

Theme-based Research Scheme (TRS)

Monitoring Guidelines to Universities and Project Teams on
Projects Funded in TRS 2019/20 (Ninth Round)

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).

Part II - Disbursement Arrangement

2. The TRS grant is disbursed in the form of earmarked grants. The University Grants Committee (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 Research Grants Council (RGC) before project commencement.

Part III - Accounting Arrangement

Approved Scope

3. It is the universities' responsibilities to ensure that the RGC grants are used appropriately and reasonably within the approved scope and timeframe. The 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

4. Annual allowance for PC is also 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

5. 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.

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

On Approval of New Projects

7. 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.

8. The RGC will conduct reviews on a TRS project by the end of the second and fourth year from the start of the project, and these reviews may result in sunsetting 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

9. All newly approved projects should start within six months of the funding award.

External Advisory Board

10. To enhance the monitoring of funded TRS projects, for projects funded in the 2017/18 exercise or onwards, the project team of each funded TRS project should set up an external advisory board upon commencement of the project.

On Termination / Completion of Projects

11. Any unspent 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 on a pro-rata basis (e.g. 15% of the unspent project grant for projects with on-costs rate at 15% for projects funded in the first two rounds, 18% for projects funded in the third round and 27% for projects funded in the fourth round and onwards). The RGC will determine whether or not any of the PC allowance should be returned.

12. 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-PI / 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 at the same time.

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

- (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.

14. The project account in respect of a completed 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, usage of unspent balance to meet the costs of purchase of stores / equipment or staff salaries beyond the project completion date is strictly prohibited.

15. 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 justification, in the relevant Statement of Accounts of the projects.

16. For each project funded in the 2017/18 exercise or onwards, the coordinating university is required to submit an audited financial statement for the 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.

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

Equipment

18. 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 the UGC grants for use by other universities where appropriate or practicable.

19. 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 the UGC 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, except with sound justification as specially approved by the RGC.

Part IV - Monitoring Arrangement

20. Genuine and deep collaboration is a central notion of the TRS, and the university's management should devote its utmost efforts to facilitate, expand and sustain the collaborative work in 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 Reports

21. 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 and fourth reports to be adjusted to tie in with the on-site review. A progress 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.

22. 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.

Reviews

23. There will be reviews by the end of the second and fourth year from the start of the project, which may result in sunseting of the project. An on-site review visit will be conducted by the Monitoring and Assessment (M&A) Panel Members between the 21st and 24th month after project commencement. Another visit may be conducted between the 45th and 48th month from project commencement, particularly if the project team intends to submit a renewal proposal to bring the research efforts to a more advanced phase. 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.

24. To enhance the monitoring process, if any major irregularity is observed by the M&A Panel in between the on-site visits, the PC concerned would be requested to present the project progress to the M&A Panel and the MPStC 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

25. 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 are required 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.

26. 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.

27. The PC is required to include in the completion report URL links to the university's repository 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.

Unsatisfactory, Barely Satisfactory and Overdue Reports

28. Timely submission of reports is important and reflects on the diligence and ability of the PC in managing a project. 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.

29. 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

30. 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, and use of funding in other jurisdictions exceeding the permissible amount (including 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 justification.
- (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-Principal Investigators (Co-PIs) will, as a matter of rule, not be allowed for the Start-up Stage. For cases where the PC or a Co-PI leaves the project team after the Start-up Stage, a request for replacement of the PC / Co-PI may be considered if a suitable person can be identified to take over the role. In examining such a request, the RGC will take into account the credential 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.

31. 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 are strongly advised to 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.

32. 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

33. To ensure that the PCs of major projects will spend reasonable time on project management, a PC of major projects (i.e. projects funded under the TRS and the Areas of Excellence Scheme) 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 allowance¹ for a funded project to release / partly release the PC from normal teaching and administration duties to focus efforts on the research project.

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

Technology Transfer Plan

35. For projects funded in 2014/15 exercise or onwards, 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.

Project Dissemination and Public Symposium

36. As the objective of the scheme is to focus academic research efforts of the UGC-funded universities on themes of strategic importance to the long-term development of Hong Kong, it is important that the achievements of the TRS projects could be disseminated 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.

37. The TRS Symposium will be held and coordinated by an university designated by the RGC before or after the RGC meetings in June and December. All coordinating / participating universities of the funded projects are requested to contribute to the organisation of the Symposium or any other related publicity activity

¹ 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.

to make it a success.

38. As an initiative to highlight the impact of the TRS on research and societal development in Hong Kong and worldwide, the coordinating university of a project funded in the 2016/17 exercise or onwards 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 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.

Acknowledgement

39. 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 No. [T[Theme no.][Topic no.]/-[three-digit serial number]/[year], e.g. T11/701/19]”.

40. 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 of such acknowledgements in the completion reports. A simplified format of acknowledgement as follows should be used:

“Funded by the Research Grants Council / RGC”

Renewal of Project

41. A project team could submit a proposal in response to a call for preliminary proposals under the 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 the 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.

42. 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. 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 universities' Research Offices, and the UGC Secretariat will in no circumstances entertain requests directly put forth by the project teams.

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Research Grants Council
July 2019

RESEARCH GRANTS COUNCIL

Theme-based Research Scheme (TRS)
Notes for Auditors of Coordinating Universities

As stipulated in the “Monitoring Guidelines to Universities and Project Teams on Projects Funded in 2019/20 (Ninth Round)” (Monitoring Guidelines), the coordinating university is required to submit to the Research Grants Council (RGC) a financial statement audited by Certified Public Accountants (Auditor’s Report) within six months upon completion / termination of a funded project. The requirement to submit “audited accounts” is to assure the RGC that:

- (a) the project funds were fully and properly applied to the project for which they were paid, and received and expended in accordance with the approved project budget; and
- (b) the Project Coordinator and his / her affiliated university complied with the funding terms and conditions, as well as the accounting and monitoring rules laid down by the RGC for each funded project.

2. These notes aim to provide guidance for Auditors of coordinating universities in conducting reasonable assurance engagements and in preparing auditors’ reports for each RGC project.

3. The Audited accounts comprise financial statement for the funded project, income and expenditure statement, balance sheet, notes to the accounts and the auditors’ report and mean annual and final accounts of the project which have been reported by the Auditors under a reasonable assurance engagement. Example of financial statement is enclosed at this Appendix for reference.

4. In conducting a reasonable assurance engagement, the Auditors should perform such 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 coordinating university has complied with, in all material respects, the requirements set by the RGC, and all the terms and conditions of the RGC funding, as specified in the following documents:

- (a) university's commitment as set out in the application;
- (b) terms and conditions as set out in the approval letters / notice;
- (c) Monitoring Guidelines to Universities and Project Teams on Projects Funded in 2019/20 (Ninth Round) and any other prevailing accounting and monitoring guidelines issued by the RGC;
- (d) all instructions and correspondences issued by the RGC to the coordinating university in respect of the project; and
- (e) alongside with their respective in-house policies / guidelines, universities should make reference to the ICAC's "Strengthening Integrity and Accountability – Government Funding Schemes Grantee's Guidebook", "Corruption Prevention Guide for Tertiary Education Institutions", "Best Practice Checklist on Staff Administration" and other related guidelines for acquisition of goods and services, recruitment and management of project staff and the associated financial and accounting control, etc..

5. The auditor should obtain a sufficient understanding of the coordinating university and its environment, including its internal controls, to assess the risk of misstatement of the subject matters.

6. The Audit of the project account shall be conducted in accordance with the Hong Kong Standards on Auditing (HKSAAs) issued by The Hong Kong Institute of Certified Public Accountants. In addition, both HKSAE-3000 and HKSRS-4400 should be included as requirement for auditors to comply with. The following information is required in an auditors' report prepared by the Auditors for submission to the RGC:-

- (a) the Auditors should state whether, in their conclusion, the coordinating university has complied with, in all material respects, the requirements set by the RGC (including the requirements to keep proper books and records and to prepare audited accounts of the projects), and all the terms and conditions of RGC funding, as specified in documents mentioned in 4 above;

- (b) if the Auditors are of the opinion that there exists any material non-compliance as identified in paragraph 4 above, they should make full disclosure and quantify the effects of such non-compliance in the auditors' report; and
- (c) if the Auditors are of the opinion that a proper and separate set of books and records and a designated bank account solely and exclusively for the RGC funding has not been kept, or the project account has not been properly prepared by the coordinating university for the project, or if Auditors fail to obtain all the information and explanations which are necessary for the purpose of their reasonable assurance engagement, they should make appropriate qualifications in their audited account report.

7. Auditors should plan and conduct the reasonable assurance engagement to satisfy paragraph 6 above. In case of any ambiguity regarding the terms and conditions contained in the project agreement and the rules and regulations governing the RGC projects, Auditors should seek clarification from the University Grants Committee Secretariat. Any unreasonable reservation or denial of conclusion, for example, comments about ambiguity of the RGC guidelines or requirements, expressed by Auditors in the auditors' report, will be returned to coordinating university for rectification before re-submission.

8. Auditors may come across during the course of their reasonable assurance engagements any weaknesses / breakdown in internal control which are considered material. They should bring to the coordinating university's attention the details of such weaknesses / breakdown and provide the coordinating university with their recommendations for improvement by setting them out in writing a letter to the coordinating university. A copy of such letter should be sent to RGC for reference and action as appropriate.

9. The auditor should maintain professional skepticism throughout the engagements, recognizing that circumstances including fraud may exist that cause material misstatement to the subject matters. If the auditor finds that a fraud or irregularity has occurred or is likely to have occurred, the auditor should make an immediate written report to the RGC. The RGC will decide on follow-up actions.

**Audited Financial Statement for
Theme-based Research Scheme Project**

Project reference:

Project title:

Coordinating university:

Participating university:

<u>Source of Funding</u>	<u>HK(\$)</u>	<u>HK(\$)</u>	<u>Remarks</u>
RGC grant for Direct project cost	XXX,XXX		(i)
University matching fund <i>for Direct project cost</i>	XXX,XXX		(ii)
Additional funding from sources other than the required university matching fund	XXX,XXX		(iii)
Total funding for direct project cost		<u>XXX,XXX</u>	(iv) = (i)+(ii)+(iii)
<u>Less Expenditure</u>			
(a) Staff cost (SRA/RA/Postdoc/RPg, etc.)	(XXX,XXX)		(v)
(b) Other personnel	(XXX,XXX)		(vi)
(c) Equipment	(XXX,XXX)		(vii)
(d) Outsourcing expenses of research work outside Hong Kong	(XXX,XXX)		(viii)
(e) Conference expenses	(XXX,XXX)		(ix)
(f) General expenses	(XXX,XXX)		(x)
(g) Others	(XXX,XXX)		(xi)
Total expenditure		<u>(XXX,XXX)</u>	(xii) = (v)+(vi)+(vii)+(viii)+(ix)+(x)+(xi)

Unspent balance (XXX,XXX) (xiii) = (iv) – (xii)

Amount of RGC grant used (XXX,XXX) (xiv)

Amount of university matching fund used (XXX,XXX)

Amount of additional funding used (XXX,XXX)

Unspent balance to be returned to the RGC :

Direct project cost XXX,XXX (xv) = (i) – (xiv)

27% On-costs XXX,XXX (xvi) = (xv) x 27%

Total XXX,XXX (xvii) = (xv) + (xvi)