



可持續發展委員會
Council for
Sustainable Development

SUSTAINABLE DEVELOPMENT FUND

可持續發展基金

Application Guidelines

(Latest version in October 2021)

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Sustainable Development Fund

Application Guidelines

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1. What is the Sustainable Development Fund?

Background

1.1 As part of the vision of “Making Hong Kong an Ideal Home” outlined in the 1999 Policy Address, the then Chief Executive emphasised the importance of the community, the business sector and the Government working in partnership to embrace the principles of sustainable development. To encourage the community to develop an understanding of this concept and to put the principles of sustainability into practice, the then Chief Executive identified the need for a dedicated source of funding for this work.

Objectives

1.2 The Sustainable Development Fund (SDF) was established with a sum of \$100 million to provide a source of financial support for initiatives that will help develop a strong public awareness of the concept of sustainable development and encourage sustainable practices in Hong Kong. Specifically, the SDF is a source of support for initiatives that will promote:

- (a) public understanding of the importance of advancing the long-term economic, social and environmental interests of the community in a balanced and integrated manner;
- (b) everyday practices that are consistent with the principles of sustainability; and

- (c) public participation in the discussion and implementation of Hong Kong's long-term sustainable development.

2. *What is “Sustainable Development”?*

- 2.1 The internationally accepted definition of sustainable development comes from the report of the United Nations World Commission on Environment and Development (‘Our Common Future’ (1987)) – “*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*” The Plan of Implementation of the 2002 United Nations World Summit of Sustainable Development specifically states the need to “enhance partnerships between governmental and non-governmental sectors, including all major groups, as well as volunteer groups, on programmes and activities for the achievement of sustainable development at all levels”.
- 2.2 The Study on “Sustainable Development for the 21st Century” concluded in 2000, defined sustainable development in the Hong Kong context as a balance of “social, economic, environmental and resource needs, both for present and future generations, simultaneously achieving a vibrant economy, social progress and a high quality environment, locally, nationally and internationally, through the efforts of the community and the Government”.
- 2.3 In his 1999 Policy Address, the then Chief Executive articulated

the need for the community to work in partnership to achieve sustainable development, by:

- (a) finding ways to increase prosperity and improve the quality of life while reducing overall pollution and waste;
- (b) meeting our own needs and aspirations without doing damage to the prospects of future generations; and
- (c) reducing the environmental burden we put on our neighbour and helping to preserve common resources.

3. Who can apply for Sustainable Development Fund?

3.1 Organisations including non-governmental and community organisations, academic and research institutes, schools, chambers of commerce, etc. may apply for grant under the SDF. Where an organisation is not a legal person, certain designated individuals will be required to apply for the grant in their own personal capacity. In the case of a society registered under the Societies Ordinance, all office-bearers of that society will generally be required to apply for the SDF in their individual capacity on a joint and several basis and each of the office-bearers shall be required to comply with all terms and conditions as if a separate application has been made by each of them. In the case of a school registered under the Education Ordinance, and whose management committee is not incorporated, the principal will be required to apply for the SDF in his or her individual capacity. If the school's

management committee has been incorporated, the management committee shall be the applicant. In other cases where the organisation is not a legal person, the organisation shall specify the individual(s) who will be designated as the applicant(s), and the designated individual(s) shall deem to be applying in their personal capacity. Where there is more than one person as applicant, each such person will be required to comply with, and observe all terms and conditions of the grant from the SDF on a joint and several basis.

3.2 Individuals aged 18 or above who are ordinarily residents in Hong Kong are also eligible to apply for grants from the SDF.

3.3 A person applying for grant under the SDF may collaborate with other person(s) (who are not project staff, paid or voluntary) to carry out a proposed project. However, only the person leading or driving the project shall submit an application in his or her own name, and if such application is successful, he or she will enter into the grant agreement with the Government as a single grantee. Information on the persons collaborating with the applicant of the project should be provided in the application form. Collaborating persons should have no pecuniary interest in the project and if there are exceptional circumstances making this impracticable, the applicant shall set out clearly details of the interest involved and explain why such interest could not be avoided.

3.4 Applicants may submit more than one application at any one time. In the case of multiple applications, a clear priority should be indicated. If the project proposal under application

already has one or more other sources of funding support or is the subject of a separate application for other public or private funding, details such as the names of other funding sources and amounts of grant already awarded or sought from other sources should be indicated.

3.5 Government departments may only apply for grant in partnership with non-governmental organisations (NGOs), and in such cases the latter should be the lead partner in the proposed project.

3.6 The Council for Sustainable Development (SDC) may also apply for grant from the SDF and will be subjected to the same application and vetting procedure as other applicants.

4. What types of project will the Sustainable Development Fund support?

4.1 Projects selected for funding support shall meet the objectives stated in Clause 1.2 above.

4.2 The concept of sustainable development involves integrating the economic, social and environmental aspects of development. Projects failing to clearly demonstrate full integration of at least two of these aspects would normally not be supported.

4.3 The benefits of projects must accrue to the community as a whole, and not just a single organisation, a consortium of companies or a narrow sector. Projects may involve work

undertaken outside Hong Kong. However, such work should be able to benefit the local community.

4.4 Projects should be non-profit making in nature and should not have any political, religious or commercial objectives. Any income derived from a project must be used to further the project's objectives.

4.5 In considering a project proposal, due consideration will be given to:

(a) whether the project could meet the objectives of the SDF;

(b) whether the nature and scope of the project falls within the priority area(s) set out by the SDC; and

(c) whether the project could meet the assessment criteria set out by the SDC.

4.6 Applications for one-off events with limited potential for long-term impact, such as carnivals and exhibitions of short duration would generally be accorded lower priority.

4.7 An application from an individual for scholarship for study or research in relevant fields should show clearly how such work could benefit the community, for example, in terms of the applicant's ability to use the knowledge acquired to participate in work relating to sustainable development. If funds are granted for the proposed study course, the applicant may be

required to share his or her acquired expertise by participating in the work of NGOs or capacity building in the community.

- 4.8 The assessment criteria and priority areas for the SDF applications can be viewed at <http://www.enb.gov.hk/en/susdev/sdf/index.htm>.

5. How to apply?

- 5.1 Applicants have to complete an application form in compliance with the provisions in the “SDF Application Guidelines” and the Points to Note on the application form, which can be downloaded from <http://www.enb.gov.hk/en/susdev/sdf/index.htm>.

Completed application form with required documents and information (both original hard copy and soft copy) must reach both of the following physical address (for original hard copy) and the following email address (for soft copy) by the application deadline:

Secretariat, Sustainable Development Fund
Environmental Protection Department
5/F, Southorn Centre, 130 Hennessy Road,
Wan Chai, Hong Kong

Email: sdf@epd.gov.hk

6. *Deadline for applications*

- 6.1 The deadline for applications for each round can be viewed at <http://www.enb.gov.hk/en/susdev/sdf/index.htm>.

7. *How will the applications be processed?*

- 7.1 The SDF Secretariat will issue an acknowledgement letter to applicants within two weeks of receipt of the application.
- 7.2 After receipt of the applications, the SDF Secretariat will conduct an initial screening to ensure that the applications are complete and will then forward the applications to the Education and Publicity Sub-committee (EPSC) of the SDC and/or the Vetting Sub-group (VG) formed by the EPSC, if applicable, for consideration.
- 7.3 For the purpose of understanding the details of an application, applicants may be requested to provide clarification or supplementary information. Applicants may also be requested to present their proposals to the EPSC or VG. However, it should be noted that applicants should provide the best and fullest information in their applications, and the SDF Secretariat is not obliged to request additional information from applicants and proceed to process the application on an as is basis.
- 7.4 Approval of applications for \$500,000 or above would be

subject to the advice of the SDC. Approval of applications for sums of less than \$500,000 will be subject to the advice of the EPSC.

7.5 Provided all relevant information is available, the SDF Secretariat would normally advise applicants of the outcome of their applications in around six months.

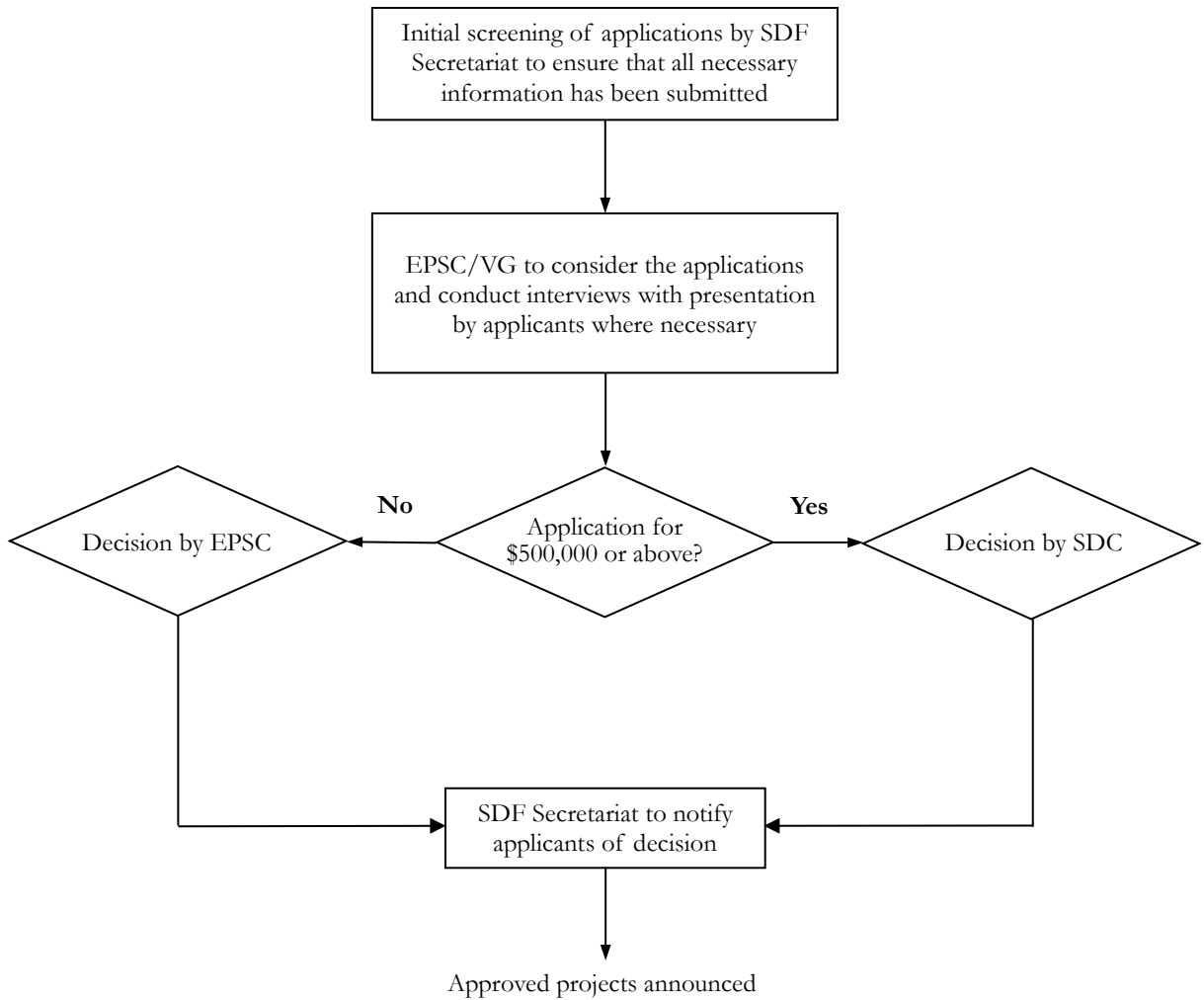
7.6 A successful applicant will be required to enter into a written agreement with the Government (grant agreement) undertaking to abide by the terms and conditions therein. The grant agreement, together with these Application Guidelines, the proposal and budget as submitted by the successful applicant (subject to such modifications as the Government may stipulate), together with all requirements, directions and orders relating to the project as may from time to time be prescribed or made by the Government in writing, constitute the complete terms and conditions of a grant to be made under the SDF to that successful applicant. The grant agreement will cover matters including, but not limited to, obligations of the grantee, payment of the grant, representations and warranties of the grantee, indemnity by the grantee in favour of the Government, intellectual property rights arising from the project materials, title to the equipment, confidentiality, probity clause, procurement of goods and services and insurance (such as public liability insurance). A standard grant agreement may be made available to applicants for perusal upon request. Notwithstanding anything herein to the contrary, no grant shall be made under the SDF to a successful applicant, until and unless a grant agreement is entered into between the

Government and the successful applicant.

- 7.7 In the interests of transparency of the operations of the SDF, by signing and submitting an application, a successful applicant is deemed to consent to the disclosure of details of the funded project to the public. In the event that an application is not successful, the applicant is required to indicate in the application form whether consent will be given for the disclosure of the name of the applicant, project title and amount of grant sought to the public for general information.
- 7.8 Membership and terms of reference of the SDC and the EPSC can be viewed at <http://www.enb.gov.hk/en/susdev/council/index.htm> and <http://www.enb.gov.hk/en/susdev/council/epsc.htm> respectively.

7.9 A flowchart summarising the procedures for processing applications is shown below:

Procedures for Processing the SDF Applications



8. *Financial arrangements*

Full and Itemised Budget

8.1 The principles of economy and cost effectiveness of expenditure should be observed in budgeting. Applicants will be required to provide a full and itemised budget for their proposed projects. Each income and expenditure item should be reasonable and realistic. All expenditure items must be incurred between the commencement and agreed project completion dates of the project with supporting invoices and receipts (original). For the proposed budget of the project, the applicant shall follow the format as prescribed in the application form. Any increase in cost arising from inflation or unforeseen requirements will be the responsibility of the grantees.

8.2 Where 50% or more of the total grant amount sought or the grant amount approved from the SDF, whichever is the less, is to cover staff costs, applicants will have to provide appropriate justification. The maximum rates of reimbursement for staff costs are at ***Annex 1*** for reference. Applicants should note that these are maximum rates rather than standard rates and should exercise strict economy when incurring any expenses and avoid lavishness.

8.3 Reimbursement from the grant amount sought or the grant amount approved by the SDF, whichever is the less, for administrative overheads (such as stationery, postage, photocopying charges, insurance, utilities, etc.) shall be subject

to a cap of 10% of the total grant amount sought or the grant amount approved from the SDF, whichever is the less, for the project. Breakdown of such expenses should be provided.

- 8.4 Capital items including minor works, equipment (such as computers, tablets, cameras, etc.) and furniture will not normally be considered.

Income from Project

- 8.5 Should the applicant expect any income to be generated by the project, this should be stated in the application. “Income” refers to any revenue received in connection with the project. All income arising from the operation of the project, including sales of output, fees generated from activities and interest income generated from cash in hand, etc. for the project, shall form part of the grant and be used exclusively for the purposes of the project.

Payment to Grantees

- 8.6 Grantees should keep a separate and dedicated Hong Kong Dollar account with a licensed bank in Hong Kong for the sole purposes of keeping and operating all monies of the grant. Payments from that account should be made by the individual or the authorised representative(s) of the organisation that receives the approved funding. Subject to Clause 8.12 below, the unspent amount of the grant should be kept at all times in that account.

- 8.7 Depending on the cash flow requirement and nature of the project and subject to the payment schedule set out in the grant agreement, the grantee will normally receive not more than 10% of the total approved grant amount upon commencement of the project. Upon the submission of the half-yearly progress report and expenditure statement or quarterly progress report and expenditure statement (for projects lasting less than 6 months), the grantee may apply for a further disbursement in accordance with a schedule of payment stated in the relevant grant agreement if the financial position of the project shows that not less than 80% of the previous payment(s) has/have been/will soon be spent such that a further disbursement is required for undertaking the project as scheduled. Except for the first disbursement, all disbursement will be subject to satisfactory performance or progress of the project.
- 8.8 The last 30% of the grant will normally only be released after completion of the project subject to submission of the final evaluation report and statement of accounts of the project to the extent they are required (namely those referred to in paragraphs 9.3(f) to (h) of these Guidelines), within 3 months upon endorsement (of the aforesaid evaluation report and statement of accounts) by the EPSC or its Monitoring Subgroup (MG) (if formed), in addition to the receipt of all original invoices and receipts, where necessary, and settlement of all subsequent necessary clarifications as requested by the SDF Secretariat.
- 8.9 Any item of the project costs not listed in the approved budget will normally not be reimbursed. Amount to be reimbursed

for an individual item of the project costs set out in the budget will normally not exceed the approved amount for that item. Applications for supplementary grants and for budget variations after the approval of the application will not normally be considered. The Government, SDC, EPSC, VG and MG accept no liability for deficits arising from projects funded by the SDF grants.

- 8.10 Each item of expenditure must be supported by the original receipt as proof of payment. In this connection, invoices, delivery notes or quotations are not regarded as proof of payment. All receipts must be certified by the grantees (with the organisation chop for organisation).
- 8.11 Reimbursement for cash payment exceeding \$5,000 for a single transaction will not be approved.
- 8.12 Following the completion of the project in question, any unspent amount of the grant must be returned to the Government.
- 8.13 The grantees should maintain proper books, accounts, relevant records and information related to the approved projects. These records should be kept for at least seven years after the agreed project completion date of the project, and be available for inspection by the authorised staff of the Government at all reasonable times.
- 8.14 Individual applicants are required to have a warrantor to countersign the application form. By countersigning the form,

the warrantor will confirm that information provided therein is true, complete and accurate.

- 8.15 Where circumstances justify, the Government may withhold or reclaim any payment from grantees in accordance with the grant agreement.
- 8.16 Project staff engaged in approved projects should be recruited by observing the principles of openness, fairness and competitiveness during the recruitment process. The grantee shall, and shall procure that their agents shall, comply with the employment and equal opportunities and data protection requirements under the laws of Hong Kong.

Quotations

- 8.17 Grantees should exercise utmost prudence in the purchase of goods and services in relation to their projects. For purchases of goods and services with a value exceeding \$5,000, grantees must adhere to the requirements under Clause 8.19 below for obtaining quotations to ensure openness, fairness and value for money. Grantee shall normally accept the lowest conforming offer unless with appropriate justification in written format. It is advised to observe the best practice checklists issued by the Hong Kong Independent Commission Against Corruption (ICAC), namely “Strengthening Integrity and Accountability - Government Funding Schemes Grantee’s Guidebook” and the “Integrity and Corruption Prevention Guide on Managing Relationship with Public Servants” which can be downloaded from the ICAC website-

https://cpas.icac.hk/UPloadImages/InfoFile/cate_43/2017/b725a7ed-5dd7-4a33-b13c-c68da84b43bf.pdf

https://cpas.icac.hk/ZH/Info/Lib_List?cate_id=3&id=224

- 8.18 For the purchase of goods and services with a value:
- (a) over \$5,000 but not exceeding \$50,000, more than one written quotation should be obtained;
 - (b) over \$50,000 but not exceeding \$1,400,000, at least five written quotations should be obtained; and
 - (c) over \$1,400,000, a competitive tendering procedure should be adopted.
- 8.19 Grantees are responsible for the setting up and operation of a proper procurement/tendering and store management system for the project with sufficient checks and control and in accordance with the following principles –
- (a) Public accountability and value for money – the funds provided under the SDF are public money. Grantees are accountable to the public for the use of the grant under the SDF and should be prepared to account for any of their procurement decisions publicly. They are obliged to achieve the best value for money for their procurement.
 - (b) Transparency, openness and fair competition – all requirements and specifications of intended procurement should be clearly made known to potential

suppliers and contractors. It is essential to uphold the principles of fairness and competitiveness and maintain a level playing field in all procurement/tendering process. All tenderers and suppliers should be treated, and must be seen to be treated, on equal footing. Grantees should ensure that proper safeguards are put in place to avoid any actual, potential or perceived conflict of interest situations arising in the procurement/tendering process.

9. What are the obligations of the grantees?

Monitoring Mechanism

- 9.1 Grantees should ensure that the project objectives are achieved, their obligations are fulfilled and that the grants are disbursed according to the terms and conditions of the grant agreement.
- 9.2 An applicant should set out in the application form the criteria for benchmarking the effectiveness of the project. He or she should also specify the method used to gauge and demonstrate the effectiveness of the project. The focus should be on the outcome and impact of the project, and these should be measured quantifiably as far as possible. The applicant could consider conducting surveys of the target participants to substantiate the effectiveness of the project.

Regular and Final Reports

- 9.3 Grantees will be required to submit the following reports:

- (a) a quarterly schedule on planned activities (including preparatory meetings) upon commencement of the project, and two weeks before the upcoming quarterly period during the entire project period;
- (b) a quarterly progress report for projects lasting less than six months (to be submitted within three weeks following the end of the first quarter after the project has started);
- (c) a half-yearly progress report for projects lasting more than six months (to be submitted within one month following the end of each six-month period);
- (d) a half-yearly expenditure statement for projects lasting more than six months, or a quarterly expenditure statement for projects lasting less than six months, in prescribed forms (supported with original invoices and receipts for projects with grants of less than \$50,000) (to be submitted within one month following the end of above-mentioned applicable period);
- (e) a final evaluation report (to be submitted within four months following the agreed project completion date);
- (f) a signed financial statement of accounts supported with original invoices and receipts for projects with grants of less than \$50,000 (to be submitted within four months following the agreed project completion date);

- (g) an audited statement of accounts for grants of between \$50,000 and \$250,000 (to be submitted within four months following the agreed project completion date). Submission of original invoices and receipts for the expenses of the project will not be required if the auditing requirements are adequately fulfilled in accordance with the Notes for Auditors and Sample Auditor's Report at **Annex 2**; and
- (h) an annual audited statement of accounts for grants of more than \$250,000 (to be submitted within four months following the end of each 12-month period and the agreed project completion date). Submission of original invoices and receipts for the expenses of the project will not be required if the auditing requirements are adequately fulfilled in accordance with the Notes for Auditors and Sample Auditor's Report at **Annex 2**.

9.4 Failure to submit a report containing sufficient and complete information may result in deferral or termination of project funding.

Audited Statement of Accounts

9.5 The requirements and format of the audited statement of accounts are at **Annex 2**. The audited statement of accounts should comprise a Balance Sheet, a Statement of Income and Expenditure, Notes to the Accounts and an Auditors' Report (based on the sample set out in **Annex 2**). The audited statement of accounts means accounts of the project which

have been reported on by the Auditors under a reasonable assurance engagement conducted in accordance with Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. It should include an assurance that the Grantee has complied with, on all material respects, the requirements set by the Secretariat and all the terms and conditions of the SDF.

- 9.6 Annual audited statement of accounts should be submitted no later than four months following the end of each 12-month period, and the last audited statement of accounts of the project should be submitted no later than four months after the agreed project completion date.
- 9.7 Should the project not be audited separately, but rather as part of the annual audit of the grantee, the SDF grant should be shown as a separate item in the audited statement of accounts.
- 9.8 Grantees should appoint their own auditors. The auditors' fee should be included in the proposed Budget Table in the application form and may be reimbursed (as part of the grant) as follows:

Amount of the Grant	Maximum Auditors' Fee Reimbursable (Per Year)
Less than \$1 million	\$5,000
\$1 million or above	\$20,000

Monitoring Meeting/ Visit

9.9 Monitoring meetings with grantees/ visits to projects may be arranged for members of the MG, VG, EPSC, SDC and staff of the Government. Grantees will be required to attend such meetings and assist in arranging such visits.

Public Forum

9.10 The SDC, EPSC, VG, MG or SDF Secretariat may hold public forums from time to time to review progress of the SDF, and to allow grantees to share their experience in implementing their projects. Grantees may be required to attend and participate in these forums.

10. Who should the applicants approach for assistance during the application process?

10.1 Applicants may contact the SDF Secretariat for general enquiries regarding the SDF and for assistance in completing the application form.

Address:	Secretariat, Sustainable Development Fund Environmental Protection Department 5/F, Southorn Centre, 130 Hennessy Road, Wan Chai, Hong Kong
Contact Tel.:	2835 1026
Fax No.:	2827 8138
E-mail Address:	sdf@epd.gov.hk

Website:	http://www.enb.gov.hk/en/susdev/sdf/index.htm
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11. Notes about personal data of the applicants

Purposes of Collection

11.1 The personal data provided in an application for the SDF will be used by the Government or the SDF Secretariat for processing and assessing the application; the daily operation of the SDF; arranging public announcement and publicity; monitoring and evaluating the funded project; taking any remedial or follow-up action on the funded project; meeting the requirements to make disclosure under the requirements of any law; conducting research; recording and preparing statistics; and any purposes relating to any of the above. The provision of all the personal data requested in the application is voluntary. The application may not be considered if the applicant fails to provide all information as requested.

Classes of Transferees

11.2 The personal data provided in an application for the SDF may be transferred or disclosed by the Government to any person for the purposes of verifying the particulars provided and other purposes relating to the application.

Access to Personal Data

11.3 The applicants whose personal data is provided in the

application have the right of access and correction with respect to personal data as provided for in sections 18 and 22 as well as Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Cap. 486) (“PDPO”). If applicant wishes to exercise such a right, please contact the SDF Secretariat and send the request in written format. A fee may be charged in accordance with the PDPO for providing access to or correcting any data and for providing the information.

**Maximum Rates of Reimbursement of Staff Costs of
the Sustainable Development Fund Applications**
(For Reference)

	Job Title	Maximum Rate* HK\$	Minimum Qualification
1.	Project Manager	28,700/month	University graduate with at least three years' relevant experience
2.	Project/ Research Assistant	21,360/ month	University graduate
		13,500/ month	Hong Kong Certificate of Education (HKCE)/Hong Kong Diploma of Secondary Education (DSE) or equivalent [#]
3.	Technician	13,500/ month	HKCE/DSE [#] + diploma in IT or related subjects, or equivalent
4.	Clerk	13,000/ month	As required
5.	Trainer/ Lecturer	1,040/ hour	Renowned academics or professionals in the relevant field
		830/ hour	Lecturer or equivalent in the relevant field
6.	Instructor/ Tutor	275/ hour	Instructor certificate issued by the relevant authorities or equivalent
7.	Casual/ Student Helper	60/ hour	Both should be at tertiary level
8.	Others	At minimum market rate	As required

* The maximum rate is inclusive of Mandatory Provident Fund and other employment-related allowances.

(i) Before 2007, five subjects passed including English Language (Syllabus B) and Chinese Language in the HKCE Examination; or (ii) in 2007 or after, five subjects passed including Level 2 or above for English Language and Chinese Language in the HKCE Examination; or (iii) in 2012 or after, Level 2 or above in five subjects including English Language and Chinese Language in the DSE Examination.

Note:

- (1) In preparing the budget, please ensure that pay rates for staff should fully comply with the requirements of the Minimum Wage Ordinance (Cap. 608).
- (2) The principles of economy and cost effectiveness of expenditure should be observed in budgeting. Successful applicants should exercise strict economy when incurring any expenses and avoid lavishness.

**Sustainable Development Fund (SDF)
Notes for Auditors of Grantees**

1. Pursuant to the grant agreement made between the Government and the Grantee (“Grant Agreement”) in respect of a Sustainable Development Fund (“SDF”) project (“Project”) and the relevant SDF guidelines¹, the Grantee is required to submit annual and final “Audited Statement of Accounts”² of the Project to the Secretariat of the SDF (“the Secretariat”) according to a stipulated timeframe. The requirement to submit “Audited Statement of Accounts” is to assure the SDF that:
 - (a) the SDF grant was fully and properly applied to the Project for which it was paid, and received and expensed in accordance with the approved project budget set out in Part I of Schedule III to the Grant Agreement; and
 - (b) the Grantee has complied with the funding terms and conditions in the administration, management and usage of the SDF grant.

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

2. In conducting a reasonable assurance engagement, the auditors should perform audit procedures as they consider necessary in the circumstances and obtain all the information and explanations which they consider necessary in order to provide them with sufficient evidence to give their conclusion as to whether the Grantee has complied with, in all material respects, the requirements of the terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors) as specified in the following documents (collectively, “Terms of the Project”):
 - (a) the Grant Agreement made between the Government and the Grantee in respect of the Project and the schedules thereto (which includes the project proposal and the budget);
 - (b) the relevant SDF guidelines referred to in the grant agreement³; and
 - (c) all applicable instructions and correspondences issued by the Secretariat to the Grantee in respect of the Project.

¹ This means the application guidelines as referred to in the grant agreement.

² Each set of the annual and the final “Audited Statement of Accounts” comprises an income and expenditure statement, a balance sheet, notes to the accounts and an auditor’s report. Each set of the annual and final Audited Statement of Accounts of the project shall have been reported on by the Auditors under a reasonable assurance engagement conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

³ In case there are written agreements to the otherwise, such agreements shall prevail to the extent where the context so permits.

3. The auditors should comply with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. The following information is required in an auditor’s report prepared by the auditors to be submitted by the Grantee to the Secretariat -
 - (a) the auditors should state whether, in their conclusion, the Grantee has complied with, in all material respects, the requirements of the Terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors), and that the Audited Statement of Accounts properly presented the financial position of the Project;
 - (b) if the auditors are of the opinion that there exist any material non-compliances as identified in paragraph 3(a), they should make full disclosure and quantify the effects of such non-compliance in the auditor’s reports; and if the auditors are of the opinion that a proper and separate set of books and records has not been kept by the Grantee for the Project, or the project accounts have not been properly prepared, or if the auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagements, they should make appropriate qualifications in their auditor’s reports.
4. The auditors should plan and conduct the reasonable assurance engagement to satisfy paragraphs 2 and 3. In case of any uncertainty concerning the meaning of any provisions of the Terms of the Project, the auditors should seek clarifications from the Grantee and the Secretariat. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguities of SDF guidelines or requirements, expressed by auditors in the auditor’s report, will be returned to the Grantee for rectification before re-submission to the Secretariat.

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

5. Auditors are expected to follow the sample auditor’s report as attached in Sample Auditor’s Report.

**SAMPLE AUDITOR’S REPORT ON
THE ANNUAL/FINAL AUDITED STATEMENT OF ACCOUNTS
UNDER THE SUSTAINABLE DEVELOPMENT FUND**

UNQUALIFIED CONCLUSION

[ABC PROJECT]

**The Auditor’s Report on the Annual/Final Audited Statement of Accounts
[FOR THE PERIOD FROM DD/MM/YY (Date/Commencement Date) TO
DD/MM/YY(Date/Completion Date)]**

Auditor’s Report to XYZ Organisation

Pursuant to the grant agreement made between the Government and [XYZ Organisation] (“Grantee”) and the relevant Sustainable Development Fund (“SDF”) guidelines referred to in the grant agreement in respect of the [ABC project] (“Project”) funded by the SDF, we have performed a reasonable assurance engagement to report on whether the Grantee has complied with, in all material respects, the requirements of the terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors) for the period from [DD/MM/YY to DD/MM/YY] on pages to (the project accounts) in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), as specified in the following documents (collectively, “Terms of the Project”):

- (a) the Grant Agreement made between the Government and the Grantee in respect of the Project and the schedules thereto (which includes the project proposal and the budget);
- (b) the relevant SDF guidelines referred to in the grant agreement; and
- (c) all applicable instructions and correspondences issued by the SDF to the Grantee in respect of the Project.

Respective Responsibilities of the Grantee and Auditors

The Government requires the Grantee to comply with the Terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors).

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

Quality Control and Independence

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

requirements.

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

Basis of conclusion

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

Our reasonable assurance engagement includes examination, on a test basis, of evidence relevant to the Grantee’s compliance with the Terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors). It also includes an assessment of the significant estimates and judgements made by the Grantee in the preparation of the project accounts, and of whether the accounting policies have followed the requirements of SDF, and are consistently applied and adequately disclosed.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidences to give our conclusion as to whether the Grantee has complied with, in all material respects, all applicable HKFRSs issued by the HKICPA and the Terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors). In forming our conclusion, we also evaluated the overall adequacy of the presentation of information in the project accounts. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusion.

Conclusion

Based on the foregoing, in our opinion, the Grantee has complied with, in all material respects, all applicable HKFRSs issued by the HKICPA, the requirements of the Terms of the Project (including the requirements to keep proper books and records and to arrange the preparation of proper Audited Statements of Accounts by the auditors), and that the Audited Statement of Accounts in the caption of this Auditor’s Report properly presented the financial position of the Project.

Use of this Report

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

ABC & Co.
Certified Public Accountants (Practising)
Hong Kong
Date