

Technology Voucher Programme

The Audit Commission (“Audit”) conducted a review of the Technology Voucher Programme (“TVP”), which focused on the processing of applications, monitoring of projects and other administrative issues.

2. TVP was launched in November 2016 under the Innovation and Technology Fund with an aim to subsidize eligible local entities in using technological solutions to improve productivity, or facilitate the upgrading or transformation of their business processes. The Innovation and Technology Commission (“ITC”), headed by the Commissioner for Innovation and Technology, is responsible for administering TVP. With effect from 8 June 2021, ITC had appointed the Hong Kong Productivity Council (“HKPC”) as TVP Secretariat.¹

3. After vetting by TVP Secretariat, eligible applications will be submitted to TVP Committee for assessments. The applications supported by TVP Committee will then be submitted to the Commissioner for Innovation and Technology for approval. Upon project completion, applicants are required to submit final reports. Starting from 2018-2019, in addition to pre-disbursement site visits, in each financial year, ITC also performed post-disbursement site visits for five randomly selected projects after their project completion and final fund disbursements. Up to 31 December 2021, 7 075 (55%) of the 12 922 valid TVP applications received had been approved, involving total approved funding of \$1,099.5 million.

4. The Committee noted the following findings from the Director of Audit’s Report No. 78:

Processing of applications

- Audit’s examination of 7 075 TVP applications approved from 2017 to 2021 noted that the average time elapsed from receipt of applications to completion of vetting and assessments increased from 3.4 months in 2017 to 11.9 months in 2021;
- Audit’s examination of 25 applications received from April 2020 to June 2021 noted that the case officers of all 25 applications had not

¹ Following the appointment of HKPC as TVP Secretariat, vetting and project monitoring of applications that were received in July 2020 and thereafter had been handled by HKPC. TVP Team under ITC monitors the performance of HKPC as the implementation partner of TVP.

sought clarifications from the applicants until 1.9 to 9.3 months after the receipt of applications;²

- Audit's examination of 155 (4%) of the 3 787 applications approved in 2021 noted that the average time elapsed from project commencement to the notification of assessment results to applicants was 10.6 months;
- as at 31 December 2021, in 932 (54%) of the 1 714 applications pending submission to the Commissioner for Innovation and Technology for approval, the time elapsed since the completion of application assessments by TVP Committee was more than 30 days;

Monitoring of projects

- Audit's examination of the 1 747 final reports approved from 2017 to 2021 noted that the average time elapsed from receipt of the reports to approval was on a rising trend, increasing from 2.6 months in 2017 to 8.6 months in 2021;
- Audit's examination of the processing of 25 final reports received from April 2020 to June 2021 noted that for 17 (68%) final reports, case officers sought applicants' clarifications more than one month after receiving the reports;
- Audit's analysis of the projects with final funds disbursed noted that:
 - (a) the number of projects with final funds disbursed increased significantly by about two times from 206 in 2018-2019 to 606 in 2020-2021, but only five projects were selected in each financial year for the post-disbursement site visits; and
 - (b) for the 1 328 projects with final fund disbursements made from 2018-2019 to 2020-2021, ITC had conducted 15 post-disbursement site visits. All of these site visits were conducted more than one year after the completion of the projects;³

² According to TVP Manual (an internal operation guide of ITC), the case officers should seek clarifications from the applicants on matters such as incomplete supporting documents within one month from the dates of receipt of applications.

³ The aim of the post-disbursement site visits is to inspect the projects-funded assets, focusing on verifying compliance with TVP requirements after project completion. According to TVP Guidance Notes for Applications (which form part of the funding agreement), applicants are not required to keep assets for more than one year after project completion.

Other administrative issues

- Audit's examination of the attendance rates of the non-official members in each of the 32 TVP Committee meetings from October 2016 to March 2022 noted that:
 - (a) attendance rates in each meeting ranged from 30% to 88%; and
 - (b) 19 (59%) of meetings had attendance rates below 60%;
- from October 2016 to December 2021, 23 (72%) of the 32 declarations of interest for first appointment and 16 (22%) of the 74 annual declaration of interest forms were submitted late by TVP Committee members;⁴ and
- there was room for improvement in recording clearly and properly as required by the Financial Circular No. 2/2017 on management of funding and schemes and non-work projects funded by the Government the relevant considerations and decisions on the nature of partnering arrangement between ITC and HKPC in appointing HKPC to administer TVP.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the processing of TVP applications and monitoring of TVP projects. The replies from the **Commissioner for Innovation and Technology** are in *Appendix 7*.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁴ According to ITC's Guidelines on Declaration of Conflict of Interest by Committee Members of TVP Committee, TVP Committee members are required to disclose their general pecuniary interest by submitting a declaration of interest form to TVP Committee at the time of appointment and annually thereafter.