implemented by more than one divisions	- Project scoping and planning - Project team formation - Project task execution and progress monitoring - Deliverables submission / propagation - Project closing and evaluation	- Team members from the division who executed the project	Internal income transferred to the division who executed the project
GA	Government Funding - Applicant	Project sponsored by government funding scheme in which HKPC is either the applicant or co-applicant	- Project master plan preparation - Financial account arrangement - Project team and committee formation (including external parties, if needed) - Equipment / Product / Service	- Project manager / Coordinator - Project team - Committee member	Charged by actual manpower consumption as per project milestone

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
			<ul style="list-style-type: none"> - procurement - Vendor / Subcontractor management - Project task execution and delivery - Project committee meeting / Progress review meeting / report - Deliverables submission / propagation - Final report compilation - Project closing and audit - 		
MA	Miscellaneous	Project not belong to any of the above nature			
SA	Professional Manufacturing Supporting Service (without Consultancy Element)	Project providing testing / machining / professional supporting services to a client or multiple clients	<ul style="list-style-type: none"> - Service scope and schedule confirmation - Service team formation / booking - Laboratory / Equipment booking and setup - Service provision and delivery - Post-service evaluation 	<ul style="list-style-type: none"> - Service team - Laboratory assistant 	Entire Amount Booked As Income
SB	Exhibition	Programme designed with physical display booth for exhibitors (such as vendors /	<ul style="list-style-type: none"> - Programme theme, design and planning - Venue booking and decoration design - Floor plan and display booth design - VIP invitation and sponsor engagement 	<ul style="list-style-type: none"> - Programme manager / Coordinator - On-stage official 	Charged by exhibitor fee / sponsorship fee / entrance fee

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
		solution providers) to promote / demonstrate their products / services / messages to public / targeted participants	<ul style="list-style-type: none"> - Visitor promotion and exhibitor recruitment - Display booth setup and contractor coordination - Opening ceremony and media coverage - Move-in, registration and onsite logistics - Concurrent events - Post-programme evaluation 	<ul style="list-style-type: none"> - Onsite logistics support staff 	
SC	Publication	Project aiming to producing publications, in print or electronic format, as a major deliverable	<ul style="list-style-type: none"> - Conceptual design and planning - Editorial team formation - Writer and/or Interviewee identification and invitation - Interview, write-up proofreading and editing - Photo-shooting and processing - Production house engagement, coordination and management - Page layout and artwork design - Production and printing - Sales and circulation 	<ul style="list-style-type: none"> - Editor in chief - Editor and/or Reporter - Designer - Production team - Marketing & circulation team 	Charged by production fee / charges per copy
TA	Training – In-Class	Training programme for public aiming to	<ul style="list-style-type: none"> - Training venue / equipment booking and setup 	<ul style="list-style-type: none"> - Programme / Course 	Charged by tuition fee per head

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
	Programme	delivering knowledge / skill to participants	<ul style="list-style-type: none"> - Trainer engagement / Training team formation - Training programme / course design and material compilation - Training programme / course promotion and recruitment - Training programme / course execution - Post-training evaluation 	<ul style="list-style-type: none"> - coordinator - Trainer / Training team - Logistics support staff 	
TB	Conference	Programme presented by one or more subject experts to share their knowledge / skill / messages to public / targeted participants	<ul style="list-style-type: none"> - Programme theme, design and planning - Venue booking and decoration design - VIP invitation - Speaker and/or Sponsor engagement - Rundown design and confirmation - Promotion and attendee recruitment - Opening ceremony and media coverage - Registration and onsite logistics - Post-programme evaluation 	<ul style="list-style-type: none"> - Programme manager / Coordinator - On-stage official - MC - Speaker - Onsite logistics support staff 	Charged by sponsorship fee / conference fee
TC	Study Mission/ Overseas Training	Programme designed for participants to go outside of Hong Kong to have onsite exposure and experience to	<ul style="list-style-type: none"> - Programme design and itinerary planning - Site visit negotiation and arrangement - Travelling & Accommodation arrangement 	<ul style="list-style-type: none"> - Programme manager / Coordinator - Guide - Supporting staff 	Charged by trip fee per head

Code	Project Type	Project Nature	Major Activities	Core Resources	Project Fee
		diverse technological / business practices	<ul style="list-style-type: none"> - Promotion and delegate recruitment - Trip guidance, coordination and support - Post-programme evaluation 		

Note: Income recognition is covered by Hong Kong Financial Reporting Standard 15 and Accounting Standard 20.

Table of Credit Note Approval Authorities

Credit Note Value	Approved By
Above HK\$100,000	Branch Director & CFO
Up to HK\$100,000	General Manager & CFO

Table of Timesheet Approval Authorities

Staff	Approved by
General Manager	Branch Director
Principal Consultant and Below	General Manager

CERTIFICATE OF PROJECT COMPLETION

Purpose: To ensure that the requirements and expectations of the Deliverables are met, approved and accepted. This form shall be used at the end of completion for the whole Project when all Deliverables are submitted, delivered or handed over to the Client.

Project Title	
Project Code	
Client	
Deliverables	

TO BE COMPLETED BY CLIENT

Date of Completion	
We certify and confirm that all the above Deliverables have been (i) duly delivered by HKPC in compliance with project requirements; and (ii) accepted by us to our satisfaction.	
Accepted & Signed Off By	
Client's Authorized Representative	Signature
	Name :
	Title :
	Date :

PREPARED BY

HKPC Officer-in-charge	Signature
	Name :
	Title :
	Date :

AF569 (06/2016)

From: Vivian LIN <@hkpc.org>
Sent: Thursday, 26 September 2019 6:41 PM
To: EVERYONE <@hkpc.org>
Subject: More about HKPC Concessions for SMEs and Startups



Dear colleagues,

As per Executive Director's 16 September announcement, HKPC will offer four immediate concessions to help industries overcome the rough economic situation, which include a 30% price concession to SMEs and startups on the list price of labour portion for consultancy services (excluding those under government funding schemes, or assignments deliver outside Hong Kong) and testing services; as well as venue charge rate till end-March 2020.

Please take note of the following rules when carrying out the concession offers:

- For all the new consultancy services, testing services and venue rental during this period, please enquire your client on whether it is an SME⁽¹⁾, or a startup company⁽²⁾;
- If the client confirms that it is an SME or startup company, please prepare your quotations based on the C30 labour rates;
- Please note that you must offer the concessions to your client if it qualifies as an SME or a startup company;
- Please state in the Agreement or service confirmation form that the service fee is based on a concession labour rate for SME or startup company.

Note:

⁽¹⁾ SME shall be identified as an enterprise which is validly registered in Hong Kong under the Business Registration Ordinance (Chapter 310) and fulfills the Government's definition of the SME, as follows, (i) a manufacturing business which employs fewer than 100 persons in Hong Kong; or (ii) a non-manufacturing business which employs fewer than 50 persons in Hong Kong; and not belonging to a publicly listed company or itself is not a public listed company, local or outside Hong Kong.

⁽²⁾ Startup company is a company registered in Hong Kong with less than two years of incorporation and not being a listed company or belonging to a publicly listed company, local or outside Hong Kong. The size of a startup company should be within the definition of an SME.

For the consultancy service with price concession, please insert the following statement under the consultancy fee in the Schedule I of the Consultancy Agreement when signed by the client:

“By signing this Agreement, the Client declares that it is a small and medium-sized enterprise (“SME”)* or startup company. If such declaration is found to be untrue and incorrect, the Client acknowledges and agrees that the Council reserves the right to (a) withdraw any fee concession granted to the Client and (b) charge back the full price at the ordinary and standard rate.**

Note:

****SME shall be identified as an enterprise which is validly registered in Hong Kong under the Business Registration Ordinance (Chapter 310) and fulfills the Government's definition of the SME, as follows, (i) a manufacturing business which employs fewer than 100 persons in Hong Kong; or (ii) a non-manufacturing business which employs fewer than 50 persons in Hong Kong; and not belonging to a publicly listed company or itself is not a public listed company, local or outside Hong Kong.***

***** Startup company is a company registered in Hong Kong with less than two years of incorporation and not being a listed company or belonging to a publicly listed company, local or outside Hong Kong. The size of a startup company should be within the definition of an SME.”***

For the testing service and venue rental with price concession, please insert the following declaration in the service request or confirmation form when signed by the client:

“I declare that all information provided in this Form is, to the best of my knowledge, true, accurate and complete. If the declaration claiming as an SME* or a startup company is found to be false or inaccurate, HKPC reserves the right to withdraw any price concession granted to your company and charge back the full price at the ordinary and standard rate.**

Note:

****SME shall be identified as an enterprise which is validly registered in Hong Kong under the Business Registration Ordinance (Chapter 310) and fulfills the Government's definition of the SME, as follows, (i) a manufacturing business which employs fewer than 100 persons in Hong Kong; or (ii) a non-manufacturing business which employs fewer than 50 persons in Hong Kong; and not belonging to a publicly listed company or itself is not a public listed company, local or outside Hong Kong.***

***** Startup company is a company registered in Hong Kong with less than two years of incorporation and not being a listed company or belonging to a publicly listed company, local or outside Hong Kong. The size of a startup company should be within the definition of an SME.”***

Thank you very much for your attention. If there is any question, please speak with your finance business partner or myself.

Best regards,
Vivian

Bi-weekly Directorate Meeting held on 14/6/2016

<u>Discussion Items</u>	
2. <u>New Pricing Policy Implementation Update (as of 16/5/2016) (BWDM 16/2016)</u>	
a. The meeting noted the status of new pricing policy implementation as of 16/5/2016.	
b. ED drew attention to the 112 projects quoted with 20% concession leading to a VA ratio of 48%, meaning we were subsidizing 52% of the project cost. Whereas the extent of subsidy was only 36% for the 171 projects quoted at list price. With total project expense of the 348 reported projects reaching 44% of project value, which lagged behind the corporate target of 38%, she said that divisions should try their best to charge projects at the list price and control the offer of concessions which should be limited to 20% at most. Concessions beyond 20% should not be granted unless after thorough consideration and supported by good justifications.	GMs
c. DCS said that with the new pricing policy, divisions should take a fresh look at the financial viability of their services and critically review the criteria for concessions before applying them e.g. the criterion of “development” nature projects. An example in question was trademark service being given a 20% concession on an across-the-board basis.	GMs

In the audits, the common issues in the operation and the improvement noted by the Internal Audit and Risk Management Office (“ARO”) from sampling tests included:

Issues	Improvement
a. Service application form not used standard terms and conditions of HKPC e.g. without liability disclaimer clause	the standard service form has been used with standard terms and condition protecting interest of HKPC;
b. Some manufacturing support service (“MSS”) application forms not signed by clients	service application forms without signing of the service requesters not noted in follow up of the relevant Divisions;
c. Standard charge rate for MSS not timely updated and seeking approval	annual review and approval of standard service charge of MSS had been properly arranged in the relevant Divisions
d. Exemption for payment term of “Cash on Delivery” to be complied	payment for MSS had been updated as “consideration due on delivery” in Standard Practice
e. Scope of special price for MSS not clearly specified	special price for laboratory testing service had been subsequently approved by management
f. Access control to workshop and testings to be strengthened	regular review and updating of the entry access rights of workshop had been practiced in the relevant Divisions
g. Some MSS projects without labour hours charge	labour hours had been properly charged to MSS projects of the relevant Divisions
h. Machine usage not properly recorded and reported	record machine usage for MSS has been established in the relevant Divisions
i. Calibration of equipment not timely performed	record for controlling timely calibration of equipment has been arranged
j. Chemical in workshop more than allowable quantity / effective usage period of chemical expired	a system has been established to control the proper quantity and quality of the chemical in laboratory
k. Control over spare and empty gas cylinders to be strengthened	
l. Control over clients’ mould custodian such as receipt acknowledgement, record keeping, timely return etc. to be strengthened	clients’ mould has been properly handled by the relevant Division, e.g. setup of receipt acknowledgement, log etc.

List of ICAC Assignment Reports on HKPC's operations from 2012 to 2019

Year	Subject	Extracted from ICAC Assignment Report
		Scope
2019	Administration of Patent Application Grant	The study examines HKPC's practices and procedures for administering PAG, covering the invitation and processing of applications, conduct of patent search, assignee search and technical assessment, monitoring of grant use, and disbursement of grant. HKPC's interface with ITC in respect of the processing and approval of application and monitoring of grant use is also reviewed.
2018	Provision of Consultancy Services	The study examines HKPC's practices and procedures for the provision of consultancy services, including handling of requests/enquiries for services, charging of consultancy project fee, and monitoring of the project execution. The study also covers the procurement of goods and services undertaken by HKPC for the consultancy projects, including raising purchase requisitions, selecting and inviting suppliers to bid, evaluating quotations/tenders, and placing orders.
2017	Management of Assets	The study examines the procedures and practices adopted by HKPC for asset management, covering the classification, receipt, recording, transfer and disposal of asset items, and stock-taking process. Opportunity is also taken to review HKPC's system in managing spare parts for facility management.
2016	Administration of Testing Services	The study examines HKPC's practices in and procedures for handling testing service requests and quotations on the test fees, handling and registering samples received, conducting tests and recording test data, preparing and issuing test reports, and collecting test fees.
2016	Technology Transfer and Commercialization	This study examines the procedures for and practices adopted by HKPC in commercializing its technologies/technical know-hows (collectively known as technologies) through licensing, covering the sourcing and selection of potential licensees, negotiation of licensing terms and conditions, and monitoring of commercialized technologies.

Year	Subject	Extracted from ICAC Assignment Report
		Scope
2014	Outsourcing of Project Services	The study examines the procedures and practices adopted by HKPC in outsourcing project services, covering budgetary planning and control, initiation of and approval for purchase requisitions, drawing up of specifications, sourcing of service providers, maintenance of categorized lists of suppliers, handling and evaluation of tenders and quotations, administration of contract provisions, monitoring of the service providers' performance, and payment.
2012	Procurement of Goods for Projects	This study examines the procedures and practices adopted by HKPC in the procurement of goods for various types of projects (e.g. external projects for clients, internal research projects and government funded projects), covering sourcing of suppliers, maintenance of approved suppliers list, drawing up of specifications, handling and evaluation of tenders/quotations, receipt of goods and payment. Among the eight operational divisions involved in undertaking projects in 2010/11 and 2011/12, four divisions which procure large sums of project goods, namely the Automotive and Electronics Division, Automation Service Division, Environmental Management Division and IT Industry Development Division are selected for detailed study.

Whistle Blowing Policy

Hong Kong Productivity Council

1. Introduction

The Hong Kong Productivity Council is committed to achieving and maintaining the highest standards of openness, probity, accountability and fair play. The Council endeavours to maintain a high standard of corporate governance and put in place pertinent systems and measures to sustain employees' vigilance to corporate governance at all time. Employees at all levels are expected to conduct themselves with professionalism, integrity, impartiality and honesty. It is every employee's responsibility and in all interest of the Council to ensure that any undue behaviour that compromise the interest of the stakeholders, business partners, customers and the general public does not occur.

2. Purpose

The Council has established procedures for handling staff members' reports on irregularities found at work, such being considered unauthorised or unacceptable under the prevailing rules, guidelines and policies of the Council. The purpose of the Whistle Blowing Policy is to provide the wider public with reporting channels and guidance on whistleblowing. The term "whistleblowing" refers to a situation where a person decides to report serious concerns about any suspected irregularity, misconduct or malpractice which he/she has become aware of or genuinely suspects that any members of staff of the Council have been or may become involved in. It is not designed to further any personal disputes, question any business decisions taken by the Council nor should it be used to reconsider any issues which have already been addressed under the Council's policies and procedures.

3. Confidentiality

Persons making complaints under this policy are assured of strict confidence where only the persons who are designated to handle the complaint or have a need to know to have access to the complaint particulars.

4. Procedure

A. Reporting Channel

Persons who have a legitimate concern about irregularity, misconduct or malpractice of the Council or any staff member may raise the matter directly to the Audit Committee (AC) Chairman of the Council. The AC Chairman will review the complaint and decide how it

should be addressed. Depending on the circumstances, the AC Chairman may consider nominating an appropriate investigating officer such as a Council member, the Executive Director or a Director of the Council or set up a special committee to investigate into the matter independently.

B. Reporting Format and Supporting Documentation

Complaints should be made in writing. While the Council does not expect the person to have absolute proof or evidence of the irregularities, misconducts or malpractices, the disclosures should show reasons for the concerns and full disclosure of any relevant details and supporting documentation.

The complaint should be sent to the Audit Committee Chairman, c/o Executive Director's Office, 2/F, HKPC Building, 78 Tat Chee Avenue, Kowloon, Hong Kong in a sealed envelope clearly marked "Strictly Private and Confidential – to be opened by Addressee Only" to ensure confidentiality, or through email to: whistleblowing@hkpc.org.

Only the person who is designated by the AC Chairman will have access to such email or correspondence.

Complainants are required to put their name to any reports they make. Anonymous complaints are usually not entertained.

C. Investigation Procedure

The AC Chairman or the person designated to investigate the complaint will write to the complainant whenever reasonably practicable to:

- acknowledge that the concern has been received;
- advise whether or not the matter is to be investigated further and if so what the nature of the investigation will be; and
- give an estimate of how long the investigation will take to provide a final response.

The AC Chairman may in some instances refer the matter together with the relevant information to the authorities for follow-up where he considers fit.

Hong Kong Productivity Council

Audit Commission 2019 Review

Chapter 2 - Provision of consultancy, research and development and training services

No	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
1	2.7	<p><u>Number of consultancy projects</u> when there is a change in the definition of a performance indicator:</p> <p>(i) review the performance target to ascertain whether a corresponding revision is necessary;</p> <p>(ii) inform ITC and the Council of the change and the justifications for the change; and</p> <p>(iii) disclose the effect of the change on achievement of KPI target in the annual review report submitted to Commissioner for Innovation and Technology (CIT) and the Council.</p>	<p>(i) will review the performance target to ascertain whether a corresponding revision is necessary and document clearly the reasons for changing the definition of consultancy projects or any other KPIs in the future.</p> <p>(ii) when a change in definition would affect the performance of KPIs, HKPC should inform ITC and the Council of the change and the impact.</p> <p>(iii) will disclose the effect of the change on achievement of KPI target in the annual review report submitted to Commissioner for Innovation and Technology (CIT) and the Council.</p>	<p>Completed.</p> <p>As stated in the Business Development Committee's paper "2020-21 Targets for Key Performance Indicators (KPIs)", the proposed 2020-21 targets for the KPI, "Number of consultancy projects accepted", has included "the number of professional manufacturing support projects with consultancy elements and over HK\$5,000 in project value" for the discussion in the Business Development Committee meeting held on 15 November 2019.</p> <p>At the Finance Committee meeting held on 15 November 2019, the number of professional manufacturing support projects with consultancy elements and over HK\$5,000 in project value accepted was disclosed for reporting the actual performance for the KPI, "Number of consultancy projects accepted", for the first half of 2019-20.</p>

2	2.11	<p>Consultancy projects outside Hong Kong document the justifications for failing to recover all costs incurred for consultancy projects outside Hong Kong, and</p> <p>take measures to ensure that the minimum rate charged for productivity related assignments elsewhere than in Hong Kong is sufficient to recover all costs incurred as stipulated by the HKPC Ordinance.</p>	<p>Remind staff to monitor project cost closely to ensure full cost recovery of projects and to document the justifications for failing to recover all costs incurred for consultancy projects outside Hong Kong.</p> <p>Will remind staff to ensure that the minimum rate charged for productivity related assignments elsewhere than in Hong Kong is sufficient to recover all costs incurred as stipulated by the HKPC Ordinance.</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the operation of project management held on 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to follow the requirement of:</p> <ul style="list-style-type: none"> - documenting the justifications for failing to recover all costs incurred for consultancy projects outside Hong Kong; and - ensuring that the minimum rate charged for productivity related assignments elsewhere than in Hong Kong is sufficient to recover all costs incurred as stipulated by the HKPC Ordinance. <p>Since December 2019, a cost recovery alert report which listing out cost details of all in-progress projects of a Division has been sent to the General Manager of the Division for reviewing and controlling the cost recovery status.</p>
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3	2.17	<p>Guidelines on fee concessions promulgate guidelines on the basis of determining fee concession rate for each project to ensure that concessions are appropriately offered to clients on a consistent basis.</p>	<p>Need to state the criteria and the requirements for applying the concession in a more precise fashion in the Standard Practice.</p>	<p>In progress and to be completed in 6 months.</p>
4	2.20	<p>Project Delays ascertain the reasons why a considerable proportion of consultancy projects experienced delay and take appropriate measures to ensure that consultancy projects are completed in a timely manner.</p>	<p>All project delays to be reported to Directorate Office on a monthly basis with justifications.</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the operation of project management held on 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to follow the requirement of ascertaining the reasons why a considerable proportion of consultancy projects experienced delay and take appropriate measures to ensure that consultancy projects are completed in a timely manner.</p> <p>Since September 2018, a report called “Delayed Project List” listing out details of progress of all delayed in-progress projects of a Division would be sent to the General Manager of the Division for reviewing and controlling the execution status.</p>

5	2.21	<p><u>Cost Recovery</u> take appropriate measures to ensure that consultancy projects are completed with full cost recovered in accordance with HKPC Standard Practices; for projects which are accepted despite the fact that full-cost recovery is not expected, ensure that they are fully justified with the justifications properly documented.</p>	<p>Will remind staff to ensure that consultancy projects are completed with full cost recovered in accordance with the HKPC Standard Practices. Will remind staff to document justification for accepting those projects for which full-cost recovery is not expected.</p>	<p>The practice of weekly review and approval by Executive Director of requests of project extension approved since July 2018 will be continued.</p>
				<p>Completed. At the seven special Division Meetings with the Divisions involved in the operation of project management held on 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded</p> <ul style="list-style-type: none"> - to take appropriate measures to ensure that consultancy projects are completed with full cost recovered as stated in clause 3 of the Standard Practice F7 “Pricing Policy”. - to provide justification upon seeking approval of project with budget not achieving full-cost recovery. <p>Since December 2019, a cost recovery alert report which listing out cost details of all in-progress projects of a Division has been sent to the General Manager of the Division for reviewing and controlling the cost recovery status.</p>

6	2.24	<p>Cost incurred for terminated projects take measures to ensure that costs incurred for terminated projects are fully reimbursed by clients according to the project agreements; and for terminated projects where the waiver of the requirement on the clients to reimburse HKPC for the costs incurred is justified, ensure that the justifications and the approval for granting the waiver are properly documented.</p>	<p>Remind the staff to request clients to reimburse cost incurred and seek management's written approval for exception.</p>	<p>Completed. At the seven special Division Meetings with the Divisions involved in the operation of project management held on 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to request clients to reimburse cost incurred and seek approval for exception in case of project termination as stated in clause 28 of the Standard Practice F3 "Project Management". Since December 2019, a cost recovery alert report which listing out cost details of all in-progress projects of a Division, including the projects to be terminated, has been sent to the General Manager of the Division for reviewing and controlling the cost recovery status.</p>
7	2.32 2.35	<p>AED Workshop Case review manufacturing support projects to identify services provided that were not billed, and tighten controls on services provided for manufacturing support projects to ensure that all service fees are collected; Audit <i>recommends</i> that the Commissioner for Innovation and Technology should in connection</p>	<p>Review all manufacturing support projects with a view to ensuring that all services provided in the past were paid for and take measures to ensure that in future, all service fees are collected. Agree. ITC will consider taking appropriate follow-up actions on the sponsorship issue identified by HKPC.</p>	<p>In progress and to be completed in 6 months.</p>

		with the reviews of manufacturing support projects by HKPC, consider whether ITC should take appropriate follow-up actions on the sponsorship issue identified by HKPC.		
8	2.42	<u>Inno Space Income</u> step up efforts to ensure the sustainable operation of Inno Space on a self-recovery basis.	HKPC will continue to review the operation of Inno Space with a view to increasing the income to ensure its sustainable operation.	In progress and to be completed in 6 months.
9	2.44	<u>Booking system for equipment of Inno Space</u> take measures to improve the booking system of the equipment of Inno Space.	Additional procedures with system enhancement will be put in place to enhance current booking system procedures and records.	In progress and to be completed in 6 months.
10	2.45	<u>Utilisation of Inno Space Equipment</u> take measures to promote the utilisation of the equipment of Inno Space.	Promote usage of equipment of Inno Space to members through different channels e.g. STEM educational activities to schools.	Completed. Inno Space has developed a 2020 event plan to promote the usage of equipment from Inno Space via different channels. Inno Space has organised a series of promotional initiatives, including STEM educational activities to encourage students comprehending the use of laser cutting machine and 3D printing machine since July 2019. Besides, Inno Space launched a STEM package to local schools in September 2019 and some schools have already started some on-boarding sessions; and organised STEM-related public events

				<p>such as “STEM for Happier Community Day” providing machine trainings for university students on 9 November 2019.</p> <p>Inno Space has collaborated with tertiary institutions and universities which encourage their students to use equipment of Inno Space.</p> <p>For example, HKU Space students will make use of Inno Space’s laser cutting machine for completing their assignments.</p>
1 1 1 2	3.4 a & 3.4 b	<p><u>Number of R&D Projects / Classification of projects</u></p> <p>issue clear guidelines on the classification of projects into consultancy projects and R&D projects and on the counting of projects for performance measurement against targets, including making disclosures on projects counted against both the targets for consultancy projects and R&D projects.</p>	<p>Will issue clear guidelines on the classification of projects into consultancy projects and R&D projects and on the counting of projects for performance measurement against targets, including making disclosures on projects counted against both the targets for consultancy projects and R&D projects.</p>	<p>In progress and to be completed in 6 months.</p>
1 3	3.8	<p><u>On-going R&D projects as KPI</u></p> <p>examine the suitability of using the number of on-going projects as a KPI.</p>	<p>Will examine the issue and report to ITC.</p>	<p>In progress and to be completed in 6 months.</p>
1 4	3.9	<p><u>Project Delay</u></p> <p>take measures to ensure that R&D projects are completed in a timely manner, including completion of R&D deliverables and reporting</p>	<p>Since July 2018, all project delay requests require ED’s approval with justifications in special weekly meetings.</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the</p>

		<p>requirements.</p>	<p>Continue to monitor closely project progress.</p>	<p>operation of R&D projects held on 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to take appropriate measures to ensure that R&D projects are completed in a timely manner.</p> <p>Since September 2018, a report called “Delayed Project List” listing out details of progress of all in-progress projects of a Division will be send to the General Manager of the Division for reviewing and controlling the execution status.</p> <p>The practice of weekly review and approval by Executive Director of requests of project extension approved since July 2018 will be continued.</p>
<p>1 5</p>	<p>3.12</p>	<p><u>Project reports submission</u> take measures to ensure that Progress Reports and Final Reports of ITF funded R&D projects are submitted to ITC in a timely manner.</p>	<p>Monitor closely the submission of project progress and final reports. Prepare monthly reports on late submission of reports and check the justifications provided.</p>	<p>Completed. At the six special Division Meetings with the Divisions involved in the operation of government funded projects held on 28 November and 2 December 2019, all staff had been informed of details of the issue and reminded to monitor closely to ensure that Progress Reports and Final Reports of ITF funded R&D projects are submitted to ITC in a timely manner.</p>

				Since December 2019, status reports on project report submission updated by responsible divisions has been reviewed by General Managers and the results has been monthly reported to Branch Directors and Executive Director at the Morning Prayer Meeting.
1 6	3.19	<u>Targets were exceeded by Significant Margins</u> review whether the targets for commercialisation of new products or technologies are realistic and challenging for effective performance management purpose.	Will examine the issue with ITC.	Completed. As stated in the Business Development Committee’s paper “2020-21 Targets for Key Performance Indicators (KPIs)”, the 2020-21 KPI targets had been reviewed with an increase of 36% and 5% on “no. of patents” and “no. of technologies commercialized” respectively and reported to the Business Development Committee at its meeting held on 15 November 2019.
1 7	3.21	<u>KPI for Commercialisation of R&D Results</u> explore the desirability of setting two separate KPIs on the number of patents awarded and the number of licence or royalty agreements entered.	Will examine the issue with ITC.	In progress and to be completed in 6 months.
1 8	3.23 a	<u>Commercialised products / technologies developed from R&D projects or from projects</u> consider the merits of reporting the commercialisation of products or technologies	To accurately reflect the R&D efforts and commercialisation results generated, HKPC will create internal projects to record divisional level R&D projects, so that	In progress and to be completed in 6 months.

19	3.23 b	<p>developed from R&D projects and other projects separately with a view to enhancing transparency.</p> <p><u>Basis of counting number of products or technologies commercialised</u> disclose both the number of products/technologies commercialised and the number of clients to which products / technologies were sold during the year in the annual review report submitted to CIT and the Council.</p>	<p>commercialisation of products/technologies developed from these divisional level R&D projects could be included for reporting.</p> <p>Will examine the issue with ITC.</p>	<p>Completed.</p> <p>As stated in the Finance Committee’s paper “Financial Performance of HKPC for the First Two Quarters of 2019-20 (April – September 2019)”, the actual performance for the first half of 2019-20 was disclosed with the number of technology commercialised and number of clients involved and reported to the Finance Committee at its meeting held on 15 November 2019.</p> <p>The practice will be continued for all future reporting of the KPI.</p>
20	3.26	<p><u>Number of patents commercialised</u> endeavour to increase the number of licence/royalty agreements.</p>	<p>Step up the marketing of relevant and market-ready HKPC’s patents in HK and Greater Bay Area.</p>	<p>Completed.</p> <p>HKPC will organise seminar on marketing of technologies for commercialisation on a quarterly basis.</p> <p>A seminar on marketing of technologies for commercialisation, “HKPC TechDive 科技商品化系列: 汽車及零部件”, was held on 19 December 2019 which was also webcasted at the Shenzhen office</p>

2 1	4.6 Training KPI step up efforts to enhance the performance of training programmes, in particular, the income from public training programmes.	for marketing in the Greater Bay Area.
	<p>In 2019-20, HKPC established a new strategic model with a new management team with the aim to improve the performance of training programmes. Staff responsible for training programmes have enhanced communication with business divisions to ensure that the training programmes provided by HKPC can meet the latest needs of the industry.</p> <p>Continue to execute the enhancement measures and regularly review the effectiveness.</p>	<p>Completed.</p> <p>Enhancement measures included:</p> <ul style="list-style-type: none"> - A new strategic model on training has been established in April 2019 and practiced since then; - A new management team has been formed in April 2019 to enhance promotion of training courses of HKPC since then; and - Since June 2019, the management team has enhanced communication with business divisions by weekly meetings to capture the latest needs of the industry. <p>Since June 2019, the training performance has been weekly reviewed by the Branch Directors and the Executive Director at the Morning Prayer meeting. The training performance has been improved by 40% as compared with the same period of last year.</p>
2 2	Training Programmes by Division in P&E organise training programmes according to the estimated number for each programme area set out in the Annual Programme and Estimates as	<p>Completed.</p> <p>A monthly review mechanism has been set up to review and monitor the actual</p>

		<p>far as practicable, and any deviations, if considered justifiable, are properly approved by CIT and the Council.</p>		<p>activities of training operation according to the approved estimate in the Annual Programme and Estimates. The latest review was performed on 18 December 2019 by the Branch Directors and the Executive Director at Morning Prayer meeting.</p>
<p>2 3</p>	<p>4.15</p>	<p>Enrolment of public training programmes ascertain the reasons for the low enrolments of some public training programmes and step up efforts to improve their enrolment rates; and take measures to ensure that the estimated enrolment of each proposed public training programme is prepared and included in the proposal.</p>	<p>a. continue to enhance promotion of the training courses to improve enrolment rate.</p> <p>b. include the estimated enrolment number of each proposed public training programme in the proposal.</p> <p>c. provide justifications for courses with a large variant of the actual versus the estimated number of participants.</p>	<p>Completed.</p> <p>After reviewing of low enrolments of some programmes, part of the reason of low enrolment was due to insufficient promotion of training courses. Based on the review, more social media posts of training courses have been launched since June 2019. Besides, the website of HKPC Academy has been revamped in November 2019 to become more mobile friendly for searching and enrolling training courses.</p> <p>The HKPC Academy Guidebook for Organising Public Training Programme has been amended on 11 November 2019 to include the requirement of inclusion of estimated number of enrolment in the programme budget in clause 2.4.3.</p>

2	4			<p>At the five special Division Meetings with the Divisions involved in the operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to</p> <ul style="list-style-type: none"> - include the estimated enrolment number of public training programme in the proposal and - provide justifications for courses with large variant of actual versus estimated number of participants as stated in clause 2.4.3 of the HKPC Academy Guidebook for Organising Public Training Programme. <p>Justifications for courses with a large variant of the actual versus the estimated number of participants will be reviewed by project approver as required under clause 23 of Standard Practice F3 “Project Management”.</p>
2	4.17	<p><u>Low enrolment of Public Training Programmes</u> consider their worthwhile before public training programmes with very few expected participants are organised; and</p> <p><u>Training Proposals</u> ensure that full justifications are provided in the</p>	<p>Will document the reasons for launching public training courses with small number of expected participants.</p>	<p>Completed.</p> <p>The HKPC Academy Guidebook for Organising Public Training Programme has been amended on 11 November 2019 to include the requirement of providing justifications for launching</p>

25		proposals for public training programmes with small number of expected participants.		<p>public training courses with expected participants of lower than 10 in a form called “Compliance Checklist for Opening Public Training Project (TA Type)” in clause 2.4.3.</p> <p>At the five special Division Meetings with the Divisions involved in the operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to provide justifications for launching public training courses with expected participants of lower than 10 as stated in clause 2.4.3 of the HKPC Academy Guidebook for Organizing Public Training Programme.</p>
2 6	4.22	<p>Market demand assessments take measures to ensure that market demand assessments for all new public training programmes are conducted according to the Guidebook, and the details and results of the assessments are included in the proposals.</p>	<p>a. monitor closely the conduct of proper market demand assessment for all new training programmes organised by the Academy.</p> <p>b. update Academy Guidebook accordingly to reflect the requirement that only those courses organised by the Academy requires market demand assessment.</p>	<p>Completed.</p> <p>The HKPC Academy Guidebook for Organizing Public Training Programme has been amended on 11 November 2019 to include the requirement of conducting of market demand for new programmes organized by the Academy in clause 2.1.</p> <p>Since 11 November 2019, a form “Compliance Checklist for Opening</p>

				<p>Public Training Project (TA Type)” has been updated which required staff to complete the market demand assessments and document key details including government policy, client enquiries, feedback from event / association, training insights etc.</p> <p>At a special Division Meeting with the HKPC Academy held on 29 November 2019, staff had been informed of details of the issue and reminded to conduct market demand for new programmes organized by the Academy as stated in clause 2.1 of the HKPC Academy Guidebook for Organizing Public Training Programme.</p>
2 7	4.24	<p><u>Need to Improve Market Demand Assessment</u> take measures to improve the market demand assessments for new public training programmes.</p>	<p>Will improve the quality of market demand assessment including competitor analysis.</p>	<p>Completed.</p> <p>Since 11 November 2019, a form “Compliance Checklist for Opening Public Training Project (TA Type)” has been updated which required staff to complete the market demand assessments and document key details including government policy, client enquiries, feedback from event / association, training insights etc. Staff was also required to indicate completion of competitor analysis in the</p>

				<p>form.</p> <p>At a special Division Meeting with the HKPC Academy held on 29 November 2019, staff had been informed of details of the issue and reminded to conduct market demand for new programmes organized by the Academy as stated in clause 2.1 of the HKPC Academy Guidebook for Organizing Public Training Programme.</p>
<p>2 8</p>	<p>4.29</p>	<p><u>Programme-end evaluation data in PTA</u> take measures to ensure that programme-end evaluation data for public training programmes are collected and properly input into the PTA system.</p>	<p>We have reminded divisions that the evaluation data of all public training courses, including those arranged by individual divisions, should be recorded in the PTA system.</p>	<p>Completed.</p> <p>The HKPC Academy Guidebook for Organizing Public Training Programme has been amended on 11 November 2019 to include the requirement of distributing course-end evaluation form for training programme to participants during the last lesson of programme in clause 6.1.</p> <p>Since November 2019, HKPC Academy has assigned an administrative staff to collect course-end evaluation forms completed by participants at the last lesson of training programmes.</p> <p>At the five special Division Meetings with the Divisions involved in the</p>

				<p>operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to distributing course-end evaluation form for training programme to participants during the last lesson of programme as stated in clause 6.1 of the HKPC Academy Guidebook for Organizing Public Training Programme.</p>
29	4.30	<p><u>Corporate training programmes found in the PTA system</u> issue guidelines to clarify whether evaluation data of corporate training programmes should also be kept in the PTA system for the computation of the overall participants satisfaction index.</p>	<p>To provide guidelines stating clearly that only the public training programme evaluation data is required to be kept in the PTA system for computation of the overall participants satisfaction index.</p>	<p>Completed.</p> <p>At the five special Division Meetings with the Divisions involved in the operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded that only public training programme evaluation data is required to be kept in the PTA system for computation of the overall participants satisfaction index.</p>
30	4.32	<p><u>Response rate of programme evaluation forms</u> take measures to improve the response rate of end-of-programme evaluation forms.</p>	<p>To monitor the response rate and follow-up closely on non-responding participants.</p>	<p>Completed.</p> <p>Since November 2019, HKPC Academy has assigned an administrative staff to collect course-end evaluation forms completed by participants at the last lesson of training programmes.</p>

				<p>At the five special Division Meetings with the Divisions involved in the operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to collect course-end evaluation forms completed by participants.</p>
<p>3 1</p>	<p>4.35</p>	<p>Annual Review of Training Programmes take measures to ensure that annual reviews of public training programmes are conducted according to the Guidebook.</p>	<p>The original purpose of the Annual Review on a programme by programme basis is to review if certain training programmes should be continued or exited. However, as the market changes more and more rapidly, HKPC has already improved the process by reviewing whether a particular course should be continued or not on a weekly basis by the management. Instead, an Annual review on the strategic areas of training in the coming year will be conducted. This will be carried out in association with all subject divisions such that the focus areas of the training programs to be put in place for the coming year will be consistent with the overall strategic plan of HKPC.</p> <p>a. will revise the Academy Guidebook to reflect the latest training programme review arrangements.</p>	<p>Completed.</p> <p>The HKPC Academy Guidebook for Organising Public Training Programme has been amended on 11 November 2019 to include the requirement of performing annual review on strategic areas of training which will be presented at a Strategic Plan Meeting in clause 7.1.</p> <p>The next annual review has been planned in March 2020. As an annual review, the Head of Academy will meet with training programme managers to review the past programme enrolment numbers, specific feedback from trainers and participants, issues on low enrolment and cancellations, brainstorm the way forward on whether to rerun some successful programmes and develop new programmes based on</p>

		<p>b. will carry out Annual Review with focus on defining the strategic areas of training programs.</p>	<p>demand, as well as defining a clear marketing strategy to promote upcoming programmes.</p> <p>At the five special Division Meetings with the Divisions involved in the operation of training held on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to perform annual review on strategic areas of training.</p>
<p>3 2</p>	<p>Utilisation Rate of Training Venues step up efforts to promote the hiring of HKPC training venues by outside organisations; and take effective measures (e.g. improving public awareness of the availability of its training venues, converting the training venues which are surplus to requirement into other gainful uses, etc.) to improve the utilisation of the training venues.</p>	<p>HKPC has taken various measures to improve the overall utilisation rate:</p> <ol style="list-style-type: none"> modernising venue facilities (such as the renovated 4/f HKPC Hall); developing an on-line booking system; stepping up marketing effort to enhance the utilisation of venues; reviewing and putting in place a competitive rate (such as giving a 30% discount on all venue fees for SMEs until the end of March 2020). <p>Will monitor closely the implementation of enhancement measures and venue utilisation rates.</p>	<p>Completed.</p> <p>Efforts to promote the hiring of HKPC training venues by outside organisations have been made on the following:</p> <ul style="list-style-type: none"> - all works on modernising venue facilities to be completed by end of 2019; - an on-line venue booking system has been launched in October 2019; - improve public awareness by more social media posts since June 2019 and revamp website of HKPC Academy with enhanced photos and information on the venues to facilitate online booking; and - Marketing has been enhanced to engage with associations and

3	4.43	<p><u>Venue booking system</u> upload information about venue availability and provide online booking function for the hirers on HKPC's website.</p>	<p>Launch an on-line venue booking system in October 2019.</p>	<p>industry networks since June 2019.</p> <p>Venue utilisation has been reviewed monthly by the Branch Director since September 2019.</p>
3				<p>Completed.</p> <p>An on-line venue booking system has been launched in October 2019. However, information of venue availability is not provided due to booking of HKPC venues requires comply with the booking criteria about nature of event function and types of users as stated in the Standard Practice A16 "Booking criteria of HKPC facilities and review mechanism". In addition, the arrangement of on-line venue availability is not complied with the market practice.</p>

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No.	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
1	2.4	<p><u>Member Attendance</u></p> <p>closely monitor the attendance of members at Council/Committee meetings and step up its efforts to encourage members' attendance of meetings.</p>	<p>a. send out the attendance record together with meeting agenda/papers before meetings, with a note to remind Members of the importance of attending meetings and encourage their attendance;</p> <p>b. offer the option of attendance by teleconferencing if the Member is not physically available for attending the meeting; and</p> <p>c. encourage members who could not attend meetings to provide their views/feedback on the papers in writing prior to the meeting</p>	<p>Completed.</p> <p>Since October 2019, for example in the special Council meeting held on 11 October 2019, measures encouraging Council meetings attendance including (a) sending attendance record of meetings held during the year to Council Members a week before the meeting date, (b) offering the option of attendance by teleconference and (c) inviting Members to provide views/feedback in writing before meetings have been implemented.</p> <p>The practice will be continued for all future Council and Committee meetings.</p>
2	2.6	<p><u>Meeting Minutes</u></p> <p>encourage members to provide their proposed amendments to the draft minutes of Council/Committee meetings as early as possible and issue the minutes of meetings to members in a timely manner.</p>	<p>a. send reminder to Members 1 week before deadline; and</p> <p>b. issue a further reminder to Members on the day of deadline, stating that the revised draft minutes will be circulated by incorporating comments received on or before the deadline.</p>	<p>Completed.</p> <p>Since October 2019, for example in the special Council meeting held on 11 October 2019, measures encouraging Council Members to provide their proposed amendment including reminders a week before the deadline for commenting on draft minutes and on the day of deadline have been implemented.</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
3	<p><u>Declaration of Interest</u> take measures to ensure that Council members submit declaration of interest in a timely manner.</p>	<p>a. issue reminder 7 days before the submission deadline, together with individual follow-up calls, to encourage submission of declaration of interest form as early as possible;</p> <p>b. encourage submission of an electronic copy, to be followed by an original signed copy; and</p> <p>c. send further reminder to Members on the submission deadline to ensure the declaration of interest is returned without further delay.</p>	<p>The practice will be continued for all future Council and Committee meetings.</p> <p>In-progress and to be completed by next annual declaration of interest in early 2020.</p> <p>At the special Council meeting in October 2019, Council Members noted that further measures will be taken to remind Members to submit declaration of interest in a timely manner. Starting from the next round annual invitation for Members to update their interest records in January 2020, Council Secretariat will issue reminders 7 days prior, as well as on the date of submission deadline. Individual follow-up calls will be made to ensure Members' timeliness. Members who have not submitted their declarations of interests shall not receive meeting papers, in order to avoid conflicts of interest.</p> <p>Council Secretariat will also encourage submission of electronic copy of the declaration form, followed by the original signed copy. In addition, starting from the next round Council meetings, HKPC will table declaration forms for Members who have not returned the forms to sign before commencement of respective meetings.</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
4	<p><u>Service Focus</u></p> <p>in collaboration with ITC, review the service focus of HKPC as stated in MAA and revise the MAA on the service focus where necessary.</p>	<p>To review and update the relevant sections of the MAA with ITC.</p>	<p>In progress and to be completed in 6 months.</p> <p>A review on the MAA will be conducted between ITC and HKPC, which will include the Service Focus clause. The parties mutually agree for HKPC to propose revisions to the relevant section by end January 2020 to ITC for review and comment. Hence, the proposed revisions shall be submitted for the Council's consideration in March 2020.</p>
5	<p><u>Performance Targets</u></p> <p>ascertain the reasons for failing to achieve the agreed performance targets and provide explanations for such failures to the satisfaction of CIT as stipulated in the MAA.</p>	<p>To set up, in consultation with ITC, a more formal mechanism for submitting the reasons for shortfalls against KPI targets.</p>	<p>In progress and to be completed in six months.</p> <p>HKPC has started to discuss with ITC to establish a more formal mechanism for submitting the reasons for shortfalls against KPI targets to CIT. Relevant arrangements will be incorporated into the future revised MAA for implementation.</p>
6	<p><u>Disclosure of KPI</u></p> <p>consider disclosing more KPIs in HKPC Annual Report, particularly the "Core KPIs".</p>	<p>Will review the KPIs to be disclosed in the HKPC Annual Report with a view to disclosing more "Core KPIs".</p>	<p>In progress and to be completed in six months.</p> <p>During the preparation of the annual "Controlling Officer's Reports" (COR), CIT will consult HKPC for input to the contents (including the KPIs). HKPC will conduct a holistic review on KPIs, and discuss with ITC on the KPI contents to be listed in the COR.</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
7	<p><u>KPI Comparison</u> consider reporting the actual performance against the target performance in HKPC Annual Report.</p>	<p>Will consider reporting the actual performance against the target performance in the Annual Report</p>	<p>In progress and to be completed in 6 months.</p>
8	<p><u>Difference between staff establishment and strength</u> take effective measures to address the significant staff shortfalls for some staff grades (especially Consultant and Manager) and the significant staff surpluses for some other staff grades.</p>	<p>Actions that have been taken since 2019:</p> <ol style="list-style-type: none"> a. enhance the competitiveness of our remuneration package b. post vacancies internally to encourage potential staff of other Divisions to apply c. flexible timing for promotion <p>Other actions that continue to be taken:</p> <ol style="list-style-type: none"> a. engage recruitment agencies for Grade 5 posts and critical posts for enhanced reach-out. b. widen the source and pool of candidates through social media platform, recruitment agencies, recruitment talks in universities, overseas channels. c. take effective measure to address the significant staff surpluses for some other staff grades 	<p>Completed.</p> <p>The following have been implemented to attract the grades of staff with shortfall:</p> <ol style="list-style-type: none"> a. Under the principle of prudent financial management, HKPC continues to enhance the competitiveness of HKPC's remuneration package, including converting two-year contract staff of Grade 1-6 to permanent employment from July 2019. This is also one of the talent retention initiatives following the full scale implementation of the new job grades and salary structure; b. Posting vacancies internally to encourage cross division applications from potential staff; c. Engaging 5 recruitment agencies from 2019 for Grade 5 and critical posts to reach-out the talents;

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
			<p>d. Expanding the source and pool of candidates through social media platform, recruitment agencies, university recruitment talks and overseas channels from 2018;</p> <p>e. Since October 2019, paid overseas channels, in addition to free recruitment channels, have been engaged in recruitment for designated posts;</p> <p>f. Career fairs were held in two universities in September and October 2019 and will continue in other universities in 2020 according to their schedules;</p> <p>g. Promoting career advancement of competent Grade 2 and 3 staff. Coming promotion panel will take effect in January 2020.</p> <p>h. Promoting HKPC to the public from October 2019 to attract joining of staff of the target grades. The promotion will be continued in 2020; and</p> <p>i. Launching of first session of GROW programme for Grade 5 staff in May 2019 and second session of SEED programme for Grade 3 and 4 staff. The programme aims at enhancing their competencies in consulting, project management, financial</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
9	<p><u>Staff Turnover Rates</u></p> <p>step up efforts to reduce high staff turnover, taking into account the results of the exit surveys and the Employee Opinion Survey.</p>	<p>Actions that have been taken recently to retain talents:</p> <ol style="list-style-type: none"> contract conversion since 1 July 2019 salary review for critical cases introduced new benefits to be more competitive with market enhanced work practices for staff's welfare development programmes for staff's career development operation process simplification since 2018 and digitalisation in 2019 <p>Other actions to be taken:</p> <p>Continue to review actions required to retain talents including the provision of market competitive remuneration package and follow up with the suggestions from the exit surveys and the Employee Opinion Survey</p>	<p>Completed.</p> <p>Further to the measures such as contract conversion from contractual employment to permanent employment for staff of Grade 7 and below in July 2019, the following have also been implemented:</p> <ol style="list-style-type: none"> Retained talents by benchmarking the salary offered by other institutions and providing market competitive remuneration package since 2018; To introduce workplace enhancement measures for improving staff welfare: <ul style="list-style-type: none"> - Enhanced the types of leaves, e.g. 3 days marriage leave and compassionate leave from January 2018. - Extended paid maternity leave from 10 weeks to 14 weeks, and paid paternity leave from 3 days to 5 days for eligible staff members with effect from November 2018. - Added a new MPF service providers from April 2019.

No.	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
				<p>c. Suggestions implemented from the exit surveys and the Employee Opinion Survey included:</p> <ul style="list-style-type: none"> - team building exercise by external vendors to enhance team work and communication, and foster collaboration from September 2019; - regular communication meetings between management and staff; and - improve staff communication with senior management by “skip level” meetings and regular unit level meetings etc. <p>d. Launching of first session of GROW programme for Grade 5 staff in May 2019 and second session of SEED programme for Grade 3 and 4 staff in December 2018. The programme aims at enhancing their competencies in consulting, project management, financial management, crisis management, leadership and communication skills through development programmes; and</p> <p>e. Simplifying the daily administrative procedures from 2018, and digitising such from 2019, to improve work efficiency.</p>
10	3.15	<u>Shortlisting criteria</u>	Will set out shortlisting criteria in writing for	Completed.

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
a	set shortlisting criteria for selecting candidates for interview.	selecting candidates for interview.	<p>Since 15 November 2019, a form "Shortlisting for Interview" has been designed for hiring managers of Divisions to set out shortlisting criteria for selecting candidates for interview.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of recruitment held respectively on 29 November and 2 December 2019, all staff had been informed of details of the issue and reminded to follow the requirement of setting out shortlisting criteria in writing for selecting candidates for interview.</p>
11 3.15 b	<p><u>Record of Applications received</u></p> <p>properly record all applications received upon receipt to prevent tampering of applications and document the number of applications received for each recruitment.</p>	<p>Key information related to the recruitment process e.g. the number of applicants received and candidates shortlisted will be recorded.</p>	<p>Completed.</p> <p>Since 15 November 2019, Human Resources Unit has recorded the number of applications of each recruitment in a summary and the number of shortlisted and interviewed candidates in an "Interview Evaluation Form" of the selected candidate.</p>
12 3.15c	<p><u>Sufficient number of candidates</u></p> <p>ensure that appropriate number of candidates are shortlisted for interview and document justifications for fewer than required number of candidates shortlisted.</p>	<p>Document reasons for less than required number of candidates shortlisted.</p>	<p>Completed.</p> <p>The Standard Practice P23 "Recruitment and Appointment" was updated on 15 November 2019 to include the requirement of providing justification for shortlisting and/or interviewing less than three candidates by hiring managers of</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
13	<p><u>Information on the Selection Interview Evaluation Forms</u></p> <p>ensure that Selection Interview Forms are properly completed by all Selection Panel members.</p>	<p>a. ensure that information on the Selection Interview Evaluation Forms including rating of assessment criteria, overall ratings and comments made by selection panel members are documented on each form; and</p> <p>b. ensure all Panel members sign on the form.</p>	<p>Completed.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of recruitment held between 29 November and 5 December 2019, all staff had been informed of details of the issue and reminded to complete the “Interview Evaluation Form” for recruitment interviews.</p> <p>Recruiter will continue to have a final check on the “Interview Evaluation Form” properly completed by all Selection Panel members.</p>
			<p>Divisions in clause 7 under “Guidance Note on Recruitment and Appointment”.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of recruitment held between 29 November and 5 December 2019, all staff had been informed of details of the issue and reminded to follow the new requirement of providing justification for shortlisting and/or interviewing less than three candidates as stated in the updated clause 7 of “Guidance Note on Recruitment and Appointment” of Standard Practice P23 “Recruitment and Appointment”.</p>

No.	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
14	3.15 e	<u>Job requirement</u> ensure that the candidate appointed for a post meets the qualification requirement of the post.	Continue to ensure that the candidate appointed for a post meets the qualification requirement of the post and properly document justification for any exceptional cases.	Completed. The Standard Practice P23 "Recruitment and Appointment" was updated on 15 November 2019 to include the requirement of providing justification for selecting candidate not meeting all the job requirements by hiring managers of Divisions in clause 15 under "Guidance Note on Recruitment and Appointment". Recruiter will continue to perform checking on the qualification requirement of the post and the candidate's qualification, and ensure that hiring managers of Divisions would provide justification for selecting candidate not meeting all the job requirements. At the eight special Division Meetings with the Divisions involved in the operation of recruitment held between 29 November and 5 December 2019, all staff had been informed of details of the issue and reminded to provide justification for selecting candidate not meeting all the job requirements as stated in the updated clause 15 of "Guidance Note on Recruitment and Appointment" of Standard Practice P23 "Recruitment and Appointment".
15	3.15f	<u>Conflict of interest</u>	a. for candidates declared as "friend" by a staff member, the staff member will refrain	Completed.

No.	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
		<p>require staff involved in the selection process refrain from participating in the process as far as possible if a conflict of interest has been declared.</p>	<p>from participating in the selection interview.</p> <p>b. for candidate declared as “ex-colleague” by a staff member and the staff member had direct supervisor and subordinate relationship with the candidate, require the GM of the post or additional interviewer to participate in the selection interview.</p>	<p>The Standard Practice P23 “Recruitment and Appointment” was updated on 15 November 2019 to include the following requirement in clause 20 under “Guidance Note on Recruitment and Appointment”.</p> <p>(a) Panel member not to participate in the interview for declaration of “relative/friend”; and</p> <p>(b) To invite General Manager of other division or management of other unit/division to be Selection Panel members for declaration of “ex-colleague” and with direct supervisor and subordinate relationship in the HKPC.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of recruitment held between 29 November and 5 December 2019, all staff had been informed of details of the issue and reminded to follow the new requirements on conflict of interest as stated in the updated clause 20 of “Guidance Note on Recruitment and Appointment” of Standard Practice P23 “Recruitment and Appointment”.</p>
16	3.15g	<p>Job offer</p> <p>review Case 1 regarding the appropriateness of offering a post to a person who has not applied for without going through the</p>	<p>Will review Case 1 regarding the appropriateness of offering the post to a person who has not applied for it without going through the shortlisting and interview procedures laid down in the Standard Practices.</p>	<p>Completed.</p> <p>Human Resources Unit has reviewed Case 1 and did not note any irregularities in offering the post to a person who has not applied for without going through the shortlisting and interview</p>

No.	Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
17		shortlisting and interview procedures laid down in the Standard Practices.		procedures laid down in the Standard Practices. The controls over recruitment process has been strengthened for asking any suitable candidate to submit application for the post not applied for.
18	<p>4.3 <u>Supplier for quotation selection</u></p> <p>4.4a <u>Random Selection of suppliers for quotations</u></p> <p>ensure that selection of suppliers for quotations are made in compliance with the requirements stipulated in HKPC Standard Practices;</p> <p>ensure that the Standard Practices is updated in a timely manner to include all requirements relating to procurement.</p>	Update the requirement of Standard Practices to align with the current practice of random selection of suppliers instead of selection by rotation.	<p>Completed.</p> <p>The Standard Practice A1/1 "Procurement Policies and Procedures" was updated on 20 November 2019 to include the requirement of random selection of one supplier in clause 5.1.3.</p>	
19	4.4b <u>Declaration of conflict of Interests</u>	<p>ensure that declaration of conflict of interests are made in compliance with the requirements stipulated in HKPC Standard Practices.</p>	<p>An E-form embedded with the function of declaration of conflict of interest has been used for procurement since April 2019. The processing will not be proceeded in the system if the staff concerned does not make declaration.</p> <p>Will continue to adopt the E-form to ensure that conflict of interest is declared by staff.</p>	<p>Completed.</p> <p>Since August 2019, an e-form has been used in the procurement process and the staff involved in a procurement are required to make declaration of conflict of interest in the e-form. The procurement will not be proceeded if such declaration is missing,</p> <p>At the nine special Division Meetings with the</p>

No. Para.	Issue / Recommendation	HKPC's Follow-up Action	Implementation Status (December 2019)
20	<p><u>Procurement by Tendering</u></p> <p>take effective measures to ensure that purchase are not split into orders of smaller amounts so as to circumvent the requirements stipulated in HKPC Standard Practices.</p>	<p>Will strengthen and reinforce the requirements stipulated in the Standard Practice via communications with all divisions and closely monitor by procurement team. Will report to management for any potential anomalies where appropriate.</p>	<p>Divisions involved in the operation of procurement held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to make declaration of conflict of interest in e-form when involving in procurement and the consequences of not making.</p> <p>Completed.</p> <p>The Standard Practice A1/1 "Procurement Policies and Procedures" was updated on 20 November 2019 to include the requirement of forbidding split order in clause 1.1.4 and 2.4 even in procurement for two different projects but for same client.</p> <p>At the nine special Division Meetings with the Divisions involved in the operation of procurement held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to following the updated requirement in clause 1.1.4 and 2.4 of the Standard Practice A1/1 "Procurement Policies and Procedures".</p> <p>Procurement Unit will also monitor closely in the daily operations. Should any potential anomaly is found, Procurement Unit will report to the management immediately.</p>

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21	<p><u>Inactive Registered Suppliers</u></p> <ul style="list-style-type: none"> - consider enhancing the existing computer system to facilitate the identification of inactive suppliers on the Registered Suppliers List; and - take measures to ensure that inactive suppliers are removed from the Registered Suppliers List in a timely manner. 	<p>Will consider enhancing the existing computer system.</p> <p>Performed an annual review to deactivate the inactive suppliers from the Registered Suppliers List in Oct 2019. Will continue to perform the review on annual basis to deactivate the inactive suppliers.</p>	<p>In progress and to be completed in 6 months.</p>
22	<p><u>Quarterly surprise stocktaking</u></p> <p>expand the scope of surprise stocktaking in each quarterly surprise stocktaking exercise by increasing the number and the number of types of fixed asset items selected.</p>	<p>Expand the number of fixed assets items selected from 5 to 20 items and include a wider range of fixed assets for the quarterly surprise stocktaking.</p>	<p>Completed.</p> <p>Since October 2019, the number of surprise count samples has been increased from 5 items to 20 items in the quarterly surprise stocktaking and the range of fixed assets selected has been expanded from high value movable assets to all assets types except renovation.</p>
23	<p><u>Barcode scanner system</u></p> <p>expedite the implementation of barcode scanner system to assist in conducting stocktaking exercises.</p>	<p>Will complete affixing of new barcode labels on all fixed asset by May 2020</p>	<p>In progress and to be completed by May 2020.</p>

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24	4.24 a	<p><u>Equipment management record</u> ensure that all equipment items are included in the lists of equipment.</p>	<p>To remind all staff to timely include all equipment items into the equipment list for management review</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the operation of equipment management held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to timely include equipment items into the equipment list as per clause 4 of Standard Practice A12 "Equipment Management".</p>
25	4.24 b	<p><u>Equipment utilisation</u> take measures to improve the utilisation rates of the equipment items which do not achieve the expected utilisation and dispose of the obsolete and non-effective equipment in a timely manner to ensure effective utilisation of HKPC's resources.</p>	<p>a. closely monitor utilisation of the equipment through quarterly review meeting;</p> <p>b. regularly review and dispose of those old or outdated equipment with low utilisation; and</p> <p>c. enhance promotion of available equipment to relevant institutions and companies</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the operation of equipment management held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to closely monitor utilisation of equipment and disposal of equipment as per clause 5, 9 & to 11 of Standard Practice A12 "Equipment Management".</p> <p>Since July 2018, the equipment utilisation report has been quarterly reviewed by Directors and between April and November 2019, seven obsolete equipment with low utilisation rate had been disposed after the review.</p> <p>HKPC has introduced the test and laboratory services through different events, including</p>

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				<p>seminars of different industries and promotion events for specific customer groups, to promote the latest testing requirements to the industry, market trends and related testing services of HKPC.</p> <p>Also, to increase the utilisation rates of the available equipment, HKPC frequently promotes its testing services via digital channels, and the information of testing and laboratory services is also included in different printed materials. HKPC is also actively engaged in long-term cooperation with commercial labs to improve equipment utilisation.</p> <p>In the future, the expected utilisation rate will be reviewed when approving equipment purchase requests, and when a new equipment is planned to be purchased, the Financial and Procurement Division will check if the order is including in the approved budget.</p>
26	4.24c	<p><u>Asset Optimisation</u></p> <p>closely monitor the rate of asset optimisation of individual divisions and take appropriate follow-up action for the divisions which have not achieved the target rate of asset</p>	<p>a. closely monitor the rate of asset optimisation of individual division through quarterly review meeting;</p> <p>b. regularly review and dispose of those old or outdated equipment with low utilisation; and</p>	<p>Completed.</p> <p>At the seven special Division Meetings with the Divisions involved in the operation of equipment management held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to closely</p>

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	<p>optimization.</p>	<p>c. enhance promotion of available equipment to relevant institutions and companies</p>	<p>monitor utilisation of equipment and disposal of equipment as per clause 5, 9 & to 11 of Standard Practice A12 "Equipment Management".</p> <p>Since July 2018, the equipment utilisation report has been quarterly reviewed by Directors and between April and November 2019, seven obsolete equipment with low utilisation rate had been disposed after the review.</p>
27	<p><u>Company car utilisation</u></p> <p>closely monitor the utilisation rate of the company cars and review the cost-effectiveness of maintaining the company car with low utilisation rate.</p>	<p>a. review the utilisation of company cars on a regular basis; and</p> <p>b. make available to operational divisions the information regarding the availability of the car for loan for business purpose.</p>	<p>Completed.</p> <p>Since October 2019, the availability of car on-loan has been made known to staff in Car on loan calendar in Microsoft Outlook and the utilisation rate of company cars has been reviewed by the Administration Manager of Human Resources and Facility Management Division on a monthly basis for reporting to management.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of company car usage held between 29 November and 5 December 2019, all staff had been informed of details of the issue and availability of car on-loan in the calendar function of Microsoft Outlook.</p> <p>The utilisation and maintenance fee of Car D will be reviewed in six months' period and will be considered to be disposed of if the utilisation rate</p>

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28	4.30	<p><u>Car usage reports</u> ensure that the time and duration of all trips of the company cars are recorded in the car log book.</p>	<p>a. a car-on-loan application e-form has been in use to record the usage of the Car D and details such as time, duration and purpose of usage has to be input by borrowers. Usage of Car D will continue to be recorded in the car log book which serves as the car usage report.</p> <p>b. conduct monthly checking on the car-on-loan application e-form against car log book record to ensure that information of car usage e.g. date and time, name of borrower, and mileage before and after the trip etc. is recorded in the car log book by borrower.</p>	<p>falls below the target 50%.</p> <p>Completed.</p> <p>All car on-loan applications have to be submitted for approval by e-form since May 2019. The Administration Officer of Human Resources and Facility Management Division has performed monthly checking of actual usage of car on-loan by matching car log book against e-form record since October 2019 and reviewed by the Administration Manager of Human Resources and Facility Management Division.</p> <p>At the eight special Division Meetings with the Divisions involved in the operation of company car usage held between 29 November and 5 December 2019, all staff had been informed of details of the issue and reminded to record information of usage of the car on-loan in the car log book for checking against the e-form mentioned above.</p>
29	4.34	<p><u>Number of staff exceeded number of guests</u> ensure that all claims where the number of staff members involved exceeds the number of guests are</p>	<p>Update Standard Practice and remind staff that justifications are to be provided when seeking approval for entertainment with the number of staff members exceeding the number of guests.</p>	<p>Completed.</p> <p>The Standard Practice A5/2 "Official Expenses - Entertainment" was updated on 1 November 2019 to include the requirement of providing justifications when seeking approval for</p>

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	<p>justified.</p>		<p>entertainment with the number of staff members exceeding the number of guests in clause 3.6.</p> <p>At the nine special Division Meetings with the Divisions involved in the operation of staff claims held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to provide justifications when seeking approval for entertainment with the number of staff members exceeding the number of guests as stated in the updated clause 3.6 of the Standard Practice A5/2 "Official Expenses - Entertainment".</p> <p>Since November 2019, staff claiming entertainment expenses have to document the number of staff and guest for each claim in the expense claim system. Finance and Procurement Division will review and check for proper justification for the cases that the number of HKPC staff is more than the number of guest.</p>
30	<p><u>Prior approvals on official travels outside Hong Kong</u></p> <p>ensure that applications for official travels outside Hong Kong are submitted by staff members and approved by the appropriate</p>	<p>Staff will be reminded on a regular basis to comply with the requirements under the Standard Practice to obtain and give prior approval for official travels outside Hong Kong.</p>	<p>Completed.</p> <p>At the nine special Division Meetings with the Divisions involved in the operation of business travel held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to obtain and</p>

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	<p>approval authorities before departure.</p>		<p>give prior approval for official travels outside Hong Kong.</p> <p>Effective from 1 January 2020, staff's claims on expenses related to official travels outside Hong Kong will not be processed if prior approvals for these travels are not obtained from the management.</p> <p>The Standard Practice A5/4 "Official Expenses – Travelling (Outside Hong Kong)" will be updated on 1 January 2020 to include the requirement of obtaining prior approvals for official travels outside Hong Kong for processing relevant expense claims unless with proper documentation of justification for Executive Director's special approval in clause 9.2.</p>
31	<p>Flight award</p> <p>ensure that all staff members declare their flight awards to facilitate planning for the possible use of the flight awards for corporate function.</p>	<p>The IT system will be enhanced to require staff members to declare whether any mileage has been claimed from airline after undertaking all business trips by air travel.</p>	<p>Completed.</p> <p>Since 11 December 2019, all staff has to mandatory declare flight mileage for business trips by air travel in the Expenses Claim System named "Concur".</p> <p>At the nine special Division Meetings with the Divisions involved in the operation of business travel held between 28 November and 5 December 2019, all staff had been informed of details of the issue and reminded to declare flight</p>

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			mileage for business trips by air travel in the Expenses Claim System named "Concur".