

**Disbursement, Accounting and Monitoring
Arrangements (DAMA)
for
Sports Science and Research Funding Scheme
Administered by the HKSI**

The Hong Kong Sports Institute
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Part I – General Principles

1. This document sets out the disbursement, accounting and monitoring arrangements (DAMA) for partnership projects under the Sports Science and Research Funding Scheme (SRFS) administered by the Hong Kong Sports Institute (HKSI). Project Leads (PLs) and their Lead Institutions should familiarise themselves with the DAMA.
2. The HKSI assumes no responsibility, financial or otherwise, for expenditure or other liabilities arising from the approved projects it supports.
3. The HKSI reserves the rights to amend, supplement, apply, interpret and make exceptions to the DAMA at its discretion at any time.

Roles of Lead Institutions

4. The Lead Institutions should ensure the PLs are eligible for the project during the agreed project period.
5. The Lead Institutions must have in place adequate systems for ensuring the integrity of research carried out by its staff so that scientific misconduct (e.g. plagiarism, falsification of data, improper selection of data) and unethical behavior can be prevented. The Lead Institution shall implement effective mechanisms for identifying scientific misconduct and/or unethical behavior and shall report to HKSI all incidents or allegations of such scientific misconduct or unethical behavior at the earliest opportunity.
6. The Lead Institutions and PLs shall treat as confidential all information, drawings, specifications, documents, contacts, design materials and all other data including without limitation any personal particulars, records and personal data (as defined in the Personal Data (Privacy) Ordinance (Cap. 486)).
7. The Lead Institutions must take out and maintain appropriate insurance cover (or equivalent liability protection) to cover the agreed project activities, which may include general/public liability cover, professional indemnity cover and workers' or employees' compensation insurance as required by law.

Grant Undertakings

8. Research funds granted under the SRFS, though awarded to specific projects in the name of individual PLs, are actually grants allocated to the Lead Institutions. By accepting the grants and entering into the Approval Letter of Agreement (i.e., Funding Agreement between the HKSI and the Lead Institution), the Lead Institutions and PLs agree to abide by the DAMA.

Designated Bank Accounts

9. Lead Institutions are required to open a separate interest-bearing bank account with a licensed bank registered under the Banking Ordinance (Cap. 155) solely for depositing receipts and making payments in relation to the grants funded by the SRFS. Lead Institutions are also required to create

a reserve account, to which unexpended grant balances of the projects shall be transferred at the end of the financial year of the HKSI (i.e., from 1 April to 31 March), to be carried forward to the following financial year. All interest income generated in the bank account should be kept in the account and returned to the HKSI within six months upon completion of the project.

Auditors' Report

10. Auditor's report with audited Statements of Accounts upon completion of the projects should be submitted to the HKSI **within six months** from the date on which the final report (referred to in paragraph 32 below) is approved.

11. The auditor's report should be issued by independent auditors who must be certified public accountants holding a practicing certificate registered under the Professional Accountants Ordinance (Cap. 50).

Internal Monitoring by Lead Institutions

12. While the PL is held responsible for the overall management, implementation and completion of a project, the Lead Institution is also required to assume the key role of managing the projects and expenditure, overseeing the procurement of equipment/services approved under the projects and putting in place an internal monitoring system.

13. Lead Institutions should make reference to the "Corruption Prevention Guide for Tertiary Education Institutions" or the "Good Governance and Internal Control in Public Organizations" issued by the Independent Commission Against Corruption (ICAC), if applicable, in the procurement of equipment, services and other materials for the projects. Lead Institutions should also make reference to the "Best Practice Checklist on Staff Administration" issued by the ICAC in the employment of project staff for the projects. The PLs and relevant project staff should always avoid and declare conflicts of interest in the conduct of business of the projects. All procurement for goods and services and recruitment for project staff must be carried out in an open and fair manner and in compliance with the established procurement/recruitment procedures of the Lead Institution. There should be no duplication of items funded under the SRFS and other programmes/schemes/projects funded by the Government.

14. Whenever irregularities have been detected, Lead Institutions have the responsibility in rectifying and following up the cases closely. Where the HKSI's approval and advice are required to be sought, Lead Institutions are expected to exercise their judgements to ensure that only fully justifiable cases are recommended to the HKSI for consideration.

Keeping of Records

15. Lead Institutions are required to keep all accounting records related to the projects for seven years for inspection when needed. Notwithstanding, Lead Institutions should ensure that, for projects which require the submission of audited Statement of Accounts on project basis to the HKSI after project completion/termination, the accounting records are properly kept to facilitate the required auditing. Other project records such as working papers or publications should be kept for at least

three years after project completion/termination.

Arrangement for Project Output and Intellectual Property (IP) Rights

16. All IP rights generated from approved projects will generally be vested with the Lead Institution concerned, unless otherwise agreed between the HKSI and the Lead Institution prior to signing of the Approval Letter of Agreement. All agreed IP ownership and benefit-sharing arrangements will be clearly stated in the Approval Letter of Agreement.

17. For any project output, press releases, publicity materials, advertisements or other announcements related to the **improvements of athletes' performance** in any form, PLs and Lead Institutions are required to seek prior written approval from HKSI prior to any such publications, dissemination or distribution.

Part II - Disbursement Arrangement

18. Funds will be disbursed as a one-off payment for one-off equipment/gear purchases in advance.
19. The remaining portion (if applicable) will be disbursed by instalments depending on the project duration. The schedule will be clearly stated in the Approval Letter of Agreement.
20. The PL should make reference to the following principles when proposing disbursement schedule of the approved project:
 - (a) The amount of the funds spread evenly over the entire project period in a reasonable manner.
 - (b) The disbursement schedule should align with the submission schedule of interim reports. The PL should propose the schedule based on the agreed project milestones (referred to in paragraph 30).
 - (c) The first instalment will be disbursed subject to the signing of the Approval Letter of Agreement.
 - (d) The subsequent instalments will be disbursed subject to the satisfactory progress of the previous work reported in the interim reports (referred to in paragraph 31).
 - (e) The final instalment of 10% is required for all projects and it will be disbursed subject to the approval of the final report (referred to in paragraph 32).

Part III - Accounting Arrangements

Approved Budget

21. It is the responsibility of the Lead Institutions to ensure that the funds are used appropriately and reasonably within the approved budget and timeframe.
22. Virement within the same budget category does not require approval but virement between budget categories is not allowed without the prior written approval from the HKSI.
23. The official project commencement dates for approved projects are detailed in the Approval Letter of Agreement. Project grants must not be expended earlier than the project commencement date. PLs have the discretion to decline a grant before commencement of the project if they do not consider it viable to carry out the projects. The HKSI will not attach any penalty to such cases.
24. The expenditure items should be incurred within the following budget categories:
 - (a) Research Support Staff

Funding support may be provided for the remuneration of research support staff who assist in conducting research work of the projects concerned. Grants must not be used to remunerate PLs and Co-Principal Investigators (Co-PIs) or to subsidise their salaries, including honorarium, in any way.
 - (b) Equipment

Specialised equipment and high-performance computing services (included hardware and software) essential for the approved project and not otherwise provided by the Lead Institution may be funded. The HKSI will possess the ownership of all major equipment that is specified in the project application. During the project period, the Lead Institution shall keep physical possession of the purchased equipment merely as custodian and shall upon the HKSI's instructions at any time return the same to the HKSI. During such time when the purchased equipment is in the Lead Institution's custody, the Lead Institution shall deal with the purchased equipment strictly in accordance with the instructions of the HKSI. Both the HKSI and the PL have the right to use the equipment during the project period. The head of the custodial department of the Lead Institution and the PL have full responsibility for the care, maintenance, physical inventory, control and management of inventorial equipment, unless otherwise determined by the HKSI. Once installed, the equipment should be primarily for the project use as agreed by the HKSI. All the purchased equipment shall be identified, marked with the property number and recorded promptly upon receipt in accordance with the management system of the Lead Institution (paragraph 12).

As a general rule, the Lead Institution is required to keep all equipment purchased for the project as a custodian for at least three years after project completion or termination of the project agreement. During such period, the Lead Institution shall take out and maintain adequate insurance cover against any loss or damage to the purchased equipment and all other risks in connection with its custody thereof. The Lead Institution

shall return such equipment to the HKSI upon request at any time. Where necessary, the HKSI may require the Lead Institution to deliver physical possession of any major equipment purchased under the project to the HKSAR Government or another agreed party within a period of three years after project completion. Should an approved project be terminated for any reason, the HKSI shall have the right to redeploy any such major equipment.

Notwithstanding that the approved projects are fully funded or the equipment items have been included in the research proposals, the PLs and the Lead Institutions must not use the grants to purchase:

- (i) personal electronic devices such as cell phones, tablets, iPods, iPads, MP3 players, digital cameras/video recorders and PDAs; and
 - (ii) standard office equipment such as personal computers, servers, laptop computers, printers, scanners and standard software/software license/dataset known to be available, or reasonably expected to be provided in the Lead Institutions, except with sound justification as specially approved by the HKSI.
- (c) Infrastructural Support/Overheads
Apart from contributions towards specialised equipment, Lead Institutions can provide necessary infrastructural and overhead support with up to 15% of the total amount of funds requested.

Completion of Projects

25. The project account (referred to in paragraph 9) in respect of a completed project should be frozen immediately after the completion date, and any request for additional expenses incurred after that date to the unspent balance of the project will not be entertained. In any case, usage of unspent balance to meet the costs of purchase of software/equipment or payment of staff salaries beyond the project completion date is strictly prohibited.

26. For audit purpose and in order to ensure accountability, Lead Institutions and the PL are required to provide an itemized report of all expenses in the relevant Statement of Accounts of the projects.

27. Upon completion of a project, the Lead Institution is required to return the unspent balance including bank interest income together with a Statement of Accounts to the SRFs Secretariat along with the concluding report/final report within six months.

Part IV – Monitoring

Changes to Approved Projects

28. The PL must follow any condition set out in the Approval Letter of Agreement. In case of conflict between the DAMA and the Approval Letter of Agreement, the conditions set out in the Approval Letter of Agreement will prevail.

29. All major changes to approved projects require HKSI's prior written approval.

(a) General Principles

Where the proposed changes are initiated by the PL, the Lead Institution should consider them internally before forwarding its recommendation, with any additional information, to the HKSI for consideration. Both the PLs and the Lead Institutions have the responsibility to file the applications for HKSI's approval in good time.

(b) Change of PL

Change of PL will generally not be approved during the whole project period. The HKSI may consider to approve the change of PL only if the PL is reported to be ineligible for and/or incapable of managing the project.

(c) Transfer of Project to Another Institution

The HKSI's prior approval is needed for transfer of projects by a current Lead Institution to a new institution. Before making the application to the HKSI for the transfer, the current Lead Institution should reach a mutual consensus with the new institution on the transfer of the balance of the allocation for the project to the new institution. The current Lead Institution and the new institution shall provide all information necessary for the HKSI to consider the transfer application, including without limitation details on any change in the appointment status of PLs.

(d) Extension of Project Completion Date

(i) For any extension of a period, the HKSI's approval is needed. The PLs are required to submit up-to-date interim reports together with their requests for project extension. As at the date of extension application, if the PLs have recently submitted interim reports within one month, the requirement for an up-to-date interim report is waived. The Lead Institutions should exercise their judgement and only recommend the justifiable cases to the HKSI for consideration.

(ii) Requests for further extension (i.e. after approvals have been given for a maximum of 2 months at (i)) will not be considered except under exceptional circumstances.

Submission of Interim Reports

30. For approved projects, the PL is required to submit and present interim reports documenting

progress to interim outcomes/milestones, including expenditure progress, according to the specified timelines in the proposal. The submission schedule of interim reports is to be agreed based on the project milestones between the PL and the HKSI prior to signing of the Approval Letter of Agreement. For all projects, the requirement that at least two reports are required for each project year. Variances in budgeted expenditures exceeding 25% should be explained.

31. The interim report of an approved project will be reviewed by SRFS Committee to ensure that the project is proceeding on schedule and that any problems identified are followed up. While the PLs are responsible for the submission of interim reports, the Lead Institutions should put in place an internal monitoring system to ensure the PLs' compliance with all monitoring rules laid down by the HKSI.

Submission of Final Reports

32. Final report is required to be submitted and presented to the SRFS Committee within 3 months after the approved completion date of the project. Projects will be assessed against the measurable outcomes identified in the application for funding. In the case the report/presentation is not to the satisfaction of the SRFS Committee, the PL is required to provide timely clarification and/or supplementary information to substantiate the content of the report. The SRFS Committee shall approve the final report once it is satisfied with the project outcomes.

Overdue Reports

33. Timely submission of reports is important and reflects on the capability of the PL in managing a project. The HKSI may consider withholding the disbursement of funding if reports are not submitted as stipulated in the Approval Letter of Agreement. If reports remain overdue by the submission deadline, the HKSI will consider terminating the projects and rating them as “*Unsatisfactory*” for record.

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

On-site Inspection

35. On-site inspection will be conducted on completed projects selected by random sampling. Selected project teams will be required to present their achievements to a HKSI/SRFS Committee Visit Panel (Panel). The Panel will also conduct laboratory tours, if appropriate.

Termination of Projects

36. The HKSI may terminate the project if the Lead Institution reports that the PL is ineligible

for and/or incapable of managing the project (e.g. prolonged leave, leaving Hong Kong, or other personal reasons), and no suitable PL can be identified by the Lead Institution and agreed by the HKSI to take over the role of PL of the project.

37. The HKSI may terminate the project if there is negligence, recklessness or misconduct of PL or any related personnel, or infringement of intellectual property rights or any other rights of a third party by PL and/or Lead Institution.

38. The HKSI may terminate the project if the PL and the Lead Institution stops or suspends payment to its creditors generally, or is unable or admits its inability to pay debts generally as they fall due or is declared or becomes bankrupt or insolvent.

39. The project may be terminated by the HKSI at any time for any reasons which include a lack of progress of the project against the agreed milestones, and slim chance of completion of the project in accordance with the project proposal.

40. A concluding report (current status, outstanding deliverables, issues etc.) shall be submitted to the HKSI by the PL within 3 months after project termination date. Upon HKSI's request, the PL is required to provide timely clarification and/or supplementary information.

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

- (a) The project account in respect of a terminated project should be frozen immediately after the termination day. Once the project account is frozen, both the PL and the Lead Institution are obliged to immediately cease committing or incurring new expenditure under the account except for committed and uncancellable normal expenditure of salary to research personnel or equivalent employed before project termination date for a reasonable but limited time (i.e. payment in lieu of notice when staff's contracts have to be terminated) and ordered equipment (where penalties are involved for cancellation of order). Such expenses must be solely and directly related to the project in question and have been committed before the project account is frozen.
- (b) It is the onus of Lead Institutions to verify any claim of expenses incurred while the account is frozen after project termination and to satisfy themselves that due efforts have been made to ascertain whether to pay the expenses incurred after the project account has been frozen. For audit purpose and in order to ensure accountability, Lead Institutions and the PL are required to provide an itemized report of such expenses, together with corresponding justification, in the relevant Statement of Accounts of the projects.
- (c) Lead Institutions are required to return the unspent balance including bank interest income (and expenses incurred since the retrospective termination date if applicable) and submit an audit report to the HKSI within six months of termination.
- (d) For the termination causes under paragraphs 37 and 38, the PL and the Lead Institution shall indemnify and keep indemnified the HKSI against all or any claims (including

without limitation third party claims), liabilities, losses, damages, costs, charges or expenses arising therefrom.

Acknowledgement

42. A suitable acknowledgment of the SRFS funding should be included on any equipment/facilities purchased and any publication/publicity arising from the work done on a research project funded in whole or in part by the SRFS.

43. For the SRFS funded equipment/facilities, the PL should acknowledge the HKSAR Government and the Hong Kong Jockey Club Charities Trust by placing a badge/plaque on the equipment/facilities in a prominent location. As the funded equipment/facilities may vary in size, the PL and their Lead Institutions have the discretion to determine the size of the badge/plaque. The following wording should be adopted for acknowledgement:

“Funded by the HKSAR Government and the Hong Kong Jockey Club Charities Trust”

44. Photo of such acknowledgements should be provided in the concluding/final report.

- End -