Chapter 5 – Capital Matters

Introduction

5.1 This chapter provides guidance on the general principles, roles of respective parties and/or procedures -

(a) governing works projects wholly or partly funded by the UGC under (i) the UGC Capital Programme, (ii) the Hostel Development Fund and (iii) the Alterations, Additions, Repairs, and Improvements (AA&I) Programme (paragraphs 5.2 - 5.70);

(b) for handling works projects for enhancing healthcare teaching facilities under the Health Bureau (HHB) (paragraphs 5.71 - 5.73); and

(c) for conducting and completing space inventory (paragraphs 5.74 - 5.77).

Guiding Principles

5.2 The procedures for handling capital projects set out in this chapter basically reflect the requirements under the Government's capital subvention programme. The guiding principles are -

(a) Capital subventions are charged to the Capital Works Reserve Fund (CWRF) and are part of the Capital Works Programme (CWP) of the Government. Universities' projects under capital subvention are required to follow the procedures for creating and managing a capital works project under the CWP[1];

(b) Universities should assume full responsibility and accountability for their projects under capital subvention. They should ensure that works expenditure stays strictly within the approved project estimate (APE) in accordance with the approved project scope[1] *i.e.* the scope approved by the Finance Committee (FC) of the Legislative Council (LegCo) for capital works projects exceeding $50 million, and the scope approved by the UGC for AA&I projects;

(c) Universities should ensure an appropriate system of cost control and monitoring is in place for overseeing the spending of public money having regard to economy, efficiency and effectiveness in the delivery of

[1] As stipulated in Government's Financial Circular No. 7/2017 "Capital Works Programme".

their projects under capital subvention and use of public funds[2]. In particular, universities should ensure proper procurement procedures are in place for purchases under capital subvention with reference to Government's latest rules and regulations applicable to public capital works; and

(d) The Secretary-General of the UGC as the Controlling Officer of capital grants to the universities has the responsibility to ensure that capital subventions are spent in a cost-effective manner on worthy projects in support of the subvented organisations' stated objectives[2].

Roles and Responsibilities

UGC

5.3 In principle, the UGC takes interest in all building developments of UGC-funded universities, irrespective of how these developments are funded, to ensure that the proposed developments are in line with the master development plan of the campus, and that they are consistent with the roles and missions of the universities as agreed with the UGC. Further, it is necessary to ensure that the building developments will not become a burden to the university and eventually the UGC and the Government[3]. It is also important that with the growth in scale of self-financing programmes operated by UGC-funded universities and in some cases on universities' campuses, universities should ensure that academic space and facilities for UGC-funded universities should not be adversely affected. In this regard, universities are therefore required to inform UGC of any wholly privately funded project before its commencement though they do not need to follow the procedures in this chapter for handling such projects. They should also observe the guidelines at **Annex 5A** on the use of publicly-funded academic space and development of privately-funded capital projects on universities' campuses.

5.4 In considering the capital proposals of the universities, UGC will consider the merits of the proposals from the education policy perspectives – *e.g.* whether the proposal will fulfil the campus master planning and meet space shortfall of the universities; whether the proposed construction can meet the universities' long-term needs and contribute to the strategic development of the higher education sector; and whether the proposal is consistent with the Government policy and the respective roles and mission of the universities, etc. While the UGC will give advice from the macroscopic perspectives, the universities are responsible for the detailed design and the management of the project.

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[2] As stipulated in Government's Financial Circular No. 9/2004 "Guidelines on the Management and Control of Government Funding for Subvented Organisations".

[3] Universities' buildings, whether publicly or privately funded, are normally maintained using the recurrent grants from the UGC on the condition that they are used for UGC-funded activities. Student hostels, however funded, should be operated on a self-financing basis using student hostel fees.

UGC's Technical Adviser

5.5 The Director of Architectural Services is the Technical Adviser to the UGC in respect of the acceptability of all UGC-funded capital works projects for subvention purposes. The Technical Adviser will comment on the feasibility, design, scope, cost, selection of consultants/contractors and standard of the projects submitted by the UGC-funded universities, and advise for UGC's consideration on the recommended level of public subvention with reference to other public capital projects. He will provide technical advice on the subvention level and procedures of the projects (e.g. project estimates, tendering documents and procedures) to ensure that they represent good professional practice and are in line with the principles and practices adopted in public works projects. In fulfilling his role, the Technical Adviser may communicate directly with the universities and their consultants, and may request the universities to supply whatever information which he deems necessary to enable him to scrutinise the project proposals in detail and to give appropriate advice to the UGC.

UGC-funded Universities

5.6 As far as campus development is concerned, there are established criteria and policy[4] for calculating the level of provision for publicly-funded campus space and student hostel places. Nevertheless, universities have substantial freedom to determine the exact allocation of the provisions to best fit their circumstances.

5.7 As set out in paragraph 5.2, universities should assume full responsibility and accountability for their capital projects in all aspects. Prior to submission to the UGC, the universities should confirm that their capital proposals are endorsed or supported by their Council, either directly by the Council or through properly delegated authorities to (i) any committees or bodies under the Council or (ii) senior management of the universities. They should ensure that each project is within its APE and in accordance with the approved project scope. Universities should also ensure that the consultants/contractors engaged and managed by them follow the requirements laid down by the Government. It is not appropriate for consultants to act on the universities' behalf and approach the UGC, the Technical Adviser or the Government directly on matters related to capital subvention.

The Government

5.8 Capital proposals of the universities that are given full support by the UGC will be put forward to the Education Bureau (EDB) for policy consideration. Projects that are supported by the EDB will be submitted to the Financial Services and

[4] As for campus space, the Kaiser Formulae were established in 2000 and reviewed in 2005/06 to determine the provision of publicly-funded space on campus to support academic activities. The latest development of the space requirement formula is given in paragraph 5.71 below. As for provision for publicly-funded hostel places, the current government policy was developed in 1996 by adopting four criteria to calculate the provision level. LU and EdUHK are however subject to different calculation criteria in view of their unique circumstances.

the Treasury Bureau (FSTB) for fund bidding under the Government's established resource allocation mechanism. Universities' capital proposals that are selected can then proceed to the detailed design stage, and vetting by the relevant government bureaux/departments (*e.g.* Lands Department, Environmental Protection Department (EPD), Development Bureau (DEVB), FSTB etc.). The Government issues technical circulars from time to time to set out the good practices and requirements in respect of public capital works. Universities are responsible for ensuring compliance with these requirements. A list of the relevant government circulars is listed at **Annex 5B**.

5.9 After completion of the detailed design and other pre-construction preparation by the universities, EDB will seek funding approval from Public Works Subcommittee (PWSC)[5] and FC of the LegCo.

UGC Secretariat

5.10 The Secretary-General of the UGC assumes the role of Controlling Officer for capital grants to the universities. According to Financial Circular No. 9/2004 "Guidelines on the Management and Control of Government Funding for Subvented Organisations", the Controlling Officer has the responsibility to assess the justification and cost-effectiveness (*e.g.* efficiency on space use) of the project. For this purpose, the Controlling Officer should seek the technical advice of relevant professional departments within the Government on issues including project feasibility, design, scope, cost and selection of consultants/contractors, etc. The UGC Secretariat should also monitor the spending of the capital grants allocated to the projects by inviting regular progress reports and returns from the universities, and seeking clarification/explanation in case of discrepancies for meeting the reporting requirements of the Government and the LegCo as and when necessary. A list of these regular updates as required by the Government and the LegCo is at **Annex 5C**.

Capital Works Projects Costing More Than $50 Million

General Procedures

5.11 Capital proposals costing more than $50 million submitted by the universities and supported by UGC will be processed under the mechanism outlined in **Annex 5D**. The key steps are highlighted below.

5.12 Project Definition Statement (PDS) and Technical Feasibility Statement (TFS) should be submitted for approval by EDB and DEVB in accordance with the requirements as set out in the relevant Financial Circular issued by the Government. The PDS serves to provide justification and define the scope of each proposed capital

[5] Since the 2008/09 legislative session, the Chairman of the LegCo Education Panel has requested the Administration to consult the Panel on all projects submitted by the UGC-funded sector before submission to PWSC.

works project. On the other hand, the TFS, which should be compiled in accordance with the checklist issued by the Technical Adviser, serves to confirm the technical feasibility of each proposed project on a prima facie basis. As only essential information is required, the TFS is normally completed without the need for consultancy support. The format and information to be contained in the PDS and TFS should follow the relevant circulars issued by the Government.

5.13 Cost estimates in TFS submitted to the UGC's Technical Adviser should, as appropriate, include the following items of expenditure -

(a) estimated detailed site investigation costs (paragraph 5.23);

(b) estimated site formation and area development costs (paragraph 5.24);

(c) estimated piling and foundation costs (paragraph 5.25)

(d) estimated building costs and building services costs (paragraph 5.26);

(e) construction unit cost, represented by building and building services costs divided by construction floor area, in terms of money per square metre in the constant price level;

(f) estimated external works and drainage costs (paragraph 5.26);

(g) estimated additional costs for energy conservation measures (paragraph 5.27);

(h) estimated professional fees for design and preparation of tender documents, and fees including any resident site staff cost for the whole project (paragraphs 5.28 - 5.34); and

(i) estimated furniture and equipment costs to be provided in the project (paragraph 5.35).

5.14 Universities should provide detailed justifications to the UGC's Technical Adviser regarding the price level of the estimated project costs. They are also requested to note that the cost estimates should be provided as detailed and accurate as possible to ensure that excessive funds will not be earmarked or allocated for the projects. It is however recognised that the cost estimate of a project proposal submitted at the TFS stage is a rough order of cost and will be subject to change at the detailed design stage.

5.15 Expenditure to be incurred before a project is upgraded to Category A (*i.e.* before a project obtains LegCo's funding approval), which is mainly for pre-construction works (e.g. detailed design and site investigation), will be charged to the AA&I block allocation if it does not exceed $50 million. This should be separately

identified in the TFS. If the expenditure at this stage is more than $50 million, it will have to be separately approved by the FC. Universities should also specify the proposed share of costs between the Government (to be met from CWRF) and individual universities (to be met from private donations or other sources), which will be subject to the Government's agreement and FC's approval.

5.16 The deadline for submission of PDS/TFS in the context of the annual UGC Capital Programme is normally 15 September each year. They will be examined by the UGC in consultation with its Technical Adviser. Projects supported by the UGC will be processed in accordance with the Government's established resource allocation mechanism. Projects selected by the Government but not yet submitted to the LegCo for funding approval within the respective LegCo session will need to be put forward to the Government for re-selection, and there can be no guarantee that the project will be re-selected.

5.17 Universities may seek funding for pre-construction works which can be funded from the AA&I block allocation if it is less than $50 million. Pre-construction works exceeding $50 million requires FC's approval. If a project has been selected in accordance with the Government's established resource allocation mechanism, and the funding for pre-construction works has been secured, a university may then proceed to conduct detailed site investigation, prepare design submissions and prepare tender documents for the project.

5.18 On completion of the detailed design and tender documentation, universities should obtain necessary approvals from statutory bodies and relevant authorities (*e.g.* Buildings Department, Fire Services Department, Water Supplies Department, Drainage Services Department and EPD, etc.) in order to be ready to proceed to the construction phase. Universities should provide the above necessary approvals together with the detailed design report and detailed cost estimate to UGC's Technical Adviser for comments.

5.19 Universities should, with the advice and assistance of the UGC Secretariat, schedule to seek PWSC's endorsement and FC's approval to upgrade a project to Category A. This should be done after the universities have completed all necessary pre-construction preparation, including fulfilling the statutory requirements and the conduct of public consultation with the relevant stakeholders (including the relevant district council(s)). Universities should submit the draft PWSC paper and the information as required by the Technical Adviser to the UGC Secretariat and its Technical Adviser. Universities should also compare the unit costs of building and building services with a project of similar scope and provide justifications if there is any difference. A checklist of the required documents to be submitted by universities is at **Annex 5E**.

5.20 The draft PWSC paper should reach the UGC five months in advance of the PWSC meeting. Where necessary, universities are welcome to seek the assistance of the UGC Secretariat in the preparation of the papers for the LegCo. Universities

are reminded that no PWSC/FC meetings will normally be held in March and from July to October. Universities should also avoid submission to the LegCo at the end of the legislative session.

5.21 Universities should not commit expenditure until the UGC has issued the capital allocation letters following FC's approval of funding.

5.22. According to the Financial Circular No. 3/2020 "Parallel tendering for contracts", universities shall adopt parallel tendering for the procurement of all works contracts and works-related consultancies funded under the CWRF [6], unless the universities, upon the conduct of a risk assessment, that the risks overweigh the benefits involved or, where justified, have sought exemption from the Government. The returned tender price will be reflected in APE. In other words, universities are generally required to invite tenders or initiate consultants selection exercise prior to securing funding approval. Universities must state clearly in such tender invitations that funding approval has not been obtained, and that the universities will not be responsible for the cost of preparing tenders. Universities should not award a contract and should not indicate to the successful bidder that the universities would accept its bid unless and until funding is secured. The requirements on parallel tendering also apply to projects funded by the AA&I block allocation (see paragraph 5.66 below).

Cost Estimates for Capital Projects

Site investigation costs

5.23 These are costs to be incurred by the university for undertaking detailed site investigation for the project, including site survey, boreholes, topography survey and other associated works, which is necessary to produce the relevant site information. Detailed site investigation can be carried out only after funds have been earmarked for the project by the Government or if funds are available from the AA&I block allocation.

Site formation and area development costs

5.24 Site formation costs include only the cost for site formation works. Area development costs are the costs incurred outside the building site itself on works such as the provision of a road to the site, provision of water, electricity, and sewers to the site, off-site surface drainage, land formation, soil erosion-related works, slope protection, and any other requirement which may be necessary for the grant of land. Every attempt should be made to compile a complete list of requirements and breakdown of the estimated costs.

[6] For the avoidance of doubts, for projects seeking funding approval with multiple works contracts/works related consultancies, the first works contract/works-related consultancy shall adopt parallel tendering. Tendering for subsequent works contracts/works-related consultancies may be initiated after funding is secured.

Piling and foundation costs

5.25 Piling costs include the costs for pilings. Foundation costs include pile caps, tie beams, strap beams, pad foundation, etc. and all the works below ground slab (except piling).

Building, building services, external works and drainage costs

5.26 The building costs and building services costs cover the costs of the building from and including ground slab. The external works and drainage costs cover the costs of external works, external services, underground drainage, roads, special access (e.g. elevated pedestrian walkways, bridges and steps, etc.) and landscaping within the boundary of the site.

Additional costs for energy conservation measures

5.27 The Government promotes a comprehensive target-based green performance framework for new and existing government buildings. All public works projects are required to adopt energy efficient features and renewable energy technologies as well as other environmentally friendly measures where practicable. The Government also adopt comprehensive targets on various aspects of environmental performance (such as greenhouse gas reduction, water reduction and management, indoor air quality, etc.) for all government buildings. Universities are invited to adopt the framework as far as possible.

Consultancies

5.28 Universities are encouraged to follow the Government's procurement requirements under which consultancy agreements not exceeding $3 million require a minimum of five quotations and those not exceeding $50,000 require a minimum of two quotations. Consultancy agreements exceeding $3 million should be appointed through a comparative selection system of technical and fees proposals to be submitted by consultants short-listed by the universities. Standard tender documents for comparative selection of consultants and the handbook of Architectural and Associated Consultants Selection Board (AACSB) are available from the website of the Architectural Services Department (ArchSD) at http://www.archsd.gov.hk. If privately-funded items/facilities are involved, the scope of service should be expanded to require that all subvented works and privately-funded works should be clearly delineated in the tender documents and the final accounts. Fees for privately-funded items/facilities should be funded by the universities and priced separately in the consultancy documents if practicable.

5.29 Irrespective of contract value, normally only firms on the current AACSB lists should be invited to tender for the consultancies. Reference should also be made to the prevailing "Guidelines on Consultant Selection for Architectural and Associated Consultancy Services by NGO for Government Subvention Projects" in formulating

the list of invited consultants. A university should not engage staff employed in its teaching departments for consultancies.

5.30 For consultancy agreements with contract value exceeding $5 million, universities should submit the draft tender document based on the Technical Adviser's standard documents and proposed list of firms to the UGC for approval, with a copy to its Technical Adviser for technical comments. Universities should submit the tender report and recommendation to the UGC and its Technical Adviser for approval before the tender is awarded. Universities should ensure all relevant information is available in their submission to facilitate the Technical Adviser's comments. It is expected that the tender report with recommendation would reach the Technical Adviser within 6 weeks after the closure of tendering.

5.31 Consultancy agreements should contain an audit inspection clause permitting authorised public officers to inspect records kept by consultants, and a clause allowing the university to unilaterally suspend or determine a consultancy agreement with one month notice in writing.

5.32 Consultants are required (in consultancy agreements for all subvented projects) to submit to the UGC Secretariat all major variations within one month after issuing the variation orders.

5.33 Universities should also assess the expenditure needed for the employment of resident site staff if required for the project. For the purpose of preliminary estimation, the total allowance for professional fees, resident site staff cost, and lithography charges should not normally exceed 10% of the total works value including built-in furniture, but excluding equipment and loose furniture. Guidelines for estimating professional fees and resident site staff are set out in **Annex 5F**. The manning scale for Resident Site Staff is set out in the Handbook of AACSB.

5.34 Universities are required to indicate in their submissions the professional fees required for works to be carried out during the detailed design stage, and separately, the total professional fees and site supervisory staff cost required for the whole project. Universities should submit a detailed resident site staff plan to the Technical Adviser for agreement before commencement of works.

Furniture and equipment

5.35 The UGC Secretariat assumes the vetting role for cost estimate on furniture and equipment (F&E). Following the issuance of the Financial Circular No. 3/2016 "Furniture and Equipment for Capital Works Projects Funded under the Capital Works Reserve Fund", the requirements for procurement of F&E are devised at **Annex 5G** for compliance by the UGC-funded universities. Universities are also advised that funds cannot be transferred between the F&E budget and the construction budget without the UGC's and the Government's approval while the allowance for F&E

in a capital works project should not normally exceed 12.5% of the building costs and the building services costs of the project.

Contingency

5.36 Unforeseen expenditure will be met from project contingency, project saving or non-Government funds. Contingencies should not be used to cover additional costs which are not recommended for support for subvention by the Technical Adviser.

Economy

5.37 Universities should be conscious of the need to exercise economy in undertaking subvented capital works projects. They should, for example, avoid unnecessary or non-essential works items and facilities in the projects or to use materials of excessively high standard. Universities are however encouraged to take cognizance of possible long term savings to be achieved by, if necessary, higher initial capital cost. In this connection, universities should conduct life cycle cost analysis in justifying the case for consideration by the Technical Adviser.

Building Procedures

General

5.38 Capital works projects funded by the UGC should normally be carried out using the established practice of procurement, *i.e.* separate detailed design and construction by consultants and contractors respectively. However, if a university wishes to consider alternative methods of procurement, *e.g.* design and build, they may submit the proposal to the UGC for consideration. The university must be able to demonstrate in its proposal that the alternative method suggested has advantages over the traditional method. The proposal will be considered by the UGC in consultation with its Technical Adviser.

5.39 Universities may incorporate suitable clauses in tender/contract documents for liquidated ascertained damages. Depending on the circumstances surrounding each case, funds so recovered should normally be returned to the Government. If a university considers that the damages subsequently accrued from a contract should be retained by the university to offset a financial loss incurred by the university, full justifications should be submitted to the UGC for consideration. The UGC will consult its Technical Adviser and the Government.

Tender Stage

5.40 A university planning to invite tender for any works contract[7] in a UGC-funded project exceeding $10 million each must seek prior approval from the UGC on the advice of its Technical Adviser. A university must not accept any tender of this value unless there is prior approval from the UGC. Unless otherwise approved by the UGC on the advice of its Technical Advisor, a minimum of 10 firms of appropriate category from the current list of Approved Contractors for Public Works or Approved Suppliers of Material and Specialist Contractors for Public Works should be invited to tender. Firms should confirm their interest in submitting tenders before including them in the proposed list of tenderers.

5.41 In line with Government's subvention policy, universities should seek UGC's approval of the tender document and tender recommendation. Before inviting works tender of a contract value exceeding $10 million, a university should submit the proposed list of tenderers and the pre-tender estimate vs. the APE to the UGC and its Technical Adviser for consideration. Universities should also provide the draft tender documents and addendum, if any, to the Technical Adviser for comments. If privately-funded items/facilities are involved, all subvented works and privately-funded works should be clearly delineated in the tender documents. In normal circumstances, the Technical Adviser will provide its comments within three weeks from the date the documents are received, depending on the priority and complexity of the works involved in the tender. The university's tender recommendation should be approved by the UGC with the advice of its Technical Adviser as appropriate before the tender is awarded. Universities should ensure that all relevant information is available in their submission to facilitate the Technical Adviser's comments. The Technical Adviser may liaise and discuss with the universities directly when commenting on these documents should the university consider it necessary. Universities should provide a statement on the latest financial position of the project upon award of each tender.

5.42 A university should not accept a tender which will cause the anticipated final project expenditure to exceed the APE. If a university wishes to do so, it must either submit a written undertaking to the effect that it will meet any shortfall from non-UGC funds or seek the approval of the UGC, which would then notify the Government and seek the necessary approval (*e.g.* FSTB or PWSC/FC, as appropriate (see paragraph 5.48)). Universities shall be liable for all consequences of accepting tenders in excess of the APE without prior approval, including bearing all additional costs from non-UGC funds.

5.43 The Government adopts a contract price fluctuation system (CPFS) in public works tenders which allows adjustment to contract payment in accordance with movements in the cost of labour and materials in public works contracts. The objective of the CPFS is for risk sharing between Government as the employer and the

[7] Universities should refer to the requirements in paragraph 5.35 for procurement of F&E.

contractor under capital works contracts. It is an equitable risk sharing mechanism as payments to the contractor can be adjusted either upward or downward (*i.e.* positive or negative payment) in response to changes in the material and labour costs. The Government requires all public works contracts to incorporate a CPFS provision regardless of the contract duration unless there are genuine practical problems, such as contracts involving predominate use of proprietary products/systems and the lack of relevant cost indices for price fluctuation computation. Universities are therefore encouraged to adopt the CPFS in their capital works contracts. Relevant clauses should be incorporated in the draft tender documents where appropriate for the Technical Adviser's comment.

Construction Stage

5.44 To ensure timely delivery of capital works projects, universities should adhere to the works commencement date as specified in the PWSC submission. Universities are required to monitor and control the progress of the projects closely with a view to completing the projects on time and within the APEs. Universities should adhere to the cashflow commitments for the sake of public finance management. If, at any time, a university foresees any major slippage on the work programme of a project which may result in under-achievement of the policy targets, or significant underspending (*e.g.* over 10% of the estimated expenditure for that year), the university must report this to the UGC immediately. Likewise, universities must also report immediately to the UGC if they foresee overspending. Universities are required to give full explanation to justify the significant deviations in cashflow requirement to the Government and possibly the LegCo.

5.45 As required by DEVB, universities are required to provide at the beginning of each financial year the projected monthly cashflow requirements in respect of capital works projects for uploading to the Government's Public Works Programme Information System (PWPIS). Universities should provide such information to the DEVB via UGC, and inform UGC well in advance when there will be any significant deviations from their cashflow commitments.

5.46 Approved funds for the projects will be released to the universities on a monthly basis upon request of the universities and completion of the monthly statement and claim form at **Annex 5H**. Favourable balances held by the university should not normally exceed about three weeks' expenditure, assuming equal expenditure over the year. Government funds should be used to meet project expenditure only after all non-Government funds/private contributions have been expended. The amount of non-Government funds expended will not be reimbursed in case the project is cancelled/curtailed.

Major Variations of Contract

5.47 As stated in paragraph 5.32 above, consultants are required (in consultancy agreements for all subvented projects) to submit to the UGC Secretariat all

major variations within one month after issuing the variation orders, provided that the total project cost including the variations will not exceed the APE. The submission should include sufficient details and supporting information for UGC Secretariat to seek ArchSD's advice suitably. A major variation in this context is defined to be the variation ordered in accordance with the works contract which may commit the university to additional expenditure of a value estimated to exceed $800,000, in line with the current government practice. For major variations in AA&I projects, the supporting information shall be provided in the form of a checklist (**Annex 5I**) and the supporting documents will only be required upon request. Universities shall be required to state in their submissions of the existing monthly financial statements to the UGC Secretariat for both capital and AA&I projects (i.e. **Annexes 5H** and **5M**) if any major variation was ordered in the relevant month. Nil return will be assumed if no variation order was mentioned in your monthly submissions. If the APE is to be exceeded due to any variations, universities should notify the UGC Secretariat promptly. Unless the university undertakes to meet the extra expenditures above the APE with non-Government funds, the variations should not be committed. Universities should refer to paragraph 5.48 below if adjustment of APE is necessary.

Adjustment of Approved Project Estimate

5.48 Universities will be responsible for ensuring that works expenditure stays strictly within the APE and in strict accordance with the scope of the project as approved by FC. In exceptional circumstances and with sufficient justification, the UGC may agree to seek additional funds to meet additional expenditure. The UGC and its Technical Adviser will comment on the revised estimate of the project submitted by the university, taking into consideration any previous and future project savings before adjusting the project estimate. The university shall not commit further expenditure until the revised project estimate has been approved by the Government and, where necessary, FC.

5.49 To avoid locking up resources unnecessarily, the Government will internally "freeze" all savings arising from contracts awarded at prices substantially lower than the provision earmarked for these contracts in the APE. Universities should not spend against the savings. For the purpose of monitoring project spending, the updated requirement for the project (*i.e.* the reduced project estimate) will be the "administrative cap" on the project expenditure. Should the universities wish to increase the estimated project expenditure, they may apply to the UGC with justifications. The UGC will seek FSTB's agreement to raise the administrative cap as appropriate.

Change in Project Scope

5.50 The universities must keep to the original project scope approved by the UGC and FC. They should inform the UGC, which would then notify the Government, of any planned changes in project scope at any stage, whether or not such changes would lead to reduced or additional funding requirements. The universities

must not implement any planned changes prior to obtaining the approval of the UGC and, the FSTB, where necessary, the PWSC/FC. They shall be liable for all the consequences of implementing any changes without prior approval, including bearing all the additional costs with non-Government funds.

Completion of Project

5.51 Upon completion of a project, the university should prepare a statement of final accounts as soon as practicable by completing the proforma at **Annex 5J** which should be duly certified at Vice-President level or above. If privately-funded items/facilities are involved, all subvented works and privately-funded works should be clearly delineated in the final accounts. A separate assurance engagement should be carried out by an external auditor engaged by the universities. The external auditor should conduct the engagement in accordance with Hong Kong Standard on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and should express a conclusion as to i) whether the university has, in all material respects, accounted for the income and expenditure in respect of the funds received for the project in the statement of final accounts; and ii) whether there is any material exception including fraud, errors, use of funds not in accordance with the purposes as approved by the LegCo or non-compliance of the guidelines and other relevant documents/comments issued by the UGC or its Technical Adviser. Universities are not required to submit full supporting documents to the UGC and its Technical Adviser for comments since the universities assume full responsibility and accountability of the expenditure incurred. The relevant supporting documents (*e.g.* tender documents, purchase orders, contracts, contractor claims and payment receipts, etc.) will need to be submitted only upon request by the UGC or its Technical Adviser for random checks. Universities are required to maintain and keep the supporting documents for at least seven years from the date of submission of final accounts for checking and audit purposes.

5.52 It should be noted that the final project accounts should be finalized as soon as possible and in any event not later than three years after commissioning of the facilities[8]. Universities should inform UGC if they anticipate that the timescale cannot be met due to special circumstances. They should be aware that the examination outcome of the UGC and its Technical Adviser may affect the amount of Government subvention to the project, but the UGC will have no contractual liabilities towards the universities or their contractors. Expenditure on unapproved works or expenditure above the APE has to be funded from non-Government sources. Advance payment to the university above the final approved expenditure has to be returned to the Government.

[8] For the purpose of finalising the final accounts of capital works projects, "project commissioning date" refers to the date when the project commences functional operation. After the completion of project construction (viz. the "completion"), a project may require time for testing and commissioning purpose, before the project could commence functional operation (viz. "commissioning"). Project commissioning is not tied with the defect liability period.

Contractor's Claims and Related Matters

5.53 Universities may receive from contractor claims in relation to the contracts under the project, such as claims for loss and expense, prolongation of the contract period, etc., which may or may not be dealt with under the terms of the contract. Universities, being the works agent and project manager of the project, should make assessment and refer these claims to the UGC and its Technical Adviser for advice before an offer is made to the contractor.

5.54 In principle, commercial settlement between universities and contractors in capital works projects is discouraged. If, in exceptional circumstances, a university considers it necessary to negotiate a commercial settlement with a contractor, the university should consult the UGC and its Technical Adviser and submit proposal prior to any discussion with the contractor. The use of credit accruing from the settlement, if any, will be subject to the advice of the UGC and the Government.

Hostel Projects funded by the Hostel Development Fund

5.55 With the establishment of Hostel Development Fund (HDF) as approved by the LegCo in July 2018, universities are given more flexibility in hostel projects funded by the HDF to exercise creativity in architectural design of the buildings and in managing the projects without referral to the UGC and/or its Technical Adviser, e.g. in tender specifications, invitations to tender, selection and award of tenders, etc. However, in line with the prevailing practice, universities would continue to assume full responsibility and accountability for their projects. They must ensure that their projects comply with all relevant legislation, and should seek approval from the relevant authorities where necessary. Universities will continue to consult stakeholders including the local community.

5.56 Universities may not be required to follow in full the procedures for major capital projects as outlined in paragraphs 5.11-5.54 above. However, universities are required to comply with the requirements as stated in the service agreement (e.g. submission of quarterly progress reports and final accounts) signed between individual universities concerned and the UGC Secretariat.

Alterations, Additions, Repairs and Improvements Block Allocation

Ambit of the Allocation

5.57 The allocation is for -

(a) AA&I, including slope inspections and minor slope improvement works, to the campuses of the UGC-funded universities requiring a subsidy of not more than $50 million each; and

(b) studies for capital works projects selected in accordance with the Government's established resource allocation mechanism, including consultants' design fees and charges, preparation of tender documents, site investigation costs and major in-house investigations, costing up to $50 million for each project.

5.58 AA&I block allocation covers a wide range of projects including building works related to, for instance, site development, geotechnical works, significant renovation exercise, information technology (IT) infrastructure (excluding computer equipment), landscaping, minor slope works and improvement items of a less recurrent nature. The projects may also cover "green solutions". Universities should not divide a major capital project exceeding $50 million into several phases and submit bids under this block allocation.

5.59 The recurrent block grants to universities are intended to cover many aspects of maintenance and repair of premises, and purchase of equipment. Universities are expected to utilize a percentage of the block grants for these purposes – for example, to reinvest in existing buildings/premises in terms of regular maintenance/refurbishment/renovation. Moreover, proposals purely on purchase of F&E and the proposed consultancy study, feasibility study or advanced planning work of capital projects before they have been selected in accordance with the Government's established resource allocation mechanism are not fundable under the AA&I allocation.

5.60 Minor works projects costing less than $3 million each should normally be paid for from the universities' recurrent block grants. They should not be referred to the UGC for capital funding and are not subject to the detailed scrutiny of the UGC and its Technical Adviser. Nevertheless, universities undertaking these projects are reminded that these projects should be carried out in a cost effective manner, according to the universities' own procurement procedures, and in line with the same principles as set out in this Chapter.

Procedures

5.61 AA&I proposals are considered by the UGC on an annual basis. The procedures for processing AA&I proposals from the UGC-funded universities are outlined at **Annex 5K**.

5.62 The relevant requirement in paragraph 5.7 also applies to AA&I proposals, i.e. universities should confirm that the AA&I proposals are endorsed or supported by their Council, either directly by the Council or through properly delegated authorities to (i) any committees or bodies under the Council or (ii) senior management of the universities. In addition, universities should submit AA&I proposals with order of priority accorded to each proposal by completing the form at **Annex 5L**. The submission should be signed off at Vice-President level or above. The UGC may limit

the number of new proposals to be submitted by universities. PDS and TFS are not required for AA&I proposals.

5.63 Provision of consultants' fees and F&E can be included in the project estimates for AA&I projects. Site supervision should normally be performed by universities' in-house staff. Only under very special circumstance will the site supervision cost (i.e. cost of resident site staff) be supported under the AA&I block grant.

Implementation and Subsequent Monitoring

5.64 AA&I projects, by their very nature, are relatively minor as compared with major projects under the annual capital programme and should be implemented and completed within a maximum timeframe of three years starting from the date of AA&I funding approval to universities. The approved provision from the Government is given on an annual basis. Any sum unspent is not allowed to carry over to the next financial year. Any slippage will therefore lock up resources available in the next financial year, and hence adversely affect all universities. Underspending by a university reflects its inability to implement the projects as planned, and will be taken into account by the UGC in considering future project proposals from the university concerned.

5.65 The APE for each project will be budget-capped. Requests for supplementary provision will not be approved. Contracts for the works should, as far as possible, be awarded on a fixed price basis in order to contain costs within the project budget ceiling. Before accepting a tender, the university concerned should ensure that the APE will not be exceeded unless it undertakes to meet any shortfall in the final project expenditure with non-Government funds. If the approved project scope needs to be revised in order to contain the budget within the APE, the university concerned should submit the proposal to the UGC and its Technical Advisor for prior agreement.

5.66 Universities are given more flexibility in managing the projects and in dealing with the various aspects of AA&I projects without referral to the UGC and/or its Technical Adviser, *e.g.* in tender specifications, invitations to tender, selection and award of tenders, final accounts, etc. However, universities are required to submit details of the project estimates to the UGC and DEVB/ArchSD as appropriate for advice on the reasonableness of the estimated project costs in accordance with the prevailing requirement and follow the requirements as stated in paragraph 5.22 above on parallel tendering, with an aim of reflecting the returned tender price in the APE. Universities are also required to follow the requirements as stated in paragraphs 5.32 and 5.47 on variations of contract. As regards the procurement of F&E, universities are required to follow the requirements at **Annex 5G** as stated in paragraph 5.35 above. In proposing and considering the AA&I projects, both universities and the Technical Adviser should take into account the life cycle cost analysis, *i.e.* proposals that can generate long-term recurrent cost savings, if necessary, by higher initial capital cost may be positively considered.

5.67 Universities may not be required to follow in full the procedures for major capital projects as outlined in paragraphs 5.11-5.54 above. However, universities should ensure proper procurement procedures with reference to Government's latest rules and regulations applicable to public capital works.

5.68 Universities should monitor progress of the projects and the level of expenditure against the commitment submitted in order to avoid any slippage in progress. Works[9] of each newly approved AA&I project should start within six months from the date of funding approval. Beyond that, the approval will automatically lapse and the university has to seek agreement from the Permanent Secretary for Education and the Secretary for Financial Services and the Treasury for extending the validity period. As required by DEVB, universities are required to provide the projected monthly cashflow requirements of each AA&I project for uploading to the Government's PWPIS. Universities should provide such information to DEVB via UGC, and inform UGC well in advance when there will be any significant deviations from their cashflow commitments.

5.69 Funds for the projects will be released to the universities on a monthly basis upon request and on completion of the monthly statement and claim form at **Annex 5M**. Favourable balances held by the university should not normally exceed about three weeks' expenditure, assuming equal expenditure over the year. Government funds should be used to meet project expenditure only after all private contributions for the project have been expended. The amount of non-Government funds expended will not be reimbursed in case the project is cancelled/curtailed.

5.70 Upon completion of the AA&I projects, universities are required to submit a certified financial statement (**Annex 5J**) to account for the total actual expenditure of the project. The submission should be made not later than 15 months after the commissioning of the facilities covered by the AA&I works, and be duly certified at Vice-President level or above. In case the actual expenditure of any particular major item (*e.g.* building and building services, etc.) is 15% more or less than the related approved budget, universities should provide justification(s) for the deviation. Universities should assume full responsibility and accountability for ensuring that the expenditures are incurred in accordance with the APE and approved project scope. They are not required to submit full supporting documents to the UGC and its Technical Adviser for vetting. The relevant supporting documents (*e.g.* tender documents, purchase orders, contracts, contractor claims and payment receipts, etc.) will need to be submitted only upon request by the UGC Secretariat or its Technical Adviser for random checks. Universities are required to maintain and keep the

[9] The project is defined as having works started in one of the following scenarios, whenever is earlier –
(a) commencement of design works for project with in-house design;
(b) contractual commitment with the consultant for consultancy assignment/study;
(c) commencement of works by the contractor for construction works; or
(d) placing of purchase order with vendor/manufacturer, etc.

supporting documents for at least seven years from the date of submission of the financial statement for the checking and audit purposes.

Special Arrangement for Healthcare Teaching Facilities under the Health Bureau

5.71 To support the UGC-funded universities which offer healthcare training programmes in expanding their capacity for the training of healthcare professionals under UGC-funded programmes, the Government has earmarked a special funding provision for short, medium and long-term works projects for increasing or upgrading their healthcare teaching facilities. Such projects are under the purview of the HHB which directly handles proposals from the universities concerned.

5.72 As the policy bureau for the initiative, the HHB ensures that the requirements for the healthcare teaching facilities works projects are fit for purpose and strictly necessary having due regard to value-for-money considerations. The HHB is responsible for handling matters concerning the scopes and estimates of the relevant projects, including but not limited to the vetting/approval of PDS, TFS, tenders for consultancy and works contracts (including subsequent contractual variations and claims), detailed design reports and Special F&E of healthcare related works projects. The HHB also takes lead in arranging consultation with the relevant panel(s) in the LegCo before seeking endorsement from the PWSC and funding approval from the FC of LegCo. ArchSD, in its capacity as the government department for advising various bureaux and departments on their subvented projects, offers technical advice to the HHB in the process as appropriate.

5.73 After obtaining funding approval by LegCo on the projects, the UGC Secretariat shall arrange the release of the approved funds to the universities on monthly basis upon request of the universities and completion of the monthly statement and claim form. The UGC Secretariat shall also monitor the progress of the projects by requiring the universities to submit quarterly progress reports, with a copy to HHB. The UGC Secretariat is also responsible for approving applications for procurement of Normal/Special F&E with endorsement from the HHB. Should there be major issues concerning the implementation of the projects in the course of the aforesaid monitoring arrangement, the UGC Secretariat would seek steer from the HHB as appropriate. Upon project commissioning, the UGC Secretariat would liaise with the university concerned and ArchSD for finalising project accounts as appropriate and arrange to seek HHB's endorsement. The UGC Secretariat will follow the procedures with adaptation as appropriate under the relevant paragraphs in this Chapter when performing the monitoring role during delivery phase of the projects, and issue additional guidance to clarify the roles and responsibilities of different parties where necessary.

Assessment of Space Needs

5.74 The UGC endorsed the adoption of a Room Use-based Approach (namely the Kaiser Formulae) to assess universities' space and accommodation needs in February 2000. The space planning standards in the Kaiser Formulae are guidelines which assist both the universities and the UGC in determining the appropriate space needs of individual universities. The Kaiser Formulae was reviewed again in 2006 in anticipation of the extension of the normative length of undergraduate programme from three to four years. Given the rapid changes in the higher education sector, such as changing pedagogy and technology, the UGC commissioned another review in 2017. The first phase of the study was completed in 2019 and covered a space utilisation survey, an audit of universities' space inventories and an assessment on the need for a complete review on the space formulae. In view of the material academic space shortfall in the UGC-funded universities, while it might be desirable to conduct a review on the space provision for some space categories to bring the formulae more up-to-date, a full-fledged review might only be an academic exercise and resources should better be deployed to resolving the current space shortfall. UGC therefore decided to defer consideration of the phase 2 review of the space requirement formulae until the existing space shortfall was largely met.

5.75 The UGC requires all universities to update space inventories on a regular basis and provide such inventories to the UGC Secretariat every three years, *i.e.* once during each triennium, and on a need basis when necessary. Universities are required to follow the guidelines as set out in the Space Inventory Manual in compiling the space inventories. The space inventories provide useful background information for the assessment of future capital proposals from the universities, and facilitate the UGC in assessing the space provision using the Room Use-based Space Planning Standards.

5.76 For any change of area and usage from "UGC-funded space for UGC activities" to "UGC-funded space for non-UGC activities", universities should seek the prior advice of UGC in order to proceed with the project. Moreover, for any change of area and usage from "UGC-funded space for UGC activities" to either "privately-funded space for UGC activities" or "privately-funded space for non-UGC activities", universities should seek the prior approval of UGC before proceeding with the project.

5.77 Universities should ensure that the data entered in the space inventories are accurate and updated. Universities will be held accountable for the data accuracy and integrity of space inventories, which may be subject to audit by external party as appointed by UGC.

Annex 5A

Guidelines on the use of publicly-funded academic space for self-financed activities and development of new privately-funded capital projects on universities' campuses

Use of publicly-funded academic space

With the rapid expansion of the self-financed programmes within the university proper over the last decade, there has been an increasing need for students of UGC-funded programmes to share academic space with students participating in self-financed programmes, in particular in the use of classrooms, libraries, campus facilities and amenities. This has created substantial pressure on campus facilities and other campus resources. As the publicly-funded academic space is primarily intended for the use of students and staff of UGC-funded programmes, it should not, as a matter of principle, be used for self-financed activities unless there is spare capacity to do so. Universities should ensure that the use of the UGC-funded facilities for self-financed activities is contained at a scale so as not to adversely affect the normal use of the campus facilities by the students of UGC-funded programmes. In this regard, universities should conduct regular reviews on the use of the publicly-funded campus facilities to ensure that this is the case. In the longer run, universities should consider operating self-financed programmes on off-campus premises.

Privately-funded capital projects

Given the continued shortfall in universities' academic space and student hostels and the limited land space within universities' campuses, universities should ensure that the need for publicly-funded facilities has already been catered for when planning for privately-funded developments on campus. Universities are required to inform UGC of any wholly privately-funded project within campuses before its commencement, and provide a master development plan of the campus showing how their long-term requirements for publicly-funded academic space and student hostels can be met and the proposed privately-funded development will not adversely affect the campus environment. Universities should also note that the Administration will take into account their privately-funded projects when considering universities' future requests for new sites for development and it would be difficult to justify the need for new sites when there is spare capacity within campus for privately-funded developments.

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Annex 5B

Government Guidelines Applicable to UGC-funded Universities' Capital Works Projects

The relevant technical and newly-issued circulars that may be relevant to the publicly-funded projects of the UGC-funded universities can be found at the website of Development Bureau (http://www.devb.gov.hk). The circulars are subject to review and update by the Government from time to time. Apart from the technical circulars, the Government issues information in respect of various building aspects – such as code of practice for energy efficiency and adoption of advanced energy saving technologies issued by the Electrical and Mechanical Services Department. Hence, the circulars listed below are not exhaustive. UGC-funded universities should check out the latest requirements promulgated by the Government from time to time, and may consult the UGC's Technical Adviser (Architectural Services Department) if necessary.

2. The more commonly-referred circulars are listed below for easy reference :

Circular No.	**Subject**
Development Bureau Works Technical Circular	
27/1983	Appointment of Nominated Sub-contractors and Specialist Contractors and the vetting of the Financial Capability of Contractors to undertake Public Works Contracts
26/1985	Provision of Land for Government Projects or Use
2/1993	Public Dumps
2/1993B	Public Filling Facilities
12/2000	Fill Management
24/2001	Simplified Tendering Arrangement for Capital Works
13/2003	Guidelines & Procedures for Environmental Impact Assessment of Government Projects and Proposals
13/2003A	Guidelines & Procedures for Environmental Impact Assessment of Government Projects and Proposals Planning for Provision of Noise Barriers
21/2003	Contract Price Fluctuation System for Civil Engineering and Building Contracts

Circular No.	Subject
30/2003	Control of Client-Initiated Changes for Capital Works Projects
19/2005	Environmental Management on Construction Sites
1/2006	Air Ventilation Assessments
4/2006	Delivery of Capital Works Projects
6/2009	Heritage Impact Assessment Mechanism for Capital Works Projects
6/2010	Trip Ticket System for Disposal of Construction & Demolition Materials
2/2011	Encouraging the Use of Recycled and other Green Materials in Public Works Projects
3/2012	Site Coverage of Greenery for Government Building Projects
2/2015	Green Government Buildings
7/2018	Management Handbook for Direct Employment of Resident Site Staff by Consultants for Public Works Projects
4/2020	Tree Preservation
12/2020	Adoption of Building Information Modelling for Capital Works Projects in Hong Kong
Financial Circular	
4/2010	User Guide on the Finance Committee, Establishment Subcommittee and Public Works Subcommittee
4/2012	Requirement for Project Definition Statement and Technical Feasibility Statement for Capital Works Projects
5/2014	Consultants' Fees and Resident Site Staff Costs for Works Projects
3/2016	Furniture and Equipment for Capital Works Projects Funded under the Capital Works Reserve Fund
4/2017	Optimisation of Site Utilisation for Capital Works Projects
7/2017	Capital Works Programme
3/2020	Parallel Tendering for Contracts

Handbooks
Architectural and Associated Consultants Selection Board (AACSB) Handbook
Engineering & Associated Consultants Selection Board (EACSB) Handbook
Project Administration Handbook for Civil Engineering Works

Annex 5C

Regular Reports Submitted to the Government and the Legislative Council on Publicly-funded Capital Works Projects

To the Government

Financial Services and the Treasury Bureau -

- Items approved under block vote (quarterly)

Development Bureau -

- Contract commenced (monthly)
- Job creation update - tender planned and awarded (monthly)
- Administrative cap of capital works projects (update upon award of tender)
- Progress on submission to Legislative Council (monthly)
- Expenditure forecast for major Category A projects (monthly)
- Advanced review of cashflow estimates (annual)
- Projected monthly cashflow for capital and AA&I projects (annual)

To the Legislative Council

Public Works Subcommittee -

- Forecast of submissions for the current LegCo session
- Contracts Awarded on Major Capital Works Projects (quarterly reports)
- Expenditure under Capital Works Reserve Funds Block Allocation (quarterly reports)
- Report on Significant Deviations between Accepted Tender Prices and Estimated Provisions in the Approved Project Estimates (quarterly reports)
- Information on project completed in the last financial year
- Year-end report on submissions to PWSC
- Annual Report on Capital Works Reserve Funds Block Allocations

Capital Grant Mechanism

(Capital works projects exceeding $50 million)

Involved Parties

- PWSC, FC, LEGCO
- Government
- FSTB, EDB & DEVB
- Arch SD
- UGC
- UGC Secretariat
- UGC-funded universities

Legends

Workflow →

Liaison ←- -→

1. 15 Sept, Year 1
Submit PDS/TFS to UGC by 15 September for full approval

2. Oct ~ Dec, Year 1
Initial check against standard requirement of PDS/TFS

3. Jan, Year 2
Consider and select proposals

4. Jan ~ Apr, Year 2
Universities to obtain endorsement of relevant departments

5. Feb ~ May, Year 2
Comment on TFS of projects supported by UGC

6. Jun ~ Jul, Year 2
Approve PDS/TFS by EDB and DEVB

7. Oct, Year 2
Select projects under established resource allocation mechanism

8. Submit tender documents for consultancy services
Submit draft tender documents exceeding $5 million to UGC/Arch SD; Submit tender assessment reports upon return; Submit quarterly progress report until project completion

9. Comment on tender documents
Comment on draft tender documents and tender assessment reports on consultancy services

10. Approve appointment of consultants
Approve tender invitation and appointment of consultants on Arch SD's advice

11. Detailed design and draft PWSC paper
Submit detailed design and updated project estimates to UGC/Arch SD at least 6 months before date of PWSC; Submit draft PWSC paper for comments at least 5 months before date of PWSC

12. Comment on project estimate
Comment on the project estimate.

13a. Vet draft PWSC paper
Circulate draft PWSC paper to relevant government departments and bureaux for comment; Vet the estimate for F&E

13b. Submit tender documents for construction works
Submit draft tender documents of works contracts exceeding $10 million to UGC/Arch SD; Submit tender assessment reports upon return

14. Vet draft PWSC paper
Vet draft PWSC paper

15. Comment on tender documents
Comment on draft tender documents and tender assessment reports for works contract

16. Funding Approval
Approve funding for the project (upgrade to Cat A); Panel on Education will be consulted if necessary

17. Approve appointment of works contractors
Approve tender invitation and appointment of works contractors on Arch SD's advice

18. Construction
Implement and monitor construction works; Apply for release of funding

19. Monitoring
Monitor project progress; Release funding upon request

20. Completion
Submit a statement of account certified by audit accountant and Vice-President to UGC/Arch SD

21. Random check
Conduct random check on the statement of account

22. Project Closure
Conduct random check; Close project

Annex 5E

Checklist for Detailed Design Report and PWSC Submission – UGC-funded Project

Detailed Design Report Submission					
Timeline	**Documents to be submitted**	**Concerned Parties**		**Other supporting documents/requirements**	**Planned/Actual submission & approval date**
		From	**To**		
7.5 months before PWSC meeting	Detailed design report and cost estimate	University	UGC/ ArchSD	☐ Elemental analysis with detail Schedule of Quantities and Rates ☐ Outline specification with finishing schedules ☐ Proprietary product list ☐ Efficiency ratio calculation and floor plans with NOFA (in different space categories) and CFA. Copy of documents **SUBMITTED** to statutory authorities ☐ General Building Plans (BD, FSD, etc.) ☐ Structural Framing Plans (BD) ☐ Demolition Plans (BD) ☐ Foundation Plans (BD) ☐ Site Formation Plans, etc. (BD, GEO) ☐ Tree Survey & Tree Felling/Planting Proposal (Lands D) ☐ Natural Terrain Hazard Study/Plans (BD, GEO) ☐ Topographical & Condition Survey Report (If necessary) ☐ Traffic Impact Assessment (If necessary) ☐ Drainage Impact Assessment (If necessary) ☐ Heritage Impact Assessment (If necessary) ☐ Preliminary Environmental Review (If necessary) ☐ Copy of District Lands Conference's endorsement for land grant (for land grant) (For plans submitted to statutory authorities, copy should be submitted to ArchSD, with covering letter addressed to UGC. Structural Framing and Foundation Plans in A1 size and soft copy in CD format should be submitted to ArchSD for information/comments. Submission of other drawings to UGC/ArchSD is not required unless requested.)	

Tender Submission and Assessment (for Parallel Tendering)					
Timeline	**Documents to be submitted**	**Concerned Parties**		**Other supporting documents/requirements**	**Planned/Actual submission & approval date**
		From	**To**		
5.5 months before PWSC meeting	1st Draft of Main Contract Tender and Pre-Tender Estimate	University	UGC/ ArchSD	☐ Tender drawings (architectural, building services, structural, landscape, etc) ☐ Tender documents such as front parts, bills of quantities, schedule of provisional quantities/rates, specifications, etc. ☐ Furniture and equipment list incorporated in the Main Contract	
3.5 months before PWSC meeting	Final Draft of Main Contract Tender for tender issue out	University	UGC/ ArchSD	☐ Full set of final tender documents as described above ☐ Tender invitation letter to tenderers ☐ Proposed tenderers list ☐ Declaration form of conflict of interest by the University and its consultants	
7 weeks before PWSC meeting	Tender Assessment and Recommendation Report	University	UGC/ ArchSD	☐ Revised budget table based on the recommended returned tender price ☐ Tender assessment report with the University's agreement to the tender recommendation ☐ Tender price opening record endorsed by the University ☐ Copies of Form of Tender returned ☐ Declaration form of conflict of interest by the University and its consultants	

Preparation of PWSC Submission					
5 months before PWSC meeting	1st Draft PWSC paper	University	UGC/ ArchSD	<u>Evidence of CLEARANCE by relevant Authorities</u> ☐ Public Consultation (District Office) ☐ Environmental Implications (EPD) ☐ Land Acquisition (Lands D) ☐ C&D materials (CEDD) ☐ Job Creation (DEVB) ☐ Energy Conservation Measures (ArchSD/DEVB) ☐ Heritage Implications (AMO) <u>Further Submission of Detailed Design/Cost Estimate</u> ☐ Preliminary BS design including cost estimate based on approved FSI submission ☐ Justifications and further breakdown of cost estimate ☐ Breakdown of consultants' fee (AA&I and project vote) ☐ Breakdown of site supervision <u>Submission of the following draft information to CTA/SP for comment:</u> ☐ Template for Estimation of Energy Saving by Energy Efficient Features and Renewable Energy ☐ EPIG Information for PWSC/FC submission ☐ Project Environmental Design Checklist	

<table>
<tr><td rowspan="2">12 weeks before PWSC meeting</td><td>Revised Draft PWSC paper</td><td>University</td><td>UGC/ ArchSD/ (for circulation to relevant departments and onward submission to EDB/FSTB)</td><td rowspan="2">Copies of documents APPROVED by relevant Authorities
☐ General Building Plans (BD, FSD, etc.)
☐ Structural Framing Plans (BD)
☐ Demolition Plans (BD)
☐ Foundation Plans (BD)
☐ Site Formation Plans, etc. (BD, GEO)
☐ Tree Felling Proposal (Lands D, LCSD)
☐ Compensatory Planting Proposal (Lands D, LCSD)
☐ Natural Terrain Hazard Study/Plans (BD, GEO)

(For plans approved by relevant authorities, copy should be submitted to ArchSD with covering letter addressed to UGC. Structural Framing and Foundation Plans in A1 size and soft copy in CD format should be submitted to ArchSD for information/comments. Submission of other drawings to UGC/ArchSD is not required unless requested.)

Submission of the following information endorsed by the Consultant to CTA/SP for comment:
☐ Template for Estimation of Energy Saving by Energy Efficient Features and Renewable Energy
☐ EPIG Information for PWSC/FC submission
☐ Project Environmental Design Checklist

Evidence of AGREEMENT by CTA/SP
☐ Detailed project budget estimate based on approvals from BD
☐ Detailed BS design, specification and cost estimate
☐ Detailed total project estimate based on approved drawings

Confirmation of Achievement of Tender Documentation
☐ Q&As completed by universities</td><td></td></tr>
<tr><td>Draft PEd paper</td><td>UGC</td><td>EDB / FSTB</td><td></td></tr>
</table>

10 weeks before PWSC meeting	Revised Draft PWSC Paper (as an attachment of the Panel paper if necessary)	UGC	EDB	☐ University has duly incorporated views/comments from UGC, ArchSD, EDB and FSTB, etc. into the Revised Draft PWSC Paper (For parallel tendering, University is required to prepare the revised Draft PWSC Paper & EPIG based on the recommended returned tender price.)	
6 weeks before PWSC meeting	Final Draft PEd paper (English and Chinese)	EDB	Clerk to PEd		
18 clear days[1] before PWSC meeting	Final Draft PWSC Paper with updates on Panel consultation results	UGC/ EDB	FSTB	☐ University has undertaken to make technical presentation to CTA/SP 10 days prior to PWSC meeting date	
13 clear days before PWSC meeting	Chinese version of the Final Draft PWSC Paper	UGC/ EDB	FSTB		
6 clear days before PWSC meeting	Delivery of the Final Draft PWSC Paper	FSTB	Clerk to PWSC		

[1] The term "clear days" excludes the day of the giving of a notice, the day of the meeting and intervening Sundays and public holidays.

Annex 5F

Consultants' Fees and Resident Site Staff Costs for Works Projects

(Adapted from Financial Circular No. 5/2014)

Financial Circular No. 5/2014 updates the guidelines for preparing cost estimates for works or works-related consultancies and resident site staff (RSS) for inclusion in Public Works Subcommittee (PWSC) and Finance Committee (FC) submissions.

2. The guidelines of FC No. 5/2014 apply to -

(a) projects or studies funded under the Capital Works Programme (viz. Heads 702 to 707, 708 (Capital Subvention), 709 and 711 of the Capital Works Reserve Fund), including items to be approved under FC delegated authority; and

(b) works-related studies and consultancies funded under the General Revenue Account where appropriate.

Estimates of consultants' fees and resident site staff costs

3. Where the capital cost of a project includes consultants' fees and RSS costs, universities should identify these fees separately and provide a breakdown in an enclosure to the PWSC or FC submission.

4. Given that consultants and RSS are employed to undertake work which should otherwise be carried out by in-house staff, universities should base their fee estimates on the assumption that in-house staff will be used. The estimating process is set out at **Enclosure A**. A sample breakdown of estimates for fees for consultants and RSS for inclusion in the funding submissions is at **Enclosure B**.

5. Universities should first work out the man-month(s) of professional and technical staff required for the task concerned (viz. multiplying the number of staff and the number of man-months needed). The costs of other supporting staff (e.g. clerical and administrative staff) will be catered for through the use of a multiplier factor and need not be estimated. The estimated consultants' fees and RSS costs should be derived as follows –

Total estimated cost	=	Estimated man-month(s) required	x	Relevant Master Pay Scale (MPS) salary point(s)	x	Relevant standard multiplier factor(s)	+	Estimated out-of-pocket expenses (if any)

6. The standard multiplier factors are -

(a) 2.0 for staff employed in the consultants' offices, and

(b) 1.6 for site staff employed by the consultant.

7. In addition to the salaries of the professional and technical staff, the multiplier factors above also provide for meeting overhead costs (such as the consultants' office accommodation and other supporting staff), as well as payment of normal staff benefits (such as gratuities, housing, children's education and medical insurance). The lower multiplier factor for site staff reflects the lower overhead and accommodation costs that the consultant has to bear.

8. Universities should assess separately any out-of-pocket expenses that they would need to pay to the consultants (e.g. cost of producing a large number of reports, scale models and public consultation materials). This is particularly important in consultancies where the out-of-pocket element forms a significant proportion of the total estimated cost.

9. Universities should retain on file, in a readily accessible format, details of how the various figures, such as the number and grade of staff required, are devised. Such information may need to be provided to the Administration, PWSC or FC Members upon request.

10. The Development Bureau will from time to time update the multiplier factors in consultation with the Financial Services and Treasury Bureau (FSTB). Universities would be notified where changes are agreed.

Exceptions

11. If universities wish to deviate from the standard estimation methodology set out above, they should seek comments from the UGC Secretariat who may consider seeking Works Division of FSTB's agreement. Such deviation, if agreed by FSTB, should be explained in the PWSC or FC submission with full justification.

Enclosure A to Annex 5F

Guidelines for Estimating Consultants' Fees and Resident Site Staff Costs

In preparing a breakdown of the estimates for consultants' fees and RSS costs for inclusion in PWSC or FC submissions, the following steps should be taken -

(a) Divide the duties intended for the consultant's staff into broad categories of work, e.g. detailed design, preparation of contract documents, tender assessment, contract administration and RSS as appropriate.

(b) Decide which professional and technical grade(s) of government staff would be used if the works were to be undertaken in-house, and choose an appropriate average MPS salary point for each grade. The average MPS adopted for each grade may vary with the type and complexity of the project. The following are suggested as typical MPS salary points -

Professional	Pt. 38
Technical	Pt. 14

These MPS salary points would generally apply to larger consultancies where the consultant employs a range of professional and technical staff. For small consultancy assignments involving only one or two individuals, it may be more appropriate to adjust the MPS salary points to reflect the actual ranks and grades of the individuals. For example, if only two professional engineers are required at the rank of senior professional, it would be more appropriate to use MPS pt. 47.

(c) Estimate the time input in man-months required for each grade of staff to accomplish each category of work. No allowance for leave should be made.

(d) Consider the standard multiplier factor(s) applicable for each category or the costs. On top of the salaries for the professional and technical staff, the factors also provide for overhead costs and normal staff benefits, etc. Two factors to be used are -

(i) 2.0 for staff employed in the consultants' offices; and
(ii) 1.6 for site staff supplied by the consultants.

(e) Arrive at an estimated consultants' fee and RSS costs for the work by multiplying the monthly salary of the staff (equivalent to the MPS salary point chosen) by the man-month(s), as well as the standard multiplier factor(s).

Enclosure B to Annex 5F

Sample breakdown of the estimates for consultants' fees and resident site staff costs

823TH (Part) – Tseung Kwan O – Lam Tin Tunnel

Breakdown of estimates for consultants' fees and resident site staff costs (September 2012 prices)

			Estimated Man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee ($ million)
(a)	Consultants' fees for					
(i)	Detailed design and supervision of site investigation works (Note 2)	Professional	490	38	2.0	64.4
		Technical	539	14	2.0	24.2
(ii)	Preparation of tender documents and assessment of tenders (Note 2)	Professional	28	38	2.0	3.7
		Technical	30	14	2.0	1.3
					Sub-total	93.6
(b)	Resident site staff (RSS) costs (Note 3)	Professional	29	38	1.6	3.0
		Technical	55	14	1.6	2.0
					Sub-total	5.0
Comprising						
(i)	Consultants' fees for management of RSS for site investigation works				0.2	
(ii)	Remuneration of RSS responsible for site investigation works				4.8	
					Total	**98.6**

* MPS = Master Pay Scale

Notes

1. A multiplier of 2.0 is applied to the average MPS salary point to estimate the full staff costs of consultants' staff, including overheads and profit, as the staff will be employed in the consultants' offices. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of resident site staff supplied by the consultants. (At present, MPS point 38 = $65,695 per month and MPS point 14 = $22,405 per month.)

2. The actual man-months and fees will only be known when we have selected the consultants through the usual competitive bid system.

3. The actual man-months and fees will only be known after completion of the site investigation works.

Annex 5G

Requirements for Procurement of Furniture and Equipment for Subvented Capital and AA&I Projects

Background

In January 2016, the Government issued the enclosed Financial Circular (FC) No. 3/2016 "Furniture and Equipment for Capital Works Projects Funded under the Capital Works Reserve Fund". The Circular applies to all capital works projects funded under the Capital Works Reserve Fund (CWRF), save for capital subvention projects. For capital subvention projects funded under Head 708 (Capital Subvention) of the CWRF, Controlling Officers (including SG, UGC for capital subvention to UGC-funded universities) should adhere to the requirements as far as practicable. Where necessary, the Controlling Officers may adopt the requirements to reflect established arrangements and agreements between Government and relevant subvented organisations on the procurement of furniture and equipment (F&E) items.

Proposed new requirements

2. Pursuant to the requirements in the FC, the requirements need to be devised for compliance by the UGC-funded universities as follows: -

Submission of indicative F&E list

3. Paragraph 9 of the FC states that approval should be sought from the authorities (e.g. SG, UGC for capital subvention to UGC-funded universities) before procuring F&E items. As for the detailed arrangement, we would need to strike a balance in adhering to the new requirements in the FC as far as practicable and maintaining some of the current practice in vetting the F&E items for UGC-funded subvented projects.

4. As in the past, the UGC Secretariat assumes the vetting role for cost estimate on F&E. To facilitate the vetting of the project estimates for F&E provisions, when seeking approval to upgrade a capital project to Category A, universities should provide an indicative F&E list setting out – (a) the total estimated cost of F&E items (including installation cost) to be funded under the project, and (b) a breakdown of the F&E items and cost together with information explaining/justifying the standard provision for each room/space type and other special requirements as appropriate. Before

procuring F&E items, universities should submit an application form (sample at **Enclosure A1**) setting out the scope and latest programme of the project relevant to the application and the details of the proposed F&E items to be procured with justifications showing that the items are proper charge to the F&E vote. Universities should not commit funding to procure the F&E items before securing approval of the UGC Secretariat. As for AA&I projects, universities should generally follow the above requirements and submit an application form (sample at **Enclosure A2**) once funding approval has been secured from the block allocation.

5. General guidelines on preparing F&E applications are also devised at **Enclosure B** for reference.

Proper charge to the F&E vote

6. Generally speaking, F&E items may be charged to the F&E vote of a project if such items are: -

(a) integral to the project concerned;
(b) strictly essential to meet users' operational needs;
(c) used solely in the project premises; and
(d) not consumable or recurrent (e.g. lease line rental fee) in nature.

The allowance for F&E in a capital works project should not normally exceed 12.5% of the building costs on an ideal site and the building services costs of the project as advised by the ArchSD.

7. As a general guideline, the items which should normally be charged against the approved provision for F&E are listed at **Enclosure C**. Built-in items outside the list, such as shelving, should be charged against the provision for construction works. Items such as fume cupboards and laboratory benches should be listed separately as "Special F&E" which are to be excluded from the provision for construction works. Equipment for academic use (e.g. computers, audio-visual and electronic systems, information display system, audio mixers, visualizers, etc.) should also be listed separated as "Special F&E". Funds cannot be transferred between the F&E budget and the construction budget without UGC's approval.

Seeking fresh approval to change estimated F&E requirements and costs

8. Universities should seek fresh approval for procuring F&E items if: -

(a) the cumulative cost for procurement of F&E item will exceed the ceiling in the approved F&E list;
(b) the F&E items to be procured are markedly different (in terms of specifications or product types) from the approved F&E items (say change in size of a display unit from 42" to 65"); or
(c) the number of units required are markedly different from the approved number (say, over/under 20%).

9. If procurement of F&E items not on the approved list is necessary, universities should also seek approval from UGC and the application should be supported by strong justifications.

10. Where it is strictly unavoidable to commit the procurement of F&E items before formal approval is secured from UGC, universities should seek in-principle approval from the UGC Secretariat before committing funds. Formal approval should be sought once the details of the F&E items are available. Where possible, universities should seek in-principle approval for procurement before inviting tenders to avoid abortive effort.

Post-implementation checking

11. A full and final approved F&E list for each project will be issued to the university concerned. The onus is on the university concerned to ensure compliance with the approved F&E list. Upon completion of the project, universities are required to confirm within three months after completion of the project that they had procured the items as per the approved F&E list.

Implementation plan

12. The new requirements should take immediate effect and apply to all new projects approved from now on.

Enclosure A1 to Annex 5G

SAMPLE APPLICATION

Capital Project No. XXX
(Project title)
Application for procurement of furniture and equipment (F&E) items

In accordance with the new requirements for procurement of F&E items for subvented capital and AA&I projects issued by UGC in November 2016/the UGC Notes on Procedures, UGC's approval is hereby sought for the procurement of F&E items estimated to cost $XX million.

JUSTIFICATION

Progress of the project

[Note: To provide the scope and latest programme of the project. Please specify part(s) of the scope relevant to the application.]
2.

Details of the proposed F&E items

[Note: To set out in detail the proposed F&E items in form of an Excel table and to give a brief summary in the application. For change in F&E items previously approved, please indicate the items concerned and provide justifications for the change(s).]

3. Details of the application are summarised as follows –

	F&E items under request	Estimated cost ($ million)
(a)	**furniture for use at various locations** at the facilities, including XX, XX, XX and XX, etc.	**XX**
(b)	**F&E items for use at offices and support the overall operation** of the facilities	**XX**
	Total	**XX**

4. [University] confirms the items listed out in paragraph 3 above are proper charges to the F&E vote as provided under the new requirements/UGC Notes on Procedures because –

(a) the items are essential to meet operational needs;

(b) the quantity and quality of all the proposed items are standard provisions for similar projects, e.g. XX, XX;

(c) the cost estimated for the items is based on recent procurement / quotation.

5. Subject to funding approval to the project, [university] will procure the F&E items in accordance with the university's internal procurement procedures.

[University]

[Date]

[Signature and name of the Director of Estates]

Enclosure A2 to Annex 5G

SAMPLE APPLICATION

AA&I Project No. XXX
(Project title)
Application for procurement of furniture and equipment (F&E) items

In accordance with the new requirements for procurement of F&E items for subvented capital and AA&I projects issued by UGC in November 2016/the UGC Notes on Procedures, UGC's approval is hereby sought for the procurement of F&E items estimated to cost $XX million.

JUSTIFICATION

Progress of the project

[Note: To provide the scope and latest programme of the project. Please specify part(s) of the scope relevant to the application.]
2.

Details of the proposed F&E items

[Note: To set out in detail the proposed F&E items in form of an Excel table and to give a brief summary in the application. For change in F&E items previously approved, please indicate the items concerned and provide justifications for the change(s).]

3. Details of the application are summarised as follows –

	F&E items under request	Estimated cost ($ million)
(a)	**furniture for use at various locations** at the facilities, including XX, XX, XX and XX, etc.	**XX**
(b)	**F&E items for use at offices and support the overall operation** of the facilities	**XX**
	Total	**XX**

4. [University] confirms the items listed out in paragraph 3 above are proper charges to the F&E vote as provided under the new requirements/UGC Notes on Procedures because –

(a) the items are essential to meet operational needs;

(b) the quantity and quality of all the proposed items are standard provisions for similar projects, e.g. XX, XX;

(c) the estimated costs ($XX million) under this application can be covered by the uncommitted funds ($XX million) under the project F&E vote; and

(d) the cost estimated for the items is based on recent procurement / quotation.

5. [University] will procure the F&E items in accordance with the university's internal procurement procedures.

[University]

[Date]

[Signature and name of the Director of Estates]

Enclosure B to Annex 5G

Guidelines on preparing furniture and equipment applications

Making the applications

Universities should set out the requirements concisely and clearly. They should consolidate the applications as far as possible and avoid using jargon or abbreviations that laymen may have difficulty to understand. The applications should be **personally cleared and signed by the Director of Estates** level or above of the university concerned and include the following –

(a) Funding source – Universities should demonstrate that sufficient funds are available in the F&E vote. The estimated cost for F&E items for capital projects included under the "Financial Implications" of the relevant Public Works Subcommittee (PWSC) paper shall form the ceiling of all F&E items to be procured under the project subhead (viz. F&E vote). For AA&I projects, the approved estimates for F&E items shall be the ceiling of all F&E items to be procured.

(b) Description – Universities should clearly set out the functions, specifications and locations for which the F&E items are to be installed (if applicable). Reference photos for specialist equipment should be provided.

(c) Justifications – Universities should demonstrate how the F&E items are essential for their operation. Universities must ensure that the F&E items are proper charge to the F&E vote and no excessive or extravagant items are included. Universities shall duly consider the possibility of shared use of items as well as re-use of existing serviceable items. Universities should demonstrate that the F&E items requested are comparable, in terms of quality, quantity and cost to other similar projects.

(d) Cost estimates – Universities should provide the unit cost and total cost of each item in the applications and explain the basis of the estimated cost (e.g. tender prices, quotation, referencing recently procured items and standard on-cost chargeable). On-cost, if any, should be separately listed out.

(e) Procurement – Universities should confirm that the relevant internal procurement procedures would be observed if applicable. The target dates of approval and procurement should also be specified.

2. The use of proprietary items should be avoided. Exceptions should be justified. For F&E items required for outsourced services, if applicable, universities should ensure that there will be no double provision of the F&E items.

3. Universities should allow approving authorities a reasonable period, generally no less than 20 working days and more time for large-scale and complicated projects, for processing and vetting. For F&E systems involving builder's work, universities should allow adequate time to secure approval of the F&E application to avoid abortive works on site.

Enclosure C to Annex 5G

Typical items that may be charged to the Furniture and Equipment vote of a works project (for illustration purpose)

The following items should normally be charged against the approved provision for furniture and equipment (F&E) in a works project. Items not on the list may be charged to the provision for building or building services items of the works project as appropriate while some other items may not be charged to the works project at all.

1. Furniture and appliances - desks, chairs, sofas, benches, partition screens, workstation panels, conference tables, coffee tables, cabinets, bookshelves, newspaper racks, pool and park furniture, task lights, safes, closets, cupboards and lecture theatre seating, etc. Fixture, e.g. built-in shelves, counters and cabinets may be charged to building item of the project.

2. Equipment for office use - photocopiers, telephone system, fax machines, paper shredders, projectors and screens, printers and computers, etc. Provision of cable containment and power supply for F&E, information technology and other specific systems, e.g. trunkings, conduits and sockets, may be charged to building services item of the project. Provision of information technology backbone system may be charged to a separately identified item under the project vote.

3. Equipment for academic use[1] – computers, audio-visual and electronic systems, information display system, projectors, audio mixers, visualizers, microphone sets and writing panels, etc.

4. Domestic type appliances - cookers, refrigerators, microwave ovens, water boilers, washing machines and dryers, etc. (but not industrial type catering equipment which may be charged to building services item of the project).

5. Residential F&E for student hostels.

6. Others - library equipment, building maintenance equipment (except gondolas which may be charged to building item), vending machines, lockers, sports equipment, blinds, curtains, low level or free standing demountable partitioning, signs, name plates and notice boards, etc. Loose items that are easily portable should not be charged to the F&E vote of the project. Examples of loose items include blankets, pillow cases and bed sheets for student hostels (whereas beds and mattresses are proper F&E charges), first aid box, digital camera and hand tools, etc.

[1] Equipment for academic use should be listed separately as "Special F&E".

Annex 5H

Monthly Financial Statement - Capital Works Projects

University _____ For the month ending _____

Project code	Project Name	Project Estimate		Amount committed**	Payment made by non-government fund	Payment made / to be made by government fund			Amount of government fund received / to be received			Balance (government fund drawn) (g)=(f)-(c)	Any major variation ordered for the month reported (Y/N)
		Approved government fund	Non-government fund*			Up to end of current month (a)	Projection for the following month (b)	Total (c)=(a)+(b)	Up to end of current month (d)	Application for following month (e)	Total (f)=(d)+(e)		
		$	$	$	$	$	$	$	$	$	$	$	
Total													

* As a general rule, non-government fund should be spent before government fund.
** Amount committed should include all contracts awarded, purchase orders issued, etc.

Signature: _____ Signature: _____

Name: _____ Name: _____

Post Title: Director of Finance/Bursar/Comptroller[#] Post Title: Director of Estates/Campus Development/Planning/Facilities Management[#]

Date: _____ Date: _____

 # please delete/amend as appropriate

Application for Release of Funds – Capital Works Project

University _____ Project _____ For the month of _____

Expenditure Item (as approved by LegCo)	Project Estimate		Amount committed**	Payment made by non-government fund*	Payment made / to be made by government fund			Amount of government fund received / to be received			Balance (government fund drawn) (g)=(f)-(c)
	Approved government fund	Non-government fund*			Up to end of current month (a)	Projection for the following month (b)	Total (c)=(a)+(b)	Up to end of current month (d)	Application for following month (e)	Total (f)=(d)+(e)	
	$	$	$	$	$	$	$	$	$	$	$
(i)											
(ii)											
(iii)											
(iv)											
(v)											
(vi)											
(vii)											
(viii)											
(ix)											
Total											

* As a general rule, non-government fund should be spent before government fund.
** Amount committed should include all contracts awarded, purchase orders issued, etc. If the amount committed exceeds the approved project estimate, any shortfall should be met by university's non-government fund.

Signature: _____ Signature: _____

Name: _____ Name: _____

Post Title: Director of Finance/Bursar/Comptroller[#] Post Title: Director of Estates/Campus Development/Planning/Facilities Management[#]

Date: _____ Date: _____

 # please delete/amend as appropriate

Annex 5I

Variation Order Checklist for UGC AA&I Projects (V.O. >$800,000)

University: _____

Project title: _____

Draft Variation Order (V.O.) No. _____

Description of the work as stated in V.O. :
_____

Background Information / Scope of V.O. Works / Reason for the Change:

_____

_____

_____

_____

Estimated Cost Implication: _____

Remaining Contract Contingencies after this variation is ordered: _____

Programme Implication: _____

	Yes	No	N.A.
(1) Is the proposed variation within the approved scope of works of the AA&I project?	☐	☐	
(2) (a) Does the proposed variation cover both subvented and non-subvented works?	☐	☐	
(b) If the answer to (2)(a) is yes, has the estimated cost of this V.O. been splitted into subvented and non-subvented portions?	☐	☐	☐
(3) (a) Will the approved project estimate of the project be exceeded as a result of the proposed variation?	☐	☐	
(b) If the answer to (3)(a) is yes, will the shortfall be met by the university's own funding?	☐	☐	☐
(4) Does the works of the subventable portion involve any works above the normal subvention standard (such as finishes and materials)?	☐	☐	
	Yes	**No**	**N.A.**

(5)	(a) Does the proposed variation (of the subventable portion) involve modification / correction / demolition and reconstruction of newly constructed works under the same AA&I project leading to abortive works?	☐	☐	
	(b) If the answer to (5)(a) is yes, has the responsibility been established and the relevant costs apportioned (and met by the university's own funding) accordingly?	☐	☐	☐
(6)	(a) Will the proposed variation cause any extension of time / claim for loss and expense be granted/ paid to the contractor?	☐	☐	
	(b) If the answer to (6)(a) is yes, will the payment for the claim of loss and expense be met by the subvented funding of the project?	☐	☐	☐

Signature:

_____

Name : _____
Director of Estates/Campus Development/Facilities Management #

Date : _____

please edit/delete as appropriate

Annex 5J

Name of University

Project Name

Statement of Final Accounts

I. Expenditures

Items (As approved by UGC/LegCo)	Approved Project Estimate		Actual Expenditure	
	Government Funding ($)	Private Funding ($)	Government Funding ($)	Private Funding ($)
TOTAL:				

II. Summary of Income (UGC-funded portion)

	Amount ($)	Reference
Total UGC funds received		
Total expenditure - UGC-funded portion		
Balance		
Amount refunded to UGC		
Amount to be refunded to UGC		

I confirm that this Statement of Final Accounts is correct and all the expenditures have been paid.

_____ _____

Name *Date*

Director of Finance/Bursar/Comptroller#

Name of University

I confirm that this Statement of Final Accounts is correct and all the expenditures incurred are within the approved project scope.

_____ _____

Name *Date*

Director of Estates/Campus Development/Planning [#]

Name of University

I certified that this Statement of Final Accounts is correct and all the expenditures incurred are within the approved project scope. The auditor's report for this capital works project is attached for reference[#].

_____ _____

Name *Date*

Vice-President/Pro-Vice-Chancellor

Name of University

 # please delete as appropriate

AA&I Block Allocation Mechanism
(Works projects not exceeding $50 million)

Annex 5K

Involved Parties

Panel, PWSC, FC, LEGCO

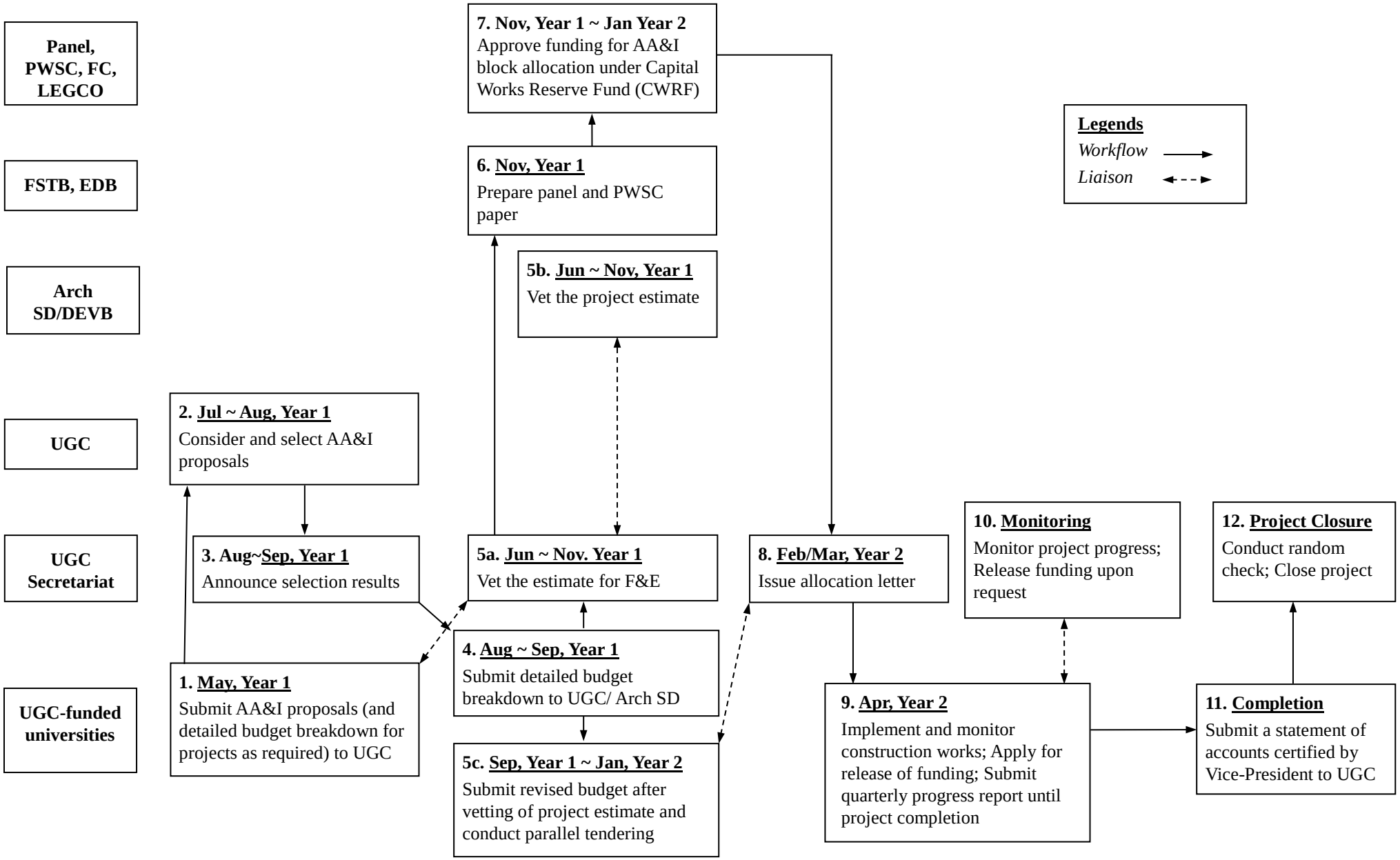
FSTB, EDB

Arch SD/DEVB

UGC

UGC Secretariat

UGC-funded universities



Annex 5L

Alterations, Additions, Repairs and Improvements (AA&I) Proposals

Institution: _____

Priority No: _____

Project Title (English) : _____

Project Title (Chinese) : _____

Start Date : _____ *(MM/YYYY)*

Completion Date : _____ *(MM/YYYY)*

Possibility to advance the project with majority of funds spent before end of March [current year]: (Yes/No)

Note: By completing and submitting this form to the UGC Secretariat, the University hereby confirms that the AA&I proposal is endorsed or supported by its Council, either directly by the Council itself or through properly delegated authorities to (i) any committees or bodies under the Council or (ii) senior management of the University.

A. Project Brief

Location of Works and Area Affected (CFA)	Scope of Works	Justification	Age of the Premises Concerned and Brief of Works in Past 15 Years
Building name / location plan / brief drawings of areas and works involved; CFA of affected area (Please indicate if the premise is privately-funded).	*Please list out works items to be covered by the project.*	***Please provide the following information and elaborate in details in support of the project:*** - ***Years of services of the premises/facilities concerned and the current condition;*** - ***Existing uses with details (e.g. user department and functions) and problems;*** - ***Proposed uses with details (e.g. in support of specific user department/programme/academic and/or research activities);*** - ***Urgency and cost-effectiveness of the proposal (e.g. whether there is possibility of re-prioritisation and re-deployment of resources);*** - ***Floor plans/photos as attachment showing existing and proposed layout; and*** - ***Other supporting information (e.g. guidelines/letters from the relevant authorities).***	*State the month and year in which the premises were built; If AA&I works were conducted in the premises in the past 15 years, state the project number and title as well as justifications for conducting works within 15 years.*

B. Space Change [a]

	CFA (m^2)[b]	NASM (m^2)[b]											Non-Assignable Area (m^2)[b]
		Class-room	Study Space	Teaching Laboratory	Open Laboratory	Research Laboratory	Offices	Library	Indoor Sports	Student & Staff Amenities	Support	Un-classified	
Existing													
After Works Completion													

C. **Project Estimate[c]** This table needs to be completed, detailed breakdown may be submitted as attached if necessary

Item	Estimated Cost ($ million)[d]
(i) Building works[e]	
(ii) Building services[e]	
(iii) Demolition works[e]	
(iv) External works and drainage[e]	
(v) Slope works[e]	
(vi) Furniture and equipment	
(vii) Professional fees[f]	
(viii) Contingencies	
Less contribution by University (if applicable)*	
Total:	

* details should be provided (e.g. to cover 50% of the cost involving privately-funded space for UGC-funded activities and/or self-financed hostel places)

D. Estimated Cashflow[d]

Financial Year	[first year of implementation] ($ million)[d]	[second year of implementation] ($ million)[d]	[last year of implementation] ($ million)[d]
Estimated Cashflow			

For project possible for advance implementation in [current financial year], please also provide the estimated cashflow below -

Financial Year	[first year of implementation] ($ million)[d]	[second year of implementation] ($ million)[d]	[last year of implementation] ($ million)[d]
Estimated Cashflow			

Notes

(a) For hostel project, please fill in the CFA only.
(b) Please round the figure to the nearest integer.
(c) The project estimate should be in September [current year] prices (estimated).
(d) Accept up to max. 3 decimal places.
(e) Preliminaries should be included in respective works.
(f) Professional fees are mainly for consultancy services. Only under very special circumstances will resident site staff be supported.
(g) The maximum timeframe for completion of AA&I projects is 3 years.

Annex 5M

Monthly Financial Statement – AA&I Projects

University _____ For the month ending _____

Project code	Project Name	Project Estimate		Amount committed**	Payment made by non-government fund	Payment made / to be made by government fund			Amount of government fund received / to be received			Balance (government fund drawn) (g)=(f)-(c)	Any major variation ordered for the month reported (Y/N)
		Approved government fund	Non-government fund*			Up to end of current month (a)	Projection for the following month (b)	Total (c)=(a)+(b)	Up to end of current month (d)	Application for following month (e)	Total (f)=(d)+(e)		
		$	$	$	$	$	$	$	$	$	$	$	
Total													

* As a general rule, non-government fund should be spent before government fund.
** Amount committed should include all contracts awarded, purchase orders issued, etc.

Signature: _____ Signature: _____

Name: _____ Name: _____

Post Title: Director of Finance/Bursar/Comptroller[#] Post Title: Director of Estates/Campus Development/Planning/Facilities Management[#]

Date: _____ Date: _____

 # please delete/amend as appropriate

Application for Release of Funds – AA&I Project

University _____ Project _____ For the month of _____

Expenditure Item (as approved by UGC)	Project Estimate		Amount committed**	Payment made by non-government fund*	Payment made / to be made by government fund			Amount of government fund received / to be received			Balance (government fund drawn) (g)=(f)-(c)
	Approved government fund	Non-government fund*			Up to end of current month (a)	Projection for the following month (b)	Total (c)=(a)+(b)	Up to end of current month (d)	Application for following month (e)	Total (f)=(d)+(e)	
	$	$	$	$	$	$	$	$	$	$	$
(i)											
(ii)											
(iii)											
(iv)											
(v)											
(vi)											
(vii)											
(viii)											
(ix)											
Total											

* As a general rule, non-government fund should be spent before government fund.
** Amount committed should include all contracts awarded, purchase orders issued, etc. If the amount committed exceeds the approved project estimate, any shortfall should be met by university's non-government fund.

Signature: _____ Signature: _____

Name: _____ Name: _____

Post Title: Director of Finance/Bursar/Comptroller[#] Post Title: Director of Estates/Campus Development/Planning/Facilities Management[#]

Date: _____ Date: _____

 # please delete/amend as appropriate