

**Areas of Excellence (AoE) Scheme and
Theme-based Research Scheme (TRS)**

**Monitoring Guidelines to Universities and Project Teams on
Funded Projects**

Part I – General

1. Please refer to the requirements set out in Part I – General of the Disbursement, Accounting and Monitoring Arrangements for Funding Schemes Administered by the Research Grants Council (DAMA).
2. In particular, a university is required to return to the Research Grants Council (RGC) all interest income generated from the prepaid grants funded by the Research Endowment Fund (REF) on an annual basis. In respect of AoE grants¹ (regardless of the year of award) scheduled for disbursement from 15 March 2024 onwards, universities should comply with the concerned requirements as set out in paragraphs 3 to 5.
3. Universities are required to open a **separate** interest-bearing bank account with a licensed bank registered under the Banking Ordinance (Cap. 155) solely for depositing receipts and making payments in relation to the AoE grants. All interest income generated in the said bank account should be kept in the account and returned to the University Grants Committee (UGC) / the RGC as appropriate on an annual basis together with supporting documents such as bank statements before the end of January each year (i.e. interest received from January to December should be returned in January of the following year). A separate ledger designated for the sole purpose of keeping and transacting all monies of the AoE grants should be maintained. Bank reconciliation should be prepared promptly and regularly, at least once a month, of the balance as shown in the ledger. Universities should also draw up proper instructions and guidelines regarding the conduct of business through the said bank account.
4. Notwithstanding paragraph 3 above, universities may be exempted from opening a **separate** interest-bearing bank account provided that:
 - (a) all the project funds would not be put in any investment instrument other than risk-free interest-bearing bank accounts with a licensed bank registered under the Banking Ordinance (Cap. 155); and
 - (b) if the project funds are placed together with other funds of the university, the interest income for the project funds should be apportioned equitably from all ACTUAL monthly bank interest income generated from the total bank deposits, from the date of receipt of the project funds up to the date of

¹ TRS has all along been funded by the REF and thus is bound by the accounting requirements stated in paragraphs 3 to 5.

returning the unspent balance to the Government, in accordance with the following formula:

$$\frac{\text{Average positive ledger balance (i.e. the simple average of the opening and closing balances) of all relevant projects for the month, adjusted for disallowed expenses, unrecorded income, if any, and accrued interest [Notes (1)&(2)]}{\text{Average bank balance (extracted from bank statements / bank passbooks) for the month of university's funds placed in bank deposits [Note (2)]}} \times \text{Total actual monthly interest income generated from total bank deposits for the month included in the university's funds}$$

Notes:

- (1) Negative interest is not allowed to be charged on any negative projects' fund balances.
- (2) As the amount of unpresented cheques would have been transferred to the current account, the effect of the unpresented cheques is contra with the current account. In other words, a proportionate share of the average bank balance of the university's fund placed in the working capital (cash and current accounts) for the month is not provided for in the denominator. The calculation assumes that all projects' fund balances are placed in bank deposits (i.e. fixed deposits and savings accounts only).

5. As the AoE Scheme receives funding from both the General Revenue Account (GRA) and REF, an AoE project may be partially funded by GRA and partially by REF over the course of the five-year project period. For accounting purposes, it is necessary to record the interest income generated from the AoE grants under GRA and REF separately. In addition to the requirements mentioned in paragraphs 3 and 4 above, universities are required to maintain separate ledgers for interest income generated from the AoE grants under GRA and REF. When returning the interest income to the UGC / the RGC on an annual basis, universities must provide a breakdown of interest by GRA and REF, as well as bank reconciliations by month. Universities will be notified of the funding source (either GRA or REF) of the AoE grants in the letters announcing the release of next stage funding.

Part II – Disbursement Arrangement

6. The AoE / TRS grant is disbursed in the form of earmarked grants. The UGC Secretariat will arrange payment of grants in stages to the project team in accordance with the established procedures and the timetable of project implementation as endorsed by the RGC before project commencement.

Part III – Accounting Arrangement

Approved Scope

7. It is the universities' responsibilities to ensure that the RGC grants are used appropriately and reasonably within the approved scope and timeframe. The AoE / TRS project grant from the RGC is, unless otherwise stated, a one-line vote without further division into sub-allocations. Virement between approved budget items under the one-line vote within the same project does not require the RGC's approval. If a Project Coordinator (PC) wishes to spend the money on an item that is not covered by the approved budget, he / she has to seek prior approval from the RGC on the new item. No virement from the grant to other projects / purposes is allowed.

PC Allowance

8. An annual allowance for PC is provided to release / partly release the PC from normal teaching and administration duties to focus efforts on the research project.

Outsourcing of Research Work Outside Hong Kong

9. Research grants awarded by the RGC should primarily be used in undertaking research work in Hong Kong by the PCs and their teams in order to train and groom research talents in Hong Kong. It will be legitimate for the PCs to subcontract out a small part of the research work (regardless of geographic locations) only if all the following conditions are fully met:

- (a) The proposed activity is a necessary and justified part of the research and has already been outlined in the approved proposal;
- (b) The PCs should have identified and possessed a high level of research expertise in their teams when they submit research applications to the RGC. The activity to be subcontracted out, for instance, data collection work, should not be the main intellectual focus of the research project;
- (c) The persons / organisations providing the subcontracting services should be at arm's length with the PCs or their serving universities (for instance, employees, friends, relatives, subsidiary companies, etc. should be avoided) and the procurement should be done in accordance with the university's procedures and guidelines; and
- (d) The PCs or their team members should be involved in monitoring the subcontracting services or the supervision of the subcontracting services.

10. Any subcontracting services or research work to be conducted outside Hong Kong that were not included in the approved proposal will require the RGC's prior approval.

On Approval of New Projects

11. Universities are required to create a reserve account, to which unexpended grant balances of projects will be transferred at the end of the academic year, to be carried forward to the following year, or to the next triennium.

12. The RGC will conduct a mid-cycle review² on an AoE / TRS project by the end of the second year from the start of the project, and the review may result in sunseting of the project. Universities and the project team should bear in mind this eventuality and should not over-commit project funding. The universities should provide “in kind” contribution (e.g. research infrastructure, staff time for research etc.) throughout the project period.

Start Date of Newly Approved Projects

13. All newly approved projects should start within six months from the date of this letter.

External Advisory Board²

14. To enhance the monitoring of funded AoE / TRS projects, each project team is required to set up an external advisory board upon commencement of the project.

On Termination / Completion of Projects

15. Any unspent AoE / TRS project grant should be returned to the RGC upon completion / termination of the project. In addition, the university concerned is required to return to the RGC the corresponding on-costs (i.e. 27% of the total direct project cost) on a pro-rata basis. The RGC will determine whether or not any of the PC allowance should be returned.

16. For cases where the PC becomes ineligible for the grant (e.g. on prolonged leave / leaving Hong Kong / incapable of managing the project) prior to the completion of the project, the universities should endeavour to identify a suitable Co-Principal Investigator (Co-PI) / Co-Investigator (Co-I) who has been involved in the project since commencement or a suitable PC to take over the role of PC and recommend to the RGC for approval. Universities should notify the RGC as soon as the PC's departure / leave has been confirmed and the project account should be frozen for the time being.

17. The following accounting rules should be observed in handling project termination:

² Since the duration of project(s) funded under the “Exploratory Option” is one year, there will not be any mid-cycle review(s) for exploratory projects. The project team(s) concerned is / are not required to set up external advisory board(s) upon commencement of the project(s) or to submit progress report(s). The project funding will be disbursed to the project team(s) in the year of approval.

- (a) Once the project account is frozen, both the PC and the university are obliged to cease immediately committing or incurring new expenditures under the account except for committed and uncancellable normal expenditure of salary to Research Assistants or equivalent employed before project termination date for a reasonable but limited time (i.e. payment in lieu of notice when staff's contracts have to be terminated as a result) and ordered equipment (where penalties are involved for cancellation of order). Such expenses must be solely and directly related to the project in question and have been committed before the project account is frozen.
- (b) Should the RGC eventually reject a PC's request for change or temporary waiver of eligibility requirements and the date of termination takes retrospective effect from the commencement of PC's departure, leave or original completion date, the university is required to return the expenses incurred by the project starting from the retrospective termination date except under very exceptional and justifiable circumstances.
- (c) Universities are required to return the unspent balance (and expenses incurred since the retrospective termination date if applicable) and submit a concluding report to the RGC within six months of termination.
- (d) The RGC will consider the possible redeployment of the equipment acquired by RGC grants where necessary. Exceptional cases will be considered by the RGC on their individual merits.

18. The project account in respect of a completed / terminated project should be frozen immediately after the completion / termination date, and any request for additional expenses incurred after that date to the unspent balance of the project must not be entertained. Under exceptional circumstances, universities are given the discretion to allow charging certain expenses shortly after the project completion date to the unspent project account in justified circumstances. Before exercising such discretions, universities must satisfy themselves that the expenses are strictly necessary for dissemination of research results (e.g. attendance at important international conferences and essential publication work). In any case, the use of unspent balance to meet the costs of purchase of stores / equipment or staff salaries beyond the project completion date is strictly prohibited.

19. It is the onus of universities to verify any claim of expenses incurred while the account is frozen and to satisfy themselves that due efforts have been made to ascertain whether to pay the expenses incurred after the project account has been frozen. For audit purpose and in order to ensure accountability, universities and the PC are required to provide an itemised report of such expenses, together with corresponding justifications, in the relevant Statement of Accounts of the projects.

20. The coordinating university is required to submit an audited financial statement for the AoE / TRS project within six months from the date of project

completion / termination in the format at **Appendix**. The audited financial statement should be prepared by independent auditors who must be certified public accountants holding practising certificates registered under the Professional Accountants Ordinance (Cap. 50) (the auditors). The concerned project team is required to make available to the auditors all information and documents, e.g. invoices and receipts, etc. relating to the project. The auditors should also refer to the “Notes for Auditors of Coordinating Universities” at **Appendix**. Any unspent balance (and expenses incurred since the retrospective termination date if applicable) of the project grant, refund of indirect / on-costs should be returned, together with the audited financial statement, to the Secretariat within six months of project completion / termination.

21. The RGC reserves the right to withdraw support and project grant for particular projects by giving appropriate advance notice.

Equipment

22. Upon completion of the approved project, the equipment acquired can be redeployed at the discretion of the university. Should an approved project be terminated for any reason, universities should report any major items of research equipment (costing \$0.5 million and over) to the RGC. The RGC reserves the right to redeploy any such major equipment acquired by RGC grants for use by other universities where appropriate or practicable.

23. Notwithstanding that the approved projects are fully funded or the equipment items have been included in the research proposals, the PCs and the universities must not use, except with sound justifications as specially approved by the RGC, the grants to purchase:

- (a) personal electronic devices such as cell phones, tablets, iPod, iPad, MP3 players, digital cameras / video recorders and PDAs; and
- (b) standard equipment such as desktop personal computers, servers, laptop computers, printers, scanners and standard software / software licence / dataset known to be available, or reasonably expected to be provided in the universities.

Part IV – Monitoring Arrangement

24. Genuine and deep collaboration is a very central notion of AoE Scheme / TRS, and the university’s management should devote its utmost efforts to facilitate, expand and sustain the collaborative work in AoE / TRS projects. For inter-university collaboration projects, documentation which sets out the extent of collaboration expected and required of all participants is necessary, and funding will be withdrawn if there are signs that genuine and deep collaboration is lacking.

Progress Reports²

25. Broadly speaking, the coordinating university is required to submit progress reports on an annual basis. The report end dates should be 10 and 18 months after project commencement, and thereafter 12 months apart. The timing for the second report will be adjusted to tie in with the mid-cycle review. A progress / review report should be submitted within two months from the report end date. One soft copy (with the main report and attachment(s) in two separate files, in a CD-ROM or a USB memory stick) and one hard copy should be submitted. If any project requires a longer time frame for preparation of reports, prior approval from the RGC must be sought. The release of the next stage of funding will be subject to satisfactory review of the previous project stage, and the related annual progress report must be submitted at least four months before the requested date for release of funding. In normal circumstances, the review process will take about three months to complete, but it may take a longer time when site visits are conducted as and when necessary.

26. The project implementation timetable endorsed by the RGC before project commencement is indicative and may be adjusted in the light of the actual progress of the project. Nevertheless, the project team is responsible for ensuring that it has endeavoured to achieve the objectives and deliverables according to the timetable.

Reviews²

27. There will be a mid-cycle review which may result in sunsetting of the project. The on-site mid-cycle review visit will be conducted by the Monitoring and Assessment (M&A) Panel Members between the 21st and 24th month after project commencement. Additional visits may be proposed by the M&A Panel if needed. For projects proven to be not successful during the funded period, a wind-down period of one year with reduced budget as determined by the RGC would be allowed.

28. To enhance the monitoring process, if any major irregularity is observed by the M&A Panel, the PC concerned would be requested to present the project progress to the M&A Panel and the Collaborative Research Projects Steering Committee (CRPSC) normally in June / December. If necessary, a member of the respective M&A Panel may also visit the team as soon as a major irregularity is identified, say within six months, to ensure that timely rectification of the problem can be made.

Completion Reports

29. A full completion report should be submitted within 12 months of the approved project completion date. One soft copy (with the main report and attachment(s) in two separate files, in a CD-ROM or a USB memory stick) and one hard copy should be submitted. PCs must consent to release the completion reports to the public through the RGC website. Completion reports containing information such as abstract in non-technical terms, objectives, research output including the list of conference papers / publications / journals and research findings and contact

information of PCs should be open to public access. The RGC will release the completion report and / or a summary of the research results or findings to the public through internet or other means as deemed appropriate by the RGC.

30. On public access of publications resulting from research funded by the RGC:

- (a) Upon acceptance of a paper for publication resulting from the work done on a research project funded in whole or in part by the RGC, the PC should check whether the publisher already allows (i) full open access to the publisher's version, or (ii) the author's depositing a copy of the paper (either the publisher's version or the final accepted manuscript after peer-review) in the university's repository for open access;
- (b) if both (a)(i) and (ii) are not allowed, the PC should request the publisher's permission to place either version in his / her university's repository for restricted access immediately upon publication or after an embargo period of up to twelve months if required by the publisher; and
- (c) subject to the publisher's agreement on (a) or (b) above, the PC should deposit a copy of the publication in his / her university's repository as early as possible but no later than six months after publication or the embargo period, if any.

31. The PC is required to include in the completion report URL links to the university's repositories or the publishers' websites so that the public can have access to the manuscripts or journal articles (though the public may be required to subscribe to the publishers' websites). The PC is also encouraged to include in the completion report the data repositories where research data of the project can be accessed and shared, where appropriate.

32. With a view to further promoting open access and obtaining a more in-depth understanding of the local open access landscape, the RGC will collect open-access-related information of peer-reviewed journal publications arising directly from the project.

Unsatisfactory, Barely Satisfactory and Overdue Reports

33. Timely submission of reports is important and reflects on the diligence and ability of the PC in managing a project. A submission is only considered complete when the RGC Secretariat receives both the audited financial statement and the completion reports by the stipulated deadline i.e. within six and 12 months respectively from the date of project completion / termination. **If reports remain overdue by the submission deadline, the RGC will consider terminating the projects and rating them as 'Unsatisfactory' for record.** All records of RGC funded projects rated "Unsatisfactory" or "Barely Satisfactory", regardless of whether they are for overdue or other reasons, may be taken into account when a PC's new funding application is considered. The overall grading of the PC's funding application submitted to the new

funding exercises may be downgraded. For cases concerning non-submission and overdue submission of completion or progress reports, the PC may be debarred from applying for grants administered by the RGC for two years or until the submission of the outstanding report. Normally, the “Unsatisfactory” and “Barely satisfactory” records would be disregarded by the Selection Panel three years after passing the judgement.

34. The university should freeze the project account if any progress report of an on-going project is overdue. In this regard, university should undertake thorough and timely checking on the submission of reports to the RGC, take immediate action to freeze the accounts of projects which have overdue progress reports and notify the RGC Secretariat of the action taken.

Change Request

35. All change requests, including changes to the governance structure, project duration, project objectives, composition of the project team, budget plan for allocation of funding amongst the different participating UGC-funded universities, use of funding in other jurisdictions exceeding the permissible amount, outsourcing of research work outside Hong Kong etc., require prior approval of the RGC. Universities should submit the change request **three months prior to the intended effective date of the change and separately from the submission of progress / review report**. The change request will be handled in accordance with the following principles:

- (a) Any proposed change(s) to the governance structure, including addition or withdrawal of coordinating or participating universities, will only be considered with strong justifications.
- (b) Requests for adjustment of the duration of each stage will be considered flexibly in order to enable the research to progress in a fruitful manner. The basic principle remains that any further release of funding will be withheld if a project fails to attain sufficient and reasonable progress. For projects which have received the last stage of funding and are close to completion, any end-stage extension must not go beyond 12 months. An up-to-date progress report should be submitted together with the change request for project extension. As at the date of extension application, if the PCs have recently submitted progress reports ending within three months, the requirement for an up-to-date progress report is waived. The coordinating universities should exercise their judgement and recommend the justifiable cases to the RGC for consideration.
- (c) Change of PC or Co-PI(s) will not be allowed during the first year of the project, unless justified by exceptional circumstances (e.g., health reasons). For cases where the PC or a Co-PI leaves the project team after the first year, a request for replacement of the PC / Co-PI may be considered if a suitable candidate can be identified to take over the role. In examining such a request, the RGC will take into account the credentials of the new team and its

capability to carry on the research in a productive manner. Prior approval of the RGC is required for change in project team composition. For one-year exploratory projects, change in project team composition can only be initiated upon submission of the revised budget. Unless warranted by exceptional circumstance, no other requests for changes to the project team composition will be entertained.

36. Universities have the primary responsibility to assist the project teams in whatever way practicable in order to make sure that the project is well managed and progress satisfactorily. In this regard, the RGC expects that universities consider any request for changes in a serious light and, only when they are deemed justifiable, submit the request to the RGC for consideration. Universities should submit change requests three months prior to the intended effective date of the change to allow sufficient time for processing the requests including clarifications required from the project team. And the RGC shall reserve the right not to entertain late applications.

37. For other changes of a special nature but not mentioned above, they will be considered by the RGC on a case-by-case basis.

Time-commitment of the PCs

38. To ensure that the PCs of major projects (i.e. projects funded under AoE Scheme and TRS) will spend reasonable time on project management, a PC of major projects should not hold more than two on-going projects at the same time. The PC should spend sufficient time on the project throughout the project period. The length of time spent should be commensurate with the PC allowance³ for a funded project to release / partly release the PC from normal teaching and administration duties to focus efforts on the research project.

39. The PC should also report his efforts in project management in the progress / review / completion report forms.

Technology Transfer Plan

40. PC who contemplates applying for funding support from the Innovation and Technology Fund at a later stage may provide a technology transfer plan, or an update of the plan previously submitted in the preliminary / full proposal, in the course of submitting progress / review report for advance information of the Innovation and Technology Commission. This plan will not be assessed by the M&A Panel for the purpose of project monitoring and assessment.

³ An annual allowance of up to a maximum of two-month average salary of a chair professor will be provided to each funded project to release / partly release the PC from his / her normal teaching and administration duties to focus his / her efforts on the research project. The allowance will be disbursed to respective coordinating universities.

Project Dissemination and Presentation

41. It is important that the achievements of AoE / TRS projects could be communicated and shared amongst the research community, other stakeholders of the relevant sectors, policy makers and the general public. Universities should follow the endorsed project dissemination plan in communicating the project outcomes to the research community and the public.

42. TRS project presentation will be held and coordinated by a university designated by the RGC before or after RGC meetings in December every two years. All coordinating / participating universities of the funded projects may be requested to contribute to the organisation of the project presentation or any other related publicity activity to make it a success.

43. As an initiative to highlight the impact of AoE Scheme and TRS on research and societal development in Hong Kong and worldwide, the coordinating university of a funded project is required to provide a video clip on the research project to publicise the project's research achievements within three months upon satisfactory rating of the completion report. The video of a completed project should be bilingual (e.g. English narration with Chinese subtitles or vice-versa), about three minutes' long and in a format supported by YouTube. It will be vetted by the relevant M&A Panel. The PCs of completed projects are also encouraged to upload the video clips onto their universities' own websites or video channels. In addition, the coordinating university of a funded project is obliged to provide post-completion review, including but not limited to post-completion evaluation report on the sustainability and impact of the funded project upon request.

Acknowledgement

44. While the RGC will not claim copyright or other intellectual property right of the output produced, a suitable acknowledgement of the RGC funding should be included in any equipment / facilities purchased and any publication / publicity arising from the work done on the project funded in whole or in part by the RGC. The following format of acknowledgement should be used for publication / publicity:

“The work described in this paper was fully / substantially / partially supported by a grant from the Research Grants Council of the Hong Kong Special Administrative Region, China (*Project Reference Number: e.g. T11-701/26-R or AoE/M-701/26-N*).”

45. For equipment / facilities funded by the RGC, the PCs and their universities should place a badge / plaque on the equipment / facilities in a prominent location. As the funded equipment / facilities may vary in size, the PCs and their universities would be given the flexibility to determine the size of the badge / plaque. The PCs and their universities should provide photo(s) of such acknowledgements in the completion reports. A simplified format of acknowledgement should be used as follows:

Renewal of Project

46. A project team could submit a proposal in response to a call for preliminary proposals under AoE Scheme / TRS approaching the end of the project with a view to bringing the research efforts to a more advanced phase. A renewal proposal must be developed as fully as though the applicant is applying for the first time and should have its own goals and new or extended research objectives. To qualify for "renewal" funding, the research teams must demonstrate that remarkable results have been achieved in their current research and there is good argument and prospect for further research work to continue in the relevant area. The renewal proposal will be assessed along with other new applications under AoE Scheme / TRS. As time is required to process the renewal request, it is possible that there may be a time gap between project completion and notification of the outcome of project renewal request.

47. The above guidelines serve only to give a general framework for reference and are by no means exhaustive. The RGC may at any time revise these guidelines, and project teams are required to observe the prevailing guidelines. Research Offices will be notified of the change in due course. In case of doubt, participating universities should check with the UGC Secretariat for clarification. All communications must be routed through Research Offices of universities, and the UGC Secretariat will in no circumstances entertain requests directly put forth by the project teams.

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Research Grants Council
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