

CHAPTER 7

**Innovation, Technology and Industry Bureau
Innovation and Technology Commission**

**Reindustrialisation and Technology
Training Programme**

**Audit Commission
Hong Kong
27 October 2023**

This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

Report No. 81 of the Director of Audit contains 8 Chapters which are available on our website (<https://www.aud.gov.hk>).



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REINDUSTRIALISATION AND TECHNOLOGY TRAINING PROGRAMME

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REINDUSTRIALISATION AND TECHNOLOGY TRAINING PROGRAMME

Executive Summary

1. The Reindustrialisation and Technology Training Programme (RTTP) was launched in August 2018 (subsequently retitled to “New Industrialisation and Technology Training Programme” in October 2023) under the Innovation and Technology Fund to subsidise local companies on a 2:1 matching basis (i.e. RTTP subsidises two thirds of the training costs) to train their staff in advanced technologies. Up to 31 March 2023, 8,936 training grant applications submitted by 3,937 companies had been approved. The total amount of training grant approved was \$314.9 million, of which \$282.7 million (90%) had been disbursed to the companies. The Innovation and Technology Commission (ITC), headed by the Commissioner for Innovation and Technology (CIT), is responsible for the administration of RTTP. Since the launch of RTTP in August 2018, ITC has appointed the Vocational Training Council (VTC) as RTTP Secretariat. A Course Vetting Panel (CVP) (comprising members from the Government, VTC, academia, business sectors and professional services sector) was set up for administering RTTP and vetting RTTP applications. The Audit Commission (Audit) has recently conducted a review of RTTP.

Monitoring of training courses and course providers

2. *Need to process public course registrations in a timely manner.* Audit analysed the processing time of the 4,099 applications for public course registrations approved in the period from the launch of RTTP in August 2018 to March 2023. Audit found that the processing time had increased. For instance, the percentage of applications with processing time exceeding 30 working days increased from 24% in 2018-19 to 47% in 2022-23 (para. 2.6).

3. *Late approvals for public course registrations.* For public courses, companies are required to submit their applications for training grant to RTTP Secretariat at least 2 weeks before course commencements. Audit reviewed the 1,470 public courses approved in 2022-23. Audit found that approvals for 336 (23%) courses were granted less than 2 weeks before course commencement

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dates and approvals for 128 (9%) courses were granted on or after course commencement dates (para. 2.8).

4. ***Need to follow up with course providers on course fees.*** Audit analysed the course fees per hour per trainee of the 4,099 public courses approved in the period from the launch of RTTP in August 2018 to March 2023. Audit found that for 881 (21.5%) courses, course fees per hour per trainee exceeded \$1,000, including 65 (1.6%) courses exceeded \$2,000 and 3 (0.1%) courses exceeded \$4,000 (para. 2.10).

5. ***Need to conduct site visits to course providers applying for registration of public courses.*** Audit found that up to August 2023, RTTP Secretariat had not conducted site visits to course providers applying for registration of their training courses as public courses. In Audit's view, it is important to conduct site visits to detect whether there are omissions or misrepresentations of information in the applications submitted by the course providers (para. 2.15).

6. ***Need to improve quality assurance mechanism.*** The assessment criteria on RTTP courses were limited to technical aspects, duration of the courses and for re-run of public courses, the number of RTTP funded trainees of the previous courses. There were no requirements on other aspects, such as accreditation status, trainers' background, course fees and the planned/target number of trainees. It was worth noting that some other government subsidy schemes required training courses to be recognised under the Qualifications Framework to ensure that the courses were quality assured (para. 2.23).

7. ***Need to improve surprise class inspections.*** ITC and RTTP Secretariat have not promulgated guidelines on surprise class inspections. Audit found that in the period from 2019-20 to 2022-23, the number of surprise class inspections conducted each year ranged from 3 to 27. On average, 1.3% of local courses were inspected each year, ranging from 0.5% to 2.2%. Of the 125 course providers providing 3,779 local courses in the period, only 26 (21%) were selected for surprise class inspections. For the 118 local tailor-made courses provided in the period, only 1 surprise class inspection was conducted (para. 2.30).

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8. *Need to monitor non-local courses.* Up to March 2023, a total of 458 training grant applications involving grants of \$8.8 million had been approved for 111 non-local courses. RTTP Secretariat had not conducted surprise class inspections on non-local courses to monitor their quality of training and to check whether the courses were conducted in compliance with the course registration applications (para. 2.32).

9. *Need to monitor course fees charged on RTTP trainees.* Audit found that a course provider charged course fee of \$17,800 on RTTP trainees, which was 29% or \$4,000 higher than that on non-RTTP trainees for the same course. Moreover, the course provider did not inform RTTP Secretariat on the offer of early bird discount to RTTP trainees (para. 2.34).

10. *Some important course information was not available on RTTP's website.* In June 2023, Audit reviewed the information of 20 public courses (involving 15 course providers) registered in the period from October 2022 to May 2023. Even though the course pamphlets for all of the 20 courses were already made available on RTTP's website, Audit found that some important course information was not available (e.g. course fees and qualification of trainers). For courses without course pamphlets, course information available on RTTP's website was even less (para. 2.38).

11. *Some training courses without registration were publicised as registered public courses.* In May 2023, Audit reviewed the information of 20 training courses publicised as registered public courses on the websites of 10 course providers. Audit found that 11 (55%) of the 20 courses had not been registered (para. 2.40).

Processing of training grant applications and reimbursement claims

12. *Need to monitor processing time of training grant applications.* According to RTTP Secretariat, in the period from the launch of RTTP in August 2018 to March 2023, the average processing time was 4 and 15 working days for public courses and tailor-made courses respectively. However, RTTP Secretariat was unable to provide supporting documents showing how such average processing time was derived. Moreover, RTTP Secretariat did not have detailed analysis on the processing

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time, such as information on the range (i.e. the shortest and the longest time) of the processing time (para. 3.4).

13. ***Room for improvement in processing of reimbursement claims.*** Audit found that RTTP Secretariat had not monitored the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis. Audit analysed the time taken from receipt of reimbursement claims to disbursement of training grants of the 461 reimbursement claims approved in the period from January to March 2023. Audit noted that the average time taken was 146 days, ranging from 28 to 448 days. Audit examined 20 reimbursement claims which RTTP Secretariat took more than 180 days to process. Audit found that there was room for improvement. For 9 (45%) claims, RTTP Secretariat could have taken earlier actions to contact the companies to raise queries on their applications. For 18 (90%) claims, the case officers waited for the submission of employee surveys by the companies. However, the completion of surveys was not a pre-requisite for disbursement of training grants (paras. 3.8 to 3.10).

14. ***Need to strengthen checking on eligibility of nominated employees.*** Companies applying for training grant should fulfil the requirement that the nominated employee is a Hong Kong permanent resident with the necessary academic background and work experience relevant to the advanced technology of the training course. On the application forms, the companies were required to state the nominated employee's education qualification, job position and years of work experience relevant to the advanced technology. However, RTTP Secretariat did not require the companies to provide supporting documentary proof to support the information provided. Furthermore, the companies were not required to give information on the relevance of work experience to the advanced technology. Audit reviewed the work experience of the 175 employees attending 10 public courses from August 2022 to April 2023 and found that there were 12 (7%) employees whose work experience was prima facie not relevant to advanced technology (paras. 1.4(c) and 3.16).

15. ***Need to ensure training grants are only approved for eligible applications.*** Audit examined 40 training grant applications approved in the period from January to March 2023. Audit found that 6 (15%) applications including ineligible employees were approved. In the 6 applications, one or more employees nominated in the applications did not meet the requirements on qualification and/or work experience. However, RTTP Secretariat had not requested the companies concerned to furnish

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additional information to support the eligibility of the employees concerned (para. 3.19).

16. ***Need to strengthen checking on reimbursement claims against other local public funding schemes.*** Companies which have obtained subsidies from any other local public funding schemes to cover the training costs are not allowed to claim reimbursement under RTTP. Audit found that RTTP Secretariat had not identified all local funding schemes that might provide subsidies to employees attending RTTP training courses. In March 2019, RTTP Secretariat reported that it had developed a cross-checking mechanism with 6 such schemes. However, RTTP Secretariat conducted checks on double funding for reimbursement claims received against only 3 (50%) of the 6 local funding schemes (para. 3.23).

17. ***Need to conduct site visits to companies applying for training grants.*** Audit found that RTTP Secretariat had not conducted site visits to companies applying for training grants since the launch of RTTP in August 2018 to August 2023. In Audit's view, it is important to conduct site visits to detect deceptive information about the companies and whether prima facie, it is reasonable for the companies to apply for the training grants concerned (paras. 3.26 and 3.27).

18. ***Room for improvement in certified attendance lists submitted by course providers.*** Audit examined 50 public courses for which 208 reimbursement claims were approved in the period from January to March 2023. Audit found that 37 (74%) attendance lists were not certified by the course providers. Three (6%) attendance lists had not specified the full names of the trainees (e.g. only the Christian name and the surname were included) and therefore, the names on the lists could not be accurately cross-checked with RTTP Secretariat's records (para. 3.30).

19. ***Reimbursement claims were approved for some trainees not meeting the minimum attendance requirement.*** For 5 (10%) of the 50 attendance lists examined by Audit (see paragraph 18), each list included 1 or 2 trainees who did not meet the minimum attendance requirement. However, the course providers certified that all trainees on the lists had completed the training courses. There was no documentary evidence showing that RTTP Secretariat had followed up the cases (para. 3.32).

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Other issues

20. ***Need to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security.*** The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region was implemented on 30 June 2020. The Law stipulates that the Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organisations, the media, and the Internet. ITC needs to take measures to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security (e.g. promulgating guidelines and setting up a complaint mechanism) (paras. 4.2, 4.4 and 4.5).

21. ***First-tier declarations of interest not submitted.*** In the period from July 2018 to June 2023, there were 47 first-tier declarations of interest that were required to be made by CVP members. Audit found that up to August 2023, none of the 47 first-tier declarations had been made and RTTP Secretariat had not taken actions to follow up with the members (para. 4.9(a)).

22. ***Need to ensure compliance of guidelines on second-tier declarations of interest.*** For 4 CVP meetings held in the period from March 2019 to June 2022, while 6 declarations of interest should have been made, none of them had been made. For 14 circulations of papers in the period from September 2018 to June 2023, while 21 declarations should have been made, 20 (95%) of them had not been made (para. 4.12).

23. ***Room for improvement in employee surveys.*** In the period from June 2019 to January 2023, nominated employees were invited to complete evaluation surveys on 1,889 training courses. Audit found that the response rates for 798 (42%) training courses were 50% or below, including 410 (22%) with no response (i.e. response rate of 0%) (para. 4.18(a)).

24. ***Room for improvement in employer surveys.*** Audit reviewed the 4 annual employer surveys for the period from the launch of RTTP in August 2018 to March 2022. Audit found that RTTP Secretariat took 295 to 483 days (averaging

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425 days) for compilation of survey results after the end date of the period covered by the surveys (i.e. 31 March) (para. 4.20).

25. ***Need to improve RTTP's website.*** In August and September 2023, Audit reviewed RTTP's website. Audit found that: (a) in August 2023, 8 external links did not direct users to the desired destinations. In September 2023, the 8 external links remained non-functional; and (b) 20 items were not available in simplified Chinese and 2 items were only available in English (para. 4.29).

26. ***Need to keep under review the scope for exploring innovation and technology solutions.*** Audit found that there is scope for further exploring innovation and technology solutions in improving RTTP's operations. For example, the processing time of applications for public course registrations was not analysed to compile useful management information (para. 4.38).

Audit recommendations

27. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that CIT should:**

Monitoring of training courses and course providers

- (a) **ensure that applications for public course registrations are processed in a timely manner (para. 2.20(a) and (b));**
- (b) **seek more information and explanations for courses with prima facie high course fees (para. 2.20(c));**
- (c) **ensure that before approving registration of training courses, RTTP Secretariat selects course providers for site visits (para. 2.20(e));**
- (d) **improve the quality assurance mechanism on training courses (para. 2.25);**
- (e) **step up and improve surprise class inspections (para. 2.36(a) and (b));**

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- (f) explore measures to monitor non-local courses (para. 2.36(c));
- (g) ensure that course providers charge the same course fees on RTTP trainees and non-RTTP trainees (para. 2.36(d)(i));
- (h) ensure that important course information is available on RTTP's website (para. 2.42(a));
- (i) ensure that the course providers do not publicise training courses as RTTP courses unless the courses have been registered (para. 2.42(b));

Processing of training grant applications and reimbursement claims

- (j) ensure that training grant applications are processed and training grants are disbursed in a timely manner (para. 3.12(a) and (b));
- (k) strengthen checking on eligibility of nominated employees (para. 3.36(a));
- (l) ensure that training grants are only approved for eligible applications (para. 3.36(b));
- (m) strengthen double funding checking on reimbursement claims against other local public funding schemes (para. 3.36(d));
- (n) ensure that before approving training grant applications, RTTP Secretariat selects companies for site visits (para. 3.36(e));
- (o) ensure that certified attendance lists, including full names of the trainees, are submitted for all training courses (para. 3.36(g));
- (p) ensure that reimbursement claims are only approved for trainees meeting the minimum attendance requirement (para. 3.36(h));

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Other issues

- (q) **strengthen guidance and regulation over matters concerning the safeguarding of national security (para. 4.6);**
- (r) **ensure that first-tier declarations of interest are made by CVP members in a timely manner (para. 4.15(a)(i));**
- (s) **ensure that CVP members comply with guidelines on second-tier declarations of interest (para. 4.15(b)(i));**
- (t) **improve the response rates of employee surveys (para. 4.22(a));**
- (u) **expedite the commencement of employer surveys and compilation of survey results (para. 4.22(c));**
- (v) **improve RTTP's website taking reference to the Office of the Government Chief Information Officer's guidelines (para. 4.40(d)); and**
- (w) **keep under review the scope for exploring innovation and technology solutions in RTTP's operations (para. 4.40(f)).**

Response from the Government

28. CIT agrees with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 In June 1999, the Government established the Innovation and Technology Fund (ITF) as a statutory fund under the Public Finance Ordinance (Cap. 2). ITF finances projects that contribute to innovation and technology upgrading as well as the development in manufacturing and services industries in Hong Kong. The Innovation and Technology Commission (ITC), headed by the Commissioner for Innovation and Technology (CIT), is responsible for administering ITF. In August 2018, ITC launched a training programme entitled “Reindustrialisation and Technology Training Programme” (RTTP) (Note 1).

1.3 The predecessor of RTTP was the New Technology Training Scheme (NTTS). NTTS was launched in 1992 under the then Education and Manpower Branch (predecessor to the Labour and Welfare Bureau (LWB)) to fund local companies on staff training in new technologies. NTTS was overseen by LWB and administered by the Vocational Training Council (VTC). In 2017, NTTS was transferred from LWB to the then Innovation and Technology Bureau (Note 2). RTTP was launched on 22 August 2018 under ITF. According to the Innovation, Technology and Industry Bureau (ITI) and ITC, RTTP predominately follows the NTTS model. RTTP subsidises local companies on a 2:1 matching basis (i.e. RTTP subsidises two thirds of the training costs) to train their staff in advanced technologies,

Note 1: *Following the 2023 Policy Address delivered on 25 October 2023, the training programme was retitled to “New Industrialisation and Technology Training Programme”. As this audit report covered the review of the training programme before it was retitled, the training programme was referred to as RTTP in this audit report.*

Note 2: *The then Innovation and Technology Bureau was renamed the Innovation, Technology and Industry Bureau upon the reorganisation of the Government in July 2022.*

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especially those related to “Industry 4.0” (Note 3). Under RTTP, eligible companies can apply for training grants for their employees to attend training courses registered with RTTP. Companies may submit claims for reimbursement of training costs to RTTP Secretariat (see para. 1.9) after the nominated employees have completed the training courses (i.e. attendance of at least 70% of training hours or such higher attendance as prescribed) and the companies have paid the training costs. In the period from the launch of RTTP on 22 August 2018 to 31 March 2023, 8,936 training grant applications submitted by 3,937 companies were approved. The total amount of training grant approved was \$314.9 million, of which \$282.7 million (90%) had been disbursed to the companies (see Table 1).

Note 3: *After the training programme was retitled, the aim of the training programme was changed from “subsidising local companies on a 2:1 matching basis to train their staff in advanced technologies, especially those related to Industry 4.0” to “subsidising local companies on a 2:1 matching basis to train their staff in advanced technologies, especially those related to New Industrialisation”.*

Table 1

**Number of training grant applications and
amount of training grant
(22 August 2018 to 31 March 2023)**

	2018-19	2019-20	2020-21	2021-22	2022-23	Overall
<i>Number of training grant applications</i>						
Brought forward (a)	—	10	11	12	12	—
Received (b)	334	648	1,157	2,491	4,502	9,132
Processed (c)	324	647	1,156	2,491	4,502	9,120
- Approved	313	628	1,132	2,462	4,401	8,936
- Rejected	2	16	16	22	36	92
- Withdrawn	9	3	8	7	65	92
Carried forward (d)=(a)+(b)-(c)	10	11	12	12	12	12
<i>Amount of training grant approved (\$ million)</i>	3.9	8.7	15.9	64.5	221.9	314.9
<i>Amount of training grant disbursed (\$ million)</i>	3.5	8.0	12.2	60.2	198.8	282.7

Source: Audit Commission analysis of ITC records

Remarks: RTTP was launched on 22 August 2018.

Key features of RTTP

1.4 ***Eligibility.*** Companies applying for training grant are required to fulfil the following conditions:

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- (a) registered in Hong Kong under the Business Registration Ordinance (Cap. 310);
- (b) must not be a government organisation or subvented organisation; and
- (c) the nominated employee is a Hong Kong permanent resident with the necessary academic background and work experience relevant to the advanced technology of the training course.

1.5 ***Funding amount and funding mode.*** RTTP provides training grants as follows:

- (a) RTTP subsidises companies on a 2:1 matching basis (see para. 1.3). Companies are required to contribute one third of the actual training costs;
- (b) an amount of training cost ceiling for reimbursement is set for each course in each training grant application;
- (c) there is no limit on the number of training grant applications by each company. However, each company is subject to a funding ceiling of \$500,000 per financial year; and
- (d) there are no limits on the amount of subsidies for each person and the number of RTTP training courses a person can attend. However, employees will not be subsidised for the same training course that they have previously attended.

1.6 ***Funding scope.*** Companies may apply for training grants for two types of training courses:

- (a) ***Public courses.*** Public courses are courses that are open for nomination of employees by all eligible companies (Note 4). Course providers are required to apply for registration of their courses as public courses under RTTP (see para. 1.13). In the period from the launch of RTTP in

Note 4: *Public courses are also open for enrolment by the public (not under RTTP).*

August 2018 to March 2023, 8,813 training grant applications on public courses were approved and \$271.6 million had been disbursed; and

- (b) ***Tailor-made courses.*** Tailor-made courses are courses designed for particular companies. There is no requirement for course providers to register tailor-made courses. In processing the applications submitted by companies, RTTP Secretariat (see para. 1.9) and the Course Vetting Panel (CVP — see para. 1.8) will assess the tailor-made courses. In the period from the launch of RTTP in August 2018 to March 2023, 123 training grant applications on tailor-made courses were approved and \$11.1 million had been disbursed.

Public courses and tailor-made courses are conducted either locally (i.e. local courses) or conducted outside Hong Kong (i.e. non-local courses). For local courses, training cost covers course fee only, i.e. only course fee can be reimbursed (on a 2:1 matching basis). For non-local courses, training cost comprising the course fee, the return passage between Hong Kong and the location of training, and the subsistence allowance provided by the companies to the employees. All these elements can be reimbursed (on a 2:1 matching basis).

Administration of RTTP

1.7 ***Innovation and Technology Training Board (ITTB).*** ITTB, established under VTC (Note 5), advises and makes recommendations to ITC in steering and overseeing the implementation of RTTP. As at 30 June 2023, ITTB had 23 members comprising 2 ex-officio members from the Government, 1 ex-officio member from VTC, and 20 non-official members from academia, business sectors, technology sectors and professional services sectors. The duties of ITTB in relation to RTTP include:

- (a) vetting and reviewing of guiding principles for assessment of applications for public course registrations and applications for training grant, guidelines and procedures, and control mechanisms; and

Note 5: *ITTB is also responsible for administering other training schemes and programmes as well as other duties under VTC.*

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- (b) vetting and reviewing of the progress reports, Annual Implementation Plans (AIPs — see para. 4.31), annual reports and audited accounts submitted by RTTP Secretariat.

1.8 **CVP.** CVP was set up under ITTB for administering RTTP and vetting RTTP applications. As at 30 June 2023, CVP had 7 members comprising 1 ex-officio member from the Government, 2 ex-officio members from VTC, and 4 non-official members from academia, business sectors and professional services sector. The terms of reference of CVP are as follows:

- (a) administering RTTP and in particular the vetting of applications received from:
 - (i) course providers for registration of public courses and the amount of training grants for eligible trainees participating in the public courses; and
 - (ii) companies for approval of training grants for tailor-made courses;
- (b) reviewing the performance of course providers participating in RTTP;
- (c) evaluating and reviewing the effectiveness of RTTP; and
- (d) advising and making recommendations to ITTB on matters relating to RTTP.

1.9 **RTTP Secretariat.** Since the launch of RTTP on 22 August 2018, ITC has appointed VTC as RTTP Secretariat. The responsibilities of RTTP Secretariat include:

- (a) devising and updating guiding principles for assessment of training courses and application of training grants, vetting and assessment criteria, guidelines and procedures, funding criteria, and safeguard and control mechanisms under RTTP;

- (b) providing guidance to companies in making applications for training grants and to course providers in making applications for registration of public courses (see para. 1.13);
- (c) receiving and conducting initial vetting of applications for registration of public courses and applications for training grants for tailor-made courses, and providing recommendations and coordinating the further vetting by technical experts (Note 6) and CVP;
- (d) receiving and conducting vetting of applications for training grants for public courses;
- (e) processing of reimbursement claims and disbursing training grants to companies;
- (f) setting up and maintaining a dedicated website to enable online applications;
- (g) maintaining a list of registered public courses;
- (h) providing secretariat services for RTTP; and
- (i) publicising RTTP through various means (e.g. participating in briefings and seminars).

As at 30 June 2023, RTTP Secretariat had an establishment of 6 staff (Note 7). In August 2023, ITC re-appointed VTC as RTTP Secretariat for a 5-year period from 22 August 2023 to 21 August 2028.

1.10 According to the agreement between the Government and VTC, an implementation fee is payable to VTC annually and VTC is required to make

Note 6: *RTTP Secretariat engages technical experts from academia, professional bodies and different industrial sectors for providing technical advice to assist CVP and RTTP Secretariat in vetting applications of course registrations. As at 30 June 2023, RTTP Secretariat engaged 68 technical experts.*

Note 7: *According to ITIB and ITC, RTTP Secretariat was not at full staff strength as at 30 June 2023 due to staff attrition.*

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contribution to RTTP. For the period from the launch of RTTP in August 2018 to March 2023, the implementation fee paid to VTC accounted to \$10.3 million (Note 8) and the contribution made by VTC accounted to \$3.5 million.

1.11 ***RTTP Team.*** An RTTP Team, established under ITC's Funding Schemes Division which is headed by Assistant CIT (Funding Schemes) (Note 9), is responsible for the policy and general administration of RTTP (see Appendix A for an extract of the organisation chart of ITC as at 30 June 2023). RTTP Team (Note 10) monitors the performance of RTTP Secretariat through reviewing and recommending CIT's approval of AIPs, annual reports and audited accounts, arranging disbursements to companies via RTTP Secretariat, and handling enquiries or complaints relating to RTTP Secretariat's performance. As at 30 June 2023, RTTP Team had an establishment of 2 staff.

Registration of public courses

1.12 Course providers with two or more years of relevant experience in the provision of technology training may submit applications to register their training courses as public courses under RTTP. Up to 30 June 2023, the cumulative number of public course registrations approved by CVP was about 4,400. As at 30 June 2023, 170 public courses provided by 34 course providers were available for enrolment under 14 technology nature clusters (see Table 2).

Note 8: *According to ITIB and ITC, under the agreement between the Government and VTC, the implementation fee only covered a portion of manpower for certain staff (i.e. in addition to administering RTTP, some staff of the Secretariat is also responsible for other duties, e.g. providing secretariat support to ITTB and CVP, and administering other purviews under VTC).*

Note 9: *In addition to administering RTTP, Assistant CIT (Funding Schemes) is also responsible for other duties (e.g. administration of 7 other ITF funding schemes).*

Note 10: *In addition to administering RTTP, RTTP Team is also responsible for other duties (e.g. administration of 2 other ITF funding schemes).*

Table 2
Public courses analysed by technology nature clusters
(30 June 2023)

Technology nature cluster		Number of registered public courses
1	Automation Control	5
2	Biomedical & Healthcare	5
3	Data Communication	4
4	Digital Media	17
5	Electronic Engineering	1
6	Environmental	4
7	Hospitality & Catering Industry Related	5
8	Information Technology	118
9	Logistic Industry Related	3
10	Manufacturing	6
11	Quality Improvement	14
12	Sustainability	1
13	Textile & Clothing	6
14	Wholesales/Retail & Import/Export Trades Related	1
Overall		170 (Note)

Source: Audit Commission analysis of ITC records

Note: The total number of public courses did not add up to 170 because some courses were classified under more than one technology nature cluster.

1.13 ***Procedures for public course registrations.*** Registration of public courses under RTTP is open throughout the year. Applications for registration of public courses can be made via an online system maintained by RTTP Secretariat or by submitting an application form (in person, by post, by fax or by email) to RTTP Secretariat at least eight weeks before course commencement. Upon receipt of applications, RTTP Secretariat will conduct an initial assessment of the applications, consult technical experts as appropriate before submitting its recommendation to CVP for consideration. Applications are vetted and approved/rejected by CVP based on three main guiding principles:

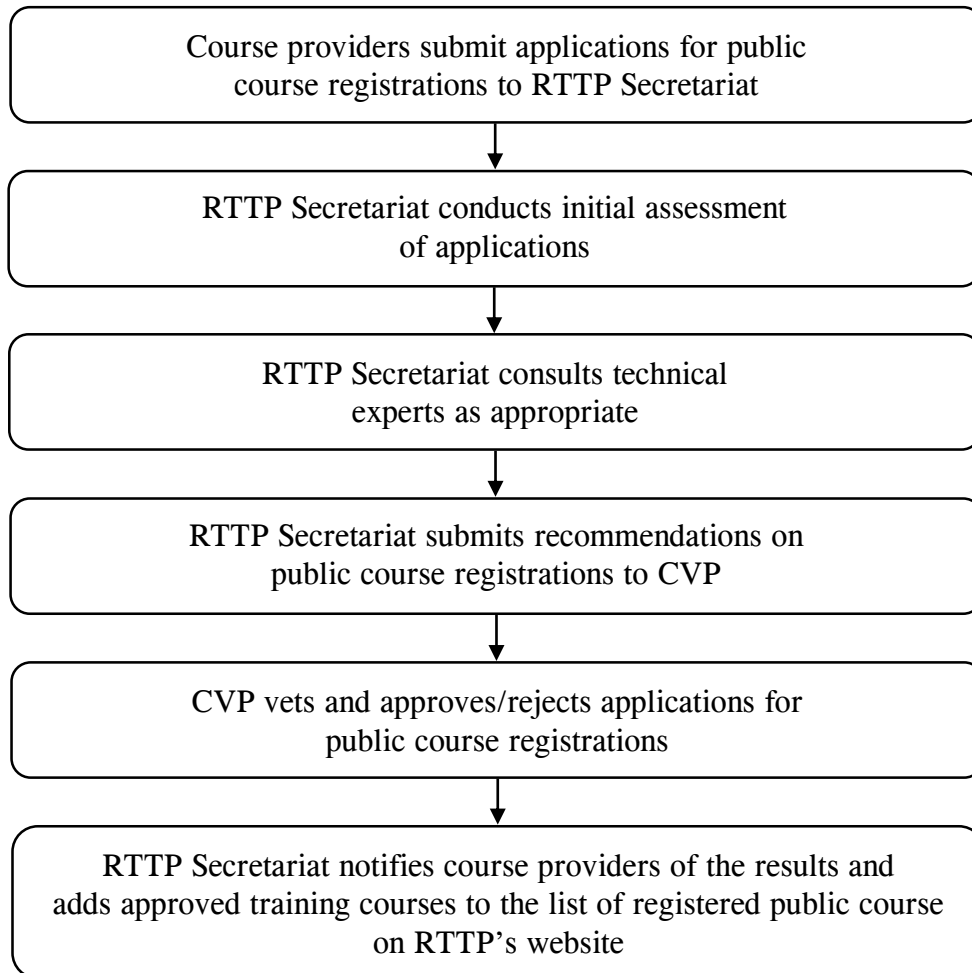
Introduction

- (a) whether the technologies involved are advanced in nature;
- (b) whether the adoption of the technologies involved will benefit the economy of Hong Kong; and
- (c) whether the technologies involved are not yet widely adopted in Hong Kong.

For approved applications, the course providers will be notified and the course with its details will be included as a registered public course on RTTP's website. An overview of the procedures for public course registrations is shown in Figure 1.

Figure 1

**Procedures for public course registrations
(30 June 2023)**



Source: *Audit Commission analysis of ITC records*

Application for training grants and claiming reimbursements

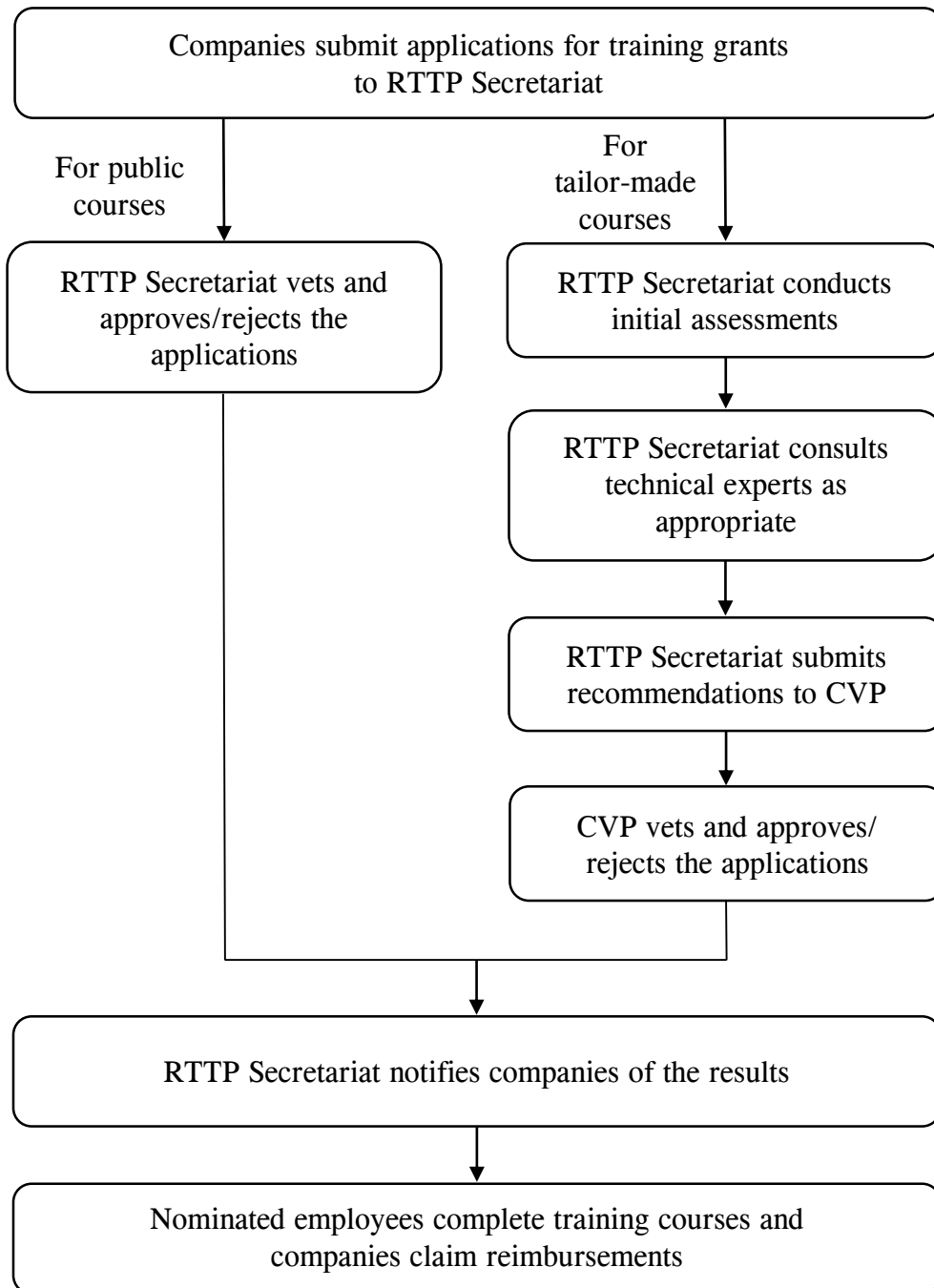
1.14 Companies may apply for training grants via the online system (see para. 1.13) or by submitting an application form (in person, by post, by fax or by email) to RTTP Secretariat together with necessary documents (Note 11). Upon receipt of all necessary documents, applications will be processed as follows:

- (a) ***Public courses.*** Applications are vetted and approved/rejected by RTTP Secretariat; and
- (b) ***Tailor-made courses.*** RTTP Secretariat conducts an initial assessment of applications, consults technical experts as appropriate and then submits its recommendation to CVP for consideration. Applications are vetted and approved/rejected by CVP based on the three main guiding principles (see para. 1.13).

For approved applications, the companies will be notified of the approved amount of training cost ceilings for reimbursement. Upon completion of training courses by the nominated employees, companies can apply for reimbursement of training costs. An overview of the procedures of applying for training grants and claiming reimbursements is shown in Figure 2.

Note 11: *The necessary documents are the company's valid Business Registration Certificate and the Hong Kong Identity Card for each employee nominated for the training course. RTTP Secretariat may seek supplementary information where necessary.*

Figure 2

**Procedures of applying for training grants and claiming reimbursements
(30 June 2023)**

Source: Audit Commission analysis of ITC records

Audit review

1.15 In April 2023, Audit Commission (Audit) commenced a review of RTTP. This audit has focused on the following areas:

- (a) monitoring of training courses and course providers (PART 2);
- (b) processing of training grant applications and reimbursement claims (PART 3); and
- (c) other issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government

1.16 CIT agrees with the audit recommendations. He has said that:

- (a) ITC appreciates the value for money audit review on RTTP and is grateful for the observations and recommendations, which will help ITC and VTC improve the operation of RTTP in order to serve the industry more effectively and efficiently. ITC will work closely with VTC to ensure the early implementation of improvement measures as appropriate;
- (b) the significant increase in the number of training grant applications received from 648 in 2019-20 to 4,502 in 2022-23 (see Table 1 in para. 1.3) and the number of public course registration applications received from 410 in 2019-20 to 2,135 in 2022-23 (see Table 3 in para. 2.3) far exceeded the processing capacity of RTTP Secretariat. RTTP Secretariat has substantially increased the manpower establishment to handle the increase in workload and expedite the processing of public course registrations; and
- (c) going forward, ITC will step up the monitoring of RTTP Secretariat's work in administering RTTP as well as enhance liaison with RTTP Secretariat to update the RTTP arrangements as necessary.

Acknowledgement

1.17 Audit would like to acknowledge with gratitude the full cooperation of the staff of ITC during the course of the audit review.

PART 2: MONITORING OF TRAINING COURSES AND COURSE PROVIDERS

2.1 This PART examines the monitoring of training courses and course providers, focusing on the following areas:

- (a) registration of public courses (paras. 2.2 to 2.21);
- (b) quality assurance of training courses (paras. 2.22 to 2.26);
- (c) monitoring of training courses (paras. 2.27 to 2.37); and
- (d) promotion of public courses (paras. 2.38 to 2.43).

Registration of public courses

2.2 According to the Guidance Notes for Public Course Providers issued by RTTP Secretariat:

- (a) ***Registration of courses.*** Course providers with two or more years of relevant experience in the provision of technology training may submit applications to register their training courses as public courses (see para. 1.13 and Figure 1). Applications are processed according to the following procedures:
 - (i) RTTP Secretariat conducts an initial assessment of the applications. It may seek clarification or supplementary information from the course providers as necessary;
 - (ii) RTTP Secretariat consults technical experts as appropriate;
 - (iii) RTTP Secretariat submits its recommendations to CVP for consideration; and

Monitoring of training courses and course providers

- (iv) CVP vets and approves/rejects the applications;

- (b) ***Amendment of courses.*** Course providers are required to obtain prior written approval of RTTP Secretariat if they need to effect any changes to the course specifications, such as changes to course titles, training hours, contents, trainers, venues, modes of delivery and course fees;

- (c) ***Postponement of courses.*** Course providers are required to notify RTTP Secretariat of any postponement of the registered public courses. The notifications have to be made before the commencement dates indicated in the applications. Despite the notifications, the courses are required to commence within 12 months of the commencement dates indicated in the applications; and

- (d) ***Re-run of courses.*** Course providers are allowed to re-run registered public courses within 12 months after the commencement dates indicated in the applications, provided that the course contents are substantially the same. Course providers are required to give prior notifications to RTTP Secretariat before the commencement dates of re-run courses.

2.3 In the period from the launch of RTTP in August 2018 to March 2023, RTTP Secretariat processed 4,946 applications for public course registrations and approved 4,099 (83%) of them (see Table 3). The 4,099 approved public courses comprised 3,992 (97%) local courses and 107 (3%) non-local courses (see para. 1.6).

Monitoring of training courses and course providers

Table 3

Analysis of applications for public course registrations processed (2018-19 to 2022-23)

Number of applications	2018-19	2019-20	2020-21	2021-22	2022-23	Overall
Brought forward (a)	–	30	83	138	219	–
Received (b)	264	410	1,000	1,654	2,135	5,463
Processed (c)	234	357	945	1,573	1,837	4,946
- Approved	134	281	828	1,386	1,470	4,099
- Rejected	92	57	110	187	367	813
- Withdrawn	8	19	7	0	0	34
Carried forward (d) = (a) + (b) – (c)	30	83	138	219	517	517

Source: Audit analysis of ITC records

Remarks: RTTP was launched on 22 August 2018.

Need to process public course registrations in a timely manner

2.4 The number of applications processed by RTTP Secretariat increased from 357 in 2019-20 to 1,837 in 2022-23 (2018-19 was not a full year for RTTP) (see Table 3 in para. 2.3). Notwithstanding this, due to the substantial increase in the number of applications received, the number of applications outstanding at the year-end increased from 83 in 2019-20 to 517 in 2022-23 (2018-19 was not a full year).

2.5 According to RTTP Secretariat, in the period from the launch of RTTP in August 2018 to March 2023, the average processing time of applications for public course registrations was 22 working days. However, RTTP Secretariat was unable to provide supporting documents showing how the average processing time of

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22 working days was derived. Moreover, RTTP Secretariat did not have detailed analysis on the processing time, such as:

- (a) information on the processing time for shorter periods within the whole period of about 5 years; and
- (b) the range (i.e. the shortest and the longest time) of the processing time.

2.6 Audit noted that ITC had not set a target on the processing time of applications for public course registrations. Audit analysed the processing time of the 4,099 applications for public course registrations approved in the period from the launch of RTTP in August 2018 to March 2023. Audit found that the processing time had increased:

- (a) the percentage of applications with processing time exceeding 30 working days increased from 24% (32 of 134) in 2018-19 to 47% (689 of 1,470) in 2022-23; and
- (b) the average processing time increased by 36% from 25.2 working days in 2018-19 to 34.2 working days in 2022-23 (see Table 4).

Monitoring of training courses and course providers

Table 4

Analysis of processing time of applications for public course registrations (2018-19 to 2022-23)

Processing time (Working day)	Number of approved applications				
	2018-19	2019-20	2020-21	2021-22	2022-23
≤ 30	102 (76%)	190 (68%)	477 (58%)	852 (62%)	781 (53%)
31 to 60	21 (16%)	81 (29%)	300 (36%)	405 (29%)	545 (37%)
61 to 90	11 (8%)	7 (2%)	42 (5%)	101 (7%)	102 (7%)
> 90 (Note)	0 (0%)	3 (1%)	9 (1%)	28 (2%)	42 (3%)
Total	134(100%)	281(100%)	828(100%)	1,386(100%)	1,470(100%)
Average	25.2	24.8	29.2	30.1	34.2

Source: Audit analysis of ITC records

Note: The longest processing time was 206 working days.

Remarks: RTTP was launched on 22 August 2018.

2.7 Audit considers that ITC needs to take measures to ensure that applications for public course registrations are processed in a timely manner, including:

- (a) compiling statistics on the average and the range of processing time regularly;
- (b) maintaining documents to support the statistics of processing time to enhance the integrity of the information; and
- (c) consider setting target on the processing time.

Monitoring of training courses and course providers

Late approvals for public course registrations

2.8 For public courses, companies are required to submit their applications for training grant to RTTP Secretariat at least 2 weeks before course commencements. Course providers are required to submit applications for public course registrations to RTTP Secretariat at least 8 weeks before course commencements. There should be at least 6 (8 minus 2) weeks to process and approve the applications such that the courses can be publicised by the course providers at least 2 weeks before course commencements. Nonetheless, not all applications for public course registrations were approved in good time. For these courses, companies will not be able to meet the application deadline for training grants. Audit reviewed the 1,470 public courses approved in 2022-23. Audit found that:

- (a) approvals for 336 (23%) courses were granted less than 2 weeks before course commencement dates; and
- (b) approvals for 128 (9%) courses were granted on or after course commencement dates (see Table 5).

Table 5

**Time between course approvals and course commencements
(2022-23)**

Time	Number of public courses
2 weeks or more	1,006 (68%)
Less than 2 weeks	336 (23%)
On or after course commencements	128 (9%)
Total	1,470 (100%)

Source: Audit analysis of ITC records

According to ITC, in such cases, the course providers would usually defer the course commencement date to allow time for companies to meet the timeframe for training grant applications.

Monitoring of training courses and course providers

2.9 Audit considers that ITC needs to take measures to ensure that approvals of public course registrations are granted well before course commencements (more than two weeks) with a view to providing sufficient time for companies to submit training grant applications.

Need to follow up with course providers on course fees

2.10 In the period from the launch of RTTP in August 2018 to March 2023, applications for registering 4,099 courses as public courses were approved. Audit analysed the course fees per hour per trainee of the 4,099 courses. Audit found that:

- (a) for 881 (21.5%) courses, course fees per hour per trainee exceeded \$1,000;
- (b) for 65 (1.6%) courses, course fees per hour per trainee exceeded \$2,000;
and
- (c) for 3 (0.1%) courses, course fees per hour per trainee exceeded \$4,000
(see Table 6).

Monitoring of training courses and course providers

Table 6

**Analysis of course fees per hour per trainee of public courses
(August 2018 to March 2023)**

Course fee per hour per trainee (\$)	Number of public courses	
≤ 1,000	3,218	(78.5%)
1,001 to 2,000	816	(19.9%)
2,001 to 3,000	62	(1.5%)
3,001 to 4,000	0	(0.0%)
> 4,000 (Note)	3	(0.1%)
Total	4,099	(100.0%)

Source: Audit analysis of ITC records

Note: The highest course fee per hour per trainee was \$5,000.

2.11 In response to enquiry, ITC informed Audit in September 2023 that there was no prevailing requirement for the course providers to provide explanation on the reasonableness of the course fees in their applications. Audit considers that ITC needs to seek more information and explanations from the course providers of courses with prima facie high course fees (especially those with high course fees per hour per trainee) to ensure that the fees are justified.

Some assessment criteria were not disclosed in the Guidance Notes for Public Course Providers

2.12 The Guidance Notes for Public Course Providers provide guidance to course providers, including vetting and assessment procedures. The Guidance Notes were last updated in December 2021. Audit found that the assessment criteria promulgated in the Guidance Notes were not complete. Two assessment criteria were not disclosed in the Guidance Notes:

Monitoring of training courses and course providers

- (a) **Course duration.** In addition to the three guiding principles (see para. 1.13), CVP also considers whether the duration of the public course is long enough to cover the technology in depth for effecting technology transfer. In 2022-23, 75 applications for public course registrations were rejected because CVP considered that the durations of the courses were not long enough to cover the technology in depth for effecting technology transfer; and
- (b) **Number of trainees.** On 1 June 2022, CVP decided that applications for re-run public courses after 12 months should not be approved if the numbers of trainees funded by RTTP of the previous courses were very low. Applications for re-run courses should be rejected when the average number of trainees funded by RTTP was found lower than that of 5% of the approved class size of the latest 3 classes. On 31 January 2023, CVP further decided that the threshold for approving re-run courses would be increased from 5% to 20%. In the period from 2 June 2022 to 31 March 2023, 100 applications for re-run courses were rejected for not meeting the thresholds.

2.13 Audit considers that ITC needs to take measures to ensure that all important assessment criteria for public course registrations are disclosed in the Guidance Notes.

Need to conduct site visits to course providers applying for registration of public courses

2.14 According to the Guidance Notes for Public Course Providers:

- (a) it is the responsibility of the course providers to complete the application form truthfully;
- (b) it is an offence in law to obtain property/pecuniary advantage by deception or assisting persons to obtain property/pecuniary advantage under RTTP; and
- (c) site visits may be carried out by RTTP Secretariat to the course providers after receipt of applications for public course registrations.

Monitoring of training courses and course providers

2.15 In Audit's view, it is important to conduct site visits to course providers applying for registration of public courses. During site visits, RTTP Secretariat can detect whether there are omissions or misrepresentations of information in the applications submitted by the course providers. Audit found that:

- (a) since the launch of RTTP in August 2018 and up to August 2023, RTTP Secretariat had not conducted site visits to course providers applying for registration of their training courses as public courses;
- (b) RTTP Secretariat had not promulgated guidelines on the scope of checks to be conducted, the basis for selecting course providers for conducting site visits, and the follow-up actions on the findings from the site visits; and
- (c) there was no target on the number of site visits.

2.16 Audit considers that ITC needs to:

- (a) take measures to ensure that before approving registration of training courses as public courses, RTTP Secretariat selects course providers for conducting site visits; and
- (b) promulgate guidelines on site visits, including:
 - (i) the scope of checks to be conducted during site visits;
 - (ii) the basis for selecting course providers for conducting site visits; and
 - (iii) the follow-up actions on the findings identified during site visits.

Need to urge course providers to collect course fees by monthly instalments

2.17 According to the Guidance Notes for Public Course Providers, for training courses lasting for more than one month, course providers should collect course fees by monthly instalments as far as practicable. Of the 4,099 public courses approved

Monitoring of training courses and course providers

in the period from the launch of RTTP in August 2018 to March 2023, 686 (17%) were courses with duration of more than one month. Audit found that:

- (a) for 667 (97%) of the 686 courses, course fees (ranging from \$2,850 to \$70,000, averaging \$19,590) were collected on a one-off basis instead of by monthly instalments; and
- (b) RTTP Secretariat had not taken follow-up actions with the course providers concerned to ascertain why they did not collect course fees by monthly instalments or urged them to collect course fees by monthly instalments.

2.18 In response to enquiry, ITC informed Audit in September 2023 that:

- (a) the collection of course fees by monthly instalments was not a strict requirement; and
- (b) it planned to revise the requirement with a view to fine-tuning the requirement to apply only to courses with course fees exceeding a threshold.

2.19 For course providers who do not collect course fees by monthly instalments for training courses with duration of more than one month, Audit considers that ITC needs to consider whether it is necessary to seek justifications from them and urge them to collect course fees by monthly instalments as far as practicable.

Audit recommendations

2.20 **Audit has *recommended* that CIT should:**

- (a) **take measures to ensure that applications for public course registrations are processed in a timely manner, including:**
 - (i) **compiling statistics on the average and the range of processing time regularly;**

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- (ii) **maintaining documents to support the statistics of processing time to enhance the integrity of the information; and**
 - (iii) **consider setting target on the processing time;**
- (b) **take measures to ensure that approvals of public course registrations are granted well before course commencements (more than two weeks) with a view to providing sufficient time for companies to submit training grant applications;**
- (c) **seek more information and explanations from the course providers of courses with prima facie high course fees (especially those with high course fees per hour per trainee) to ensure that the fees are justified;**
- (d) **take measures to ensure that all important assessment criteria for public course registrations are disclosed in the Guidance Notes for Public Course Providers;**
- (e) **take measures to ensure that before approving registration of training courses as public courses, RTTP Secretariat selects course providers for conducting site visits;**
- (f) **promulgate guidelines on site visits to course providers applying for registration of their training courses as public courses, including:**
 - (i) **the scope of checks to be conducted during site visits;**
 - (ii) **the basis for selecting course providers for conducting site visits; and**
 - (iii) **the follow-up actions on the findings identified during site visits; and**
- (g) **for course providers who do not collect course fees by monthly instalments for training courses with duration of more than one month, consider whether it is necessary to seek justifications from them and urge them to collect course fees by monthly instalments as far as practicable.**

Response from the Government

- 2.21 CIT agrees with the audit recommendations. He has said that:
- (a) ITC has devised performance pledges on the processing time of applications for public course registrations and has incorporated such pledges in the revised Guidance Notes for Public Course Providers. ITC will request RTTP Secretariat to provide detailed breakdown of the processing time statistics to ITC on a monthly basis and maintain file records of the statistics for better monitoring on the processing time;
 - (b) as mentioned in paragraph 1.16(b), the significant increase in the number of applications for public course registrations far exceeded the processing capacity of RTTP Secretariat. RTTP Secretariat has substantially increased the manpower establishment to handle the increase;
 - (c) ITC, in liaison with RTTP Secretariat, has devised a revised vetting mechanism for public course registrations which takes into account the reasonableness of course fee for each course as part of the assessment criteria. Courses with unreasonably high course fees will be rejected. The new vetting mechanism along with all assessment criteria for public course registrations have been incorporated in the revised Guidance Notes for Public Course Providers promulgated in October 2023;
 - (d) ITC, in consultation with RTTP Secretariat, will devise guidelines on site visits to course providers applying for registration of their training courses as RTTP public courses, including the selection of course providers for such site visits, scope of checks to be conducted during such visits and the necessary follow-up actions on the visits; and
 - (e) ITC has revised the requirement on collecting course fees by monthly instalments in the revised Guidance Notes for Public Course Providers. Courses with course fees over a certain duration and over a certain amount are requested to provide an option for trainees to pay the course fees by monthly instalments and such request has been incorporated as part of the assessment criteria.

Quality assurance of training courses

Need to improve quality assurance mechanism

2.22 To be eligible for registering the training courses as public courses under RTTP, course providers are required to have proper insurance policies and suitable class venues that comply with all relevant statutory requirements for the purpose of running training courses. Fulfilling these requirements on training venues, course providers with two or more years of relevant experience in the provision of technology training may submit applications to register their training courses as public courses. When considering public course registrations and training grant applications for tailor-made courses, CVP assesses the courses by the following criteria:

- (a) the technology covered in the course:
 - (i) is advanced in nature;
 - (ii) if adopted, will benefit the economy of Hong Kong; and
 - (iii) is not yet widely adopted in Hong Kong (see para. 1.13);
- (b) the duration of the course is long enough to cover the technology in depth for effecting technology transfer (see para. 2.12(a)); and
- (c) for re-run of public courses after 12 months, the numbers of RTTP funded trainees of the previous courses were not low (see para. 2.12(b)).

2.23 Audit found that:

- (a) the assessment criteria on RTTP courses were limited to technical aspects, duration of the courses and for re-run of public courses, the number of RTTP funded trainees (see para. 2.22). There were no requirements on other aspects, such as accreditation status, trainers' background, course fees and the planned/target number of trainees;
- (b) in the employee surveys (see para. 4.17(a)), some employees had expressed concerns on the teaching quality of the courses. For example, some

Monitoring of training courses and course providers

employees reflected that some trainers used outdated teaching materials and some trainers did not provide practical examples to explain the theories; and

- (c) it was worth noting that some other government subsidy schemes required training courses to be recognised under the Qualifications Framework (Note 12). The Qualifications Framework launched by the Education Bureau in 2008 was underpinned by a robust quality assurance mechanism to ensure that the training courses recognised under the Qualifications Framework were quality assured and level-rated in accordance with the objective and well-defined standards.

2.24 Audit considers that ITC needs to improve the quality assurance mechanism on RTTP training courses, including:

- (a) consider featuring the Qualifications Framework in the quality assurance mechanism; and
- (b) consider expanding the scope of assessment on courses (e.g. trainers' background and course assessment requirements on trainees).

Audit recommendations

2.25 **Audit has recommended that CIT should improve the quality assurance mechanism on RTTP training courses, including:**

- (a) **consider featuring the Qualifications Framework in the quality assurance mechanism; and**
- (b) **consider expanding the scope of assessment on courses (e.g. trainers' background and course assessment requirements on trainees).**

Note 12: *Qualifications Framework is a seven-level hierarchy covering qualifications in the academic (such as degree programmes), vocational and professional education and training (such as higher diploma programmes), and continuing education (such as in-house training courses) sectors.*

Response from the Government

2.26 CIT agrees with the audit recommendations. He has said that:

- (a) ITC fully acknowledges the benefit towards quality assurance by incorporating the Qualifications Framework in RTTP. However, courses under RTTP should contain technologies that are advanced in nature and not yet widely adopted in Hong Kong. The relatively long processing time required for recognising a course under the Qualifications Framework may not be able to meet the market demand in a timely manner. Course providers may also consider it to be impractical to register certain courses that are tailor-made or based on short-term collaboration with overseas institutions, thus reducing the flexibility of RTTP. Moreover, the Qualifications Framework is a seven-level hierarchy, and courses at levels 1 or 2 may not be able to meet the objectives of RTTP. That said, ITC will incorporate Qualifications Framework recognition as part of the assessment criteria for public course registrations; and

- (b) ITC, in liaison with RTTP Secretariat, has devised a revised vetting mechanism for public course registrations in order to improve the quality assurance mechanism of RTTP. Under the new mechanism, the course providers' and the trainers' background and qualification, course fees and the planned number of trainees for each course will be taken into account as part of the assessment criteria. The new vetting mechanism, along with all assessment criteria for public course registrations, have been incorporated in the revised Guidance Notes for Public Course Providers promulgated in October 2023.

Monitoring of training courses

Need to conduct more surprise class inspections

2.27 According to the Guidance Notes for Public Course Providers:

- (a) it is the responsibility of the course providers to complete the application form truthfully;

Monitoring of training courses and course providers

- (b) it is an offence in law to obtain property/pecuniary advantage by deception or assisting persons to obtain property/pecuniary advantage under RTTP; and
- (c) surprise class inspections may be carried out by RTTP Secretariat to the course providers of public courses.

2.28 In the period from 2019-20 to 2022-23, RTTP Secretariat conducted 45 surprise class inspections on local courses (comprising public courses and tailor-made courses). During each surprise class inspection, one class of the selected course was inspected. Audit found that each year:

- (a) 3 to 27 (averaging 11) surprise class inspections were conducted;
- (b) 3 to 15 (averaging 8) course providers were covered by surprise class inspections; and
- (c) 224 to 1,547 (averaging 945) local courses were covered by surprise class inspections, representing 0.5% to 2.2% (averaging 1.3%) of the local courses conducted (see Table 7).

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Table 7

**Analysis of surprise class inspections on providers of local courses
(2019-20 to 2022-23)**

Year	Number of providers of local courses inspected (a)	Number of surprise class inspections conducted (b)	Number of local courses conducted (c)	Percentage of local courses inspected (d) = (b) ÷ (c) × 100%
2019-20	5	5	224	2.2%
2020-21	3	3	590	0.5%
2021-22	7	10	1,418	0.7%
2022-23	15	27	1,547	1.7%
Average	8	11	945	1.3%

Source: Audit analysis of ITC records

Remarks: In 2023-24, up to 30 April 2023, 6 surprise class inspections were conducted on courses provided by 5 course providers.

2.29 In Audit's view, it is important to conduct surprise class inspections. The purposes of surprise class inspections may include:

- (a) the detection of bogus classes and bogus trainees; and
- (b) ensuring that the courses are properly conducted by the course providers:
 - (i) there are proper records of trainers' background and experience;
 - (ii) there are proper records of trainees' enrolment, attendance, assignments and assessment results; and
 - (iii) the course providers' monitoring of the suitability of the training materials.

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Audit considers that ITC needs to step up the surprise class inspections by RTTP Secretariat with a view to ensuring that there are no bogus classes and bogus trainees, and courses are properly conducted.

Need to improve surprise class inspections

2.30 ITC and RTTP Secretariat have not promulgated guidelines on surprise class inspections. Audit found that:

- (a) ***The number of surprise class inspections conducted each year varied greatly.*** There was no annual target on the number of surprise class inspections. In the period from 2019-20 to 2022-23, the number of surprise class inspections conducted each year ranged from 3 to 27 (see Table 7 in para. 2.28), and there was no documentary evidence showing how the number of inspections conducted each year was determined. Furthermore, the percentage of local courses inspected each year was on the low side. On average, 1.3% of local courses were inspected each year, ranging from 0.5% to 2.2%;
- (b) ***Surprise class inspections not conducted on courses provided by all course providers.*** There were 125 course providers providing 3,779 local courses in the period from 2019-20 to 2022-23. Audit analysed the surprise class inspections conducted in the period and found that, of the 125 course providers, only 26 (21%) were selected for surprise class inspections. There was no documentary evidence showing how course providers were selected for conducting surprise class inspections;
- (c) ***Surprise class inspection conducted for only one tailor-made course.*** For the 118 local tailor-made courses provided in the period from 2019-20 to 2022-23, only 1 surprise class inspection was conducted. There was no documentary evidence showing the justifications for conducting only one inspection for the 118 local tailor-made courses;
- (d) ***Need to include more details of the inspections in the surprise class inspection reports.*** The reports for surprise class inspections were made on a preprinted form with five questions (see Appendix B). In all the reports for the inspections conducted in the period from 2019-20 to 2022-23, the five questions were all given “tick” marks and with no other

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comments recorded. According to RTTP Secretariat, there were no non-compliances noted during the surprise class inspections in the period. In Audit's view, there are merits to include more details of the inspections in the reports (e.g. the inspection time, the training venue, and details on why a "tick" was given, such as an elaboration on how the trainer presented the course information and interact with the trainees); and

- (e) ***Need to improve follow-up actions on surprise class inspections.*** For 5 of the 6 surprise class inspections conducted in April 2023, one or more non-compliances were found (e.g. the trainer was not the one stated in the application). However, Audit found that:
 - (i) ***Inconsistencies in issuing reminders.*** For 2 (40%) of the 5 surprise class inspections with one or more non-compliances found, RTTP Secretariat issued reminders to the course providers concerned but not to the course providers of the remaining 3 courses; and
 - (ii) ***Follow-up inspection not conducted for an unsuccessful inspection.*** For 1 (20%) unsuccessful surprise class inspection conducted in April 2023, RTTP Secretariat had accepted the course provider's explanation on why the class was not available for inspection. The course provider invited RTTP Secretariat to conduct a follow-up inspection in the following month. However, up to 31 August 2023, RTTP Secretariat had not conducted the follow-up inspection.

2.31 Audit considers that ITC needs to improve surprise class inspections, including:

- (a) setting targets on the numbers of surprise class inspections for public courses and for tailor-made courses;
- (b) setting criteria for selecting course providers for conducting surprise class inspections;
- (c) including more details of the inspections in the surprise class inspection reports;

Monitoring of training courses and course providers

- (d) improving follow-up actions on surprise class inspections (e.g. issuing reminders for non-compliances found and conducting follow-up inspections for unsuccessful inspections); and
- (e) promulgating guidelines on surprise class inspections.

Need to monitor non-local courses

2.32 In the period from the launch of RTTP in August 2018 to March 2023, 107 non-local courses were registered as public courses and training grant applications for 4 non-local tailor-made courses were approved. A total of 458 training grant applications involving grants of \$8.8 million were approved for the 111 non-local courses. Audit found that RTTP Secretariat had not conducted surprise class inspections on non-local courses to monitor their quality of training and to check whether the courses were conducted in compliance with the course registration applications.

2.33 Audit considers that ITC needs to explore measures to monitor non-local courses.

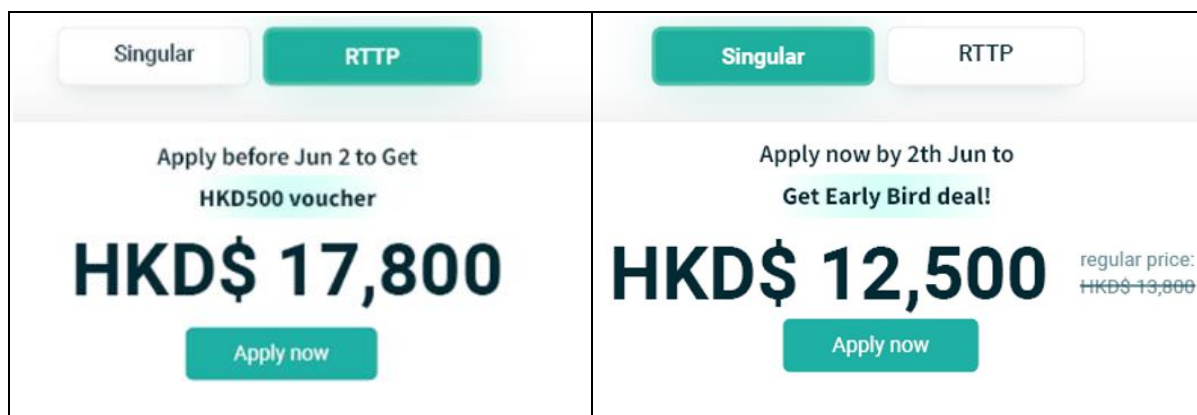
Need to monitor course fees charged on RTTP trainees

2.34 Audit reviewed the course fees charged by course providers on RTTP trainees. Audit had the following observations on a course provider:

- (a) ***Course fee charged on RTTP trainees was higher than that on non-RTTP trainees.*** The course provider charged course fee of \$17,800 on RTTP trainees, which was 29% or \$4,000 higher than the course fee of \$13,800 charged on non-RTTP trainees for the same course. For RTTP trainees with early bird discount, the course provider charged course fee of \$17,300 (i.e. original price of \$17,800 minus a \$500 voucher), which was 38% or \$4,800 higher than the course fee of \$12,500 charged on non-RTTP trainees (see Figure 3); and

Figure 3

A course provider charged different course fees for RTTP trainees and non-RTTP trainees



Source: Extracted by Audit on 23 May 2023 from the website of a course provider

- (b) ***RTTP Secretariat not informed on offer of vouchers.*** According to the Guidance Notes for Public Course Providers:
- (i) the actual amount of training grant to be reimbursed to the companies will be subject to the actual training cost; and
 - (ii) deduction will be made for early bird discount or other discounts.

As stated in its promotional materials, the course provider would offer \$500 vouchers (i.e. supermarket or food vouchers) to RTTP trainees as early bird discount. However, the course provider did not inform RTTP Secretariat on the offer of vouchers in its application for public course registration and the companies applying for training grants did not inform RTTP Secretariat on the vouchers. As a result, the vouchers had not been deducted from the calculation of training grant. According to ITC, as at 30 September 2023, no reimbursement claims relating to the course had been submitted by companies. ITC would investigate the case and take follow-up actions as appropriate.

Monitoring of training courses and course providers

- 2.35 Audit considers that ITC needs to take measures to ensure that:
- (a) course providers charge the same course fees on RTTP trainees and non-RTTP trainees; and
 - (b) course providers provide details on early bird discounts or other discounts (e.g. offer of vouchers to trainees) to RTTP Secretariat when they apply for registration of their courses as public courses so that appropriate follow-up actions are taken in processing training grant applications and reimbursement claims.

Audit recommendations

- 2.36 **Audit has *recommended* that CIT should:**
- (a) **step up the surprise class inspections by RTTP Secretariat with a view to ensuring that there are no bogus classes and bogus trainees, and courses are properly conducted;**
 - (b) **improve surprise class inspections, including:**
 - (i) **setting targets on the numbers of surprise class inspections for public courses and for tailor-made courses;**
 - (ii) **setting criteria for selecting course providers for conducting surprise class inspections;**
 - (iii) **including more details of the inspections in the surprise class inspection reports;**
 - (iv) **improving follow-up actions on surprise class inspections (e.g. issuing reminders for non-compliances found and conducting follow-up inspections for unsuccessful inspections); and**
 - (v) **promulgating guidelines on surprise class inspections;**

- (c) **explore measures to monitor non-local courses; and**
- (d) **take measures to ensure that:**
 - (i) **course providers charge the same course fees on RTTP trainees and non-RTTP trainees; and**
 - (ii) **course providers provide details on early bird discounts or other discounts (e.g. offer of vouchers to trainees) to RTTP Secretariat when they apply for registration of their courses as public courses so that appropriate follow-up actions are taken in processing training grant applications and reimbursement claims.**

Response from the Government

2.37 CIT agrees with the audit recommendations. He has said that:

- (a) as mentioned in paragraph 1.16(b), the significant increase in the number of applications for public course registrations far exceeded the capacity of RTTP Secretariat. RTTP Secretariat has substantially increased the manpower establishment to handle the increase in workload associated with site visits;
- (b) ITC, in liaison with RTTP Secretariat, has devised a class inspection mechanism which includes target number of surprise class inspections for public courses and tailor-made courses, criteria for selecting course providers for inspections, points to note for inclusion in the inspection reports and necessary follow-up actions (e.g. penalties) on irregularities noticed during surprise class inspections;
- (c) ITC and RTTP Secretariat have devised a mechanism requesting non-local course trainees to submit documentary evidence of attendance upon request as well as requesting the course providers to record the relevant classes for necessary inspection by RTTP Secretariat upon request; and

Monitoring of training courses and course providers

- (d) ITC and RTTP Secretariat have revised the relevant Guidance Notes and application forms. Course providers are required to charge the same course fee for RTTP trainees and non-RTTP trainees. All course providers and companies are also required to make full disclosure of any discounts on course fees. Any misrepresentations or material non-disclosures by the course providers or applicant companies will be referred to the law enforcement agency for follow-up actions as appropriate.

Promotion of public courses

Some important course information was not available on RTTP's website

2.38 RTTP Secretariat publishes information of registered public courses (including course title, training period, course provider, telephone number and email address of contact person) on RTTP's website. Audit found that some important course information was not available:

- (a) ***Courses with course pamphlets.*** For some courses, course pamphlets which include additional course information (such as course description and target participants) are also available on RTTP's website. However, some important course information (e.g. training venue) was not disclosed in the course pamphlets. In June 2023, Audit reviewed the information of 20 public courses (involving 15 course providers) registered in the period from October 2022 to May 2023. Even though the course pamphlets for all of the 20 courses were already made available on RTTP's website, Audit found that some important course information was not available on RTTP's website (see Table 8); and

Monitoring of training courses and course providers

Table 8

**Number of courses with missing important course information
on RTTP's website
(June 2023)**

Missing course information	Number of courses
Course fee	8 (40%)
Medium of instruction	11 (55%)
Qualification or work experience of trainer	17 (85%)
Training venue	13 (65%)
No missing information	2 (10%)
Overall	20 (100%)

Source: Audit analysis of ITC records

Remarks: The total number of courses did not add up to 20 because some courses had more than one type of missing information.

- (b) ***Courses without course pamphlets.*** For some courses, there were no course pamphlets made available on RTTP's website. For these courses, course information disclosed on RTTP's website only comprised:
- (i) technology nature cluster;
 - (ii) course number;
 - (iii) course title;
 - (iv) training period;
 - (v) course provider;

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- (vi) whether the course was local or non-local course; and
- (vii) name, telephone number and email address of the contact person (see Figure 4).

Figure 4

Example of a course on RTTP's website without course pamphlet with limited course information available

Technology Nature	Course No	Course Title	Training Period	Course Provider
Information Technology		Cloud computing with Azure Microsoft for Business	2023/ - 2023/	
Location Local	Contact	Tel. : Email :		

Source: Extracted by Audit on 8 June 2023 from RTTP's website

2.39 Audit considers that ITC needs to take measures to ensure that important course information is available on RTTP's website with a view to facilitating the selection of courses by interested parties (i.e. potential companies and potential trainees).

Some training courses without registration were publicised as registered public courses

2.40 In May 2023, Audit reviewed the information of 20 training courses publicised as registered public courses on the websites of 10 course providers. Audit found that 11 (55%) of the 20 courses had not been registered:

- (a) 5 (25%) training courses on the websites of 2 course providers had their applications for public course registrations submitted to RTTP Secretariat and under processing;

Monitoring of training courses and course providers

- (b) 1 training course on each of the websites of 3 course providers (i.e. 3 (15%) courses in total) had their applications for public course registrations already rejected by RTTP Secretariat; and
- (c) 3 (15%) training courses on the website of 1 course provider had not submitted its applications for public course registrations to RTTP Secretariat.

2.41 Audit considers that ITC needs to take measures to ensure that the course providers do not publicise their training courses as RTTP courses unless the courses have been successfully registered.

Audit recommendations

2.42 **Audit has *recommended* that CIT should take measures to ensure that:**

- (a) **important course information is available on RTTP's website with a view to facilitating the selection of courses by interested parties (i.e. potential companies and potential trainees); and**
- (b) **the course providers do not publicise their training courses as RTTP courses unless the courses have been successfully registered.**

Response from the Government

2.43 CIT agrees with the audit recommendations. He has said that:

- (a) ITC and RTTP Secretariat have required that only public courses with the full set of important course information (i.e. time, date, duration, location, course fee, trainer(s), curriculum and application method) will be uploaded onto RTTP's website; and
- (b) ITC has requested RTTP Secretariat to step up the monitoring of course providers and devise a mechanism on taking appropriate follow-up actions on course providers who falsely claim that their training courses have been successfully registered under RTTP.

PART 3: PROCESSING OF TRAINING GRANT APPLICATIONS AND REIMBURSEMENT CLAIMS

3.1 This PART examines the processing of training grant applications and reimbursement claims, focusing on the following areas:

- (a) timeliness in processing of training grant applications and reimbursement claims (paras. 3.3 to 3.13); and
- (b) checking of training grant applications and reimbursement claims (paras. 3.14 to 3.37).

Background

3.2 RTTP is open for application throughout the year. Companies applying for training grants are required to submit their applications to RTTP Secretariat at least two weeks before commencement of public courses and at least eight weeks before commencement of tailor-made courses (see para. 1.14 and Figure 2). The Guidance Notes for Companies stipulated the requirements and procedures for training grant applications and reimbursement claims. In the period from the launch of RTTP in August 2018 to March 2023, RTTP Secretariat:

- (a) completed the processing of 9,120 training grant applications; and
- (b) disbursed training grant of \$282.7 million to companies (see Table 1 in para. 1.3).

Timeliness in processing of training grant applications and reimbursement claims

Need to monitor processing time of training grant applications

3.3 Upon receipt of all necessary documents (see Note 11 to para. 1.14), training grant applications submitted by companies are processed by RTTP

Processing of training grant applications and reimbursement claims

Secretariat. For approved applications, companies are notified of the maximum amount of training grant.

3.4 Audit found that ITC had not set targets on the processing time of training grant applications. According to RTTP Secretariat, in the period from the launch of RTTP in August 2018 to March 2023, the average processing time of training grant applications for public courses was 4 working days, and that for tailor-made courses was 15 working days. However, RTTP Secretariat was unable to provide supporting documents showing how such average processing time was derived. Moreover, RTTP Secretariat did not have detailed analysis on the processing time, such as:

- (a) information on the processing time for shorter periods within the whole period of about 5 years; and
- (b) the range (i.e. the shortest and the longest time) of the processing time.

3.5 Audit examined the 435 training grant applications approved in January 2023. Audit noted that the average processing time for public courses was 1 working day (ranging from 0 (Note 13) to 13 working days), and that for tailor-made courses was 10 working days (ranging from 3 to 11 working days).

3.6 Audit considers that ITC needs to take measures to ensure that training grant applications are processed in a timely manner, including:

- (a) compiling statistics on the average and the range of processing time regularly;
- (b) maintaining documents to support the statistics of the processing time to enhance the integrity of the information; and
- (c) consider setting targets on the processing time.

Note 13: *For applications with processing completed on the date of receipt of all necessary documents, the processing time was referred to as 0 working day.*

Processing of training grant applications and reimbursement claims

Room for improvement in processing of reimbursement claims

3.7 Companies claiming reimbursement of training costs are required to submit their claims with the necessary documents (Note 14) after the nominated employees have completed their training courses (see para. 1.3).

3.8 Audit found that RTTP Secretariat had not monitored the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis.

3.9 Audit analysed the time taken from receipt of reimbursement claims to disbursement of training grants of the 461 reimbursement claims approved in the period from January to March 2023. Audit noted that the average time taken was 146 days, ranging from 28 to 448 days. In 79 (17%) of the 461 claims, the time taken was more than 180 days (see Table 9).

Note 14: *The necessary documents include the claim form, and a form certified by the course provider for confirmation of training has been completed and payment has been made.*

Processing of training grant applications and reimbursement claims

Table 9

Analysis of time taken from receipt of reimbursement claims to disbursement of training grants for claims approved in the period from January to March 2023

Time taken (Day)	Number of claims
≤ 60	18 (4%)
61 to 120	82 (18%)
121 to 180	282 (61%)
> 180 (Note)	79 (17%)
Total	461 (100%)

Source: Audit analysis of ITC records

Note: The longest time taken was 448 days.

3.10 Audit examined 20 reimbursement claims which RTTP Secretariat took more than 180 days to process. Audit found that there was room for improvement in processing the claims:

- (a) for 9 (45%) claims, RTTP Secretariat could have taken earlier actions to contact the companies to raise queries on their applications (e.g. clarifying the discrepancies between the information of employees provided in the training grant application and the claim). For these 9 claims, RTTP Secretariat did not contact the companies until 21 to 154 days (averaging 73 days) after receipt of claims with the necessary documents. There was no documentary evidence available showing why actions had not been taken in a more timely manner;
- (b) for 18 (90%) claims, the disbursement of training grants to the companies was delayed because the case officers waited for the submission of employee surveys by the companies (see para. 4.17(a)):

Processing of training grant applications and reimbursement claims

- (i) for 7 (39%) claims, the disbursements were delayed for 95 to 256 days (averaging 179 days); and
- (ii) for 11 (61%) claims, the case officers disbursed the grants without receiving the completed surveys from the nominated employees after the disbursements had been delayed for 231 to 448 days (averaging 269 days);

Upon enquiry, RTTP Secretariat informed Audit in August 2023 that the completion of surveys was not a pre-requisite for disbursement of training grants and as such the delays in submission of surveys should not have hindered the processing of reimbursement claims; and

- (c) for 2 (10%) claims, there were delays of 112 and 211 days in disbursement of training grants. There was no documentation available showing the reasons for the delays.

3.11 Audit considers that ITC needs to take measures to ensure that training grants are disbursed in a timely manner, including:

- (a) monitoring the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis; and
- (b) shortening the time taken from receipt of reimbursement claims to disbursement of training grants (e.g. clarifying information provided by companies in a timely manner).

Audit recommendations

3.12 **Audit has *recommended* that CIT should take measures to ensure that:**

- (a) **training grant applications are processed in a timely manner, including:**
 - (i) **compiling statistics on the average and the range of processing time regularly;**

Processing of training grant applications and reimbursement claims

- (ii) **maintaining documents to support the statistics of the processing time to enhance the integrity of the information; and**
 - (iii) **consider setting targets on the processing time; and**
- (b) **training grants are disbursed in a timely manner, including:**
 - (i) **monitoring the time taken from receipt of reimbursement claims to disbursement of training grants on a periodic basis; and**
 - (ii) **shortening the time taken from receipt of reimbursement claims to disbursement of training grants (e.g. clarifying information provided by companies in a timely manner).**

Response from the Government

3.13 CIT agrees with the audit recommendations. He has said that:

- (a) ITC has devised performance pledges on the processing time for both training grant applications and reimbursement claims, and has incorporated such pledges on the revised Guidance Notes for Companies. ITC will request RTTP Secretariat to provide detailed breakdown of the processing time statistics to ITC on a monthly basis and maintain file records of the statistics for better monitoring on the processing time;
- (b) as mentioned in paragraph 1.16(b), the significant increase in the number of training grant applications far exceeded the processing capacity of RTTP Secretariat. RTTP Secretariat has substantially increased the manpower establishment to handle the increase in workload and expedite the processing of training grant applications; and
- (c) ITC has revised the Guidance Notes for Companies and liaised with RTTP Secretariat to issue revised guidelines on vetting reimbursement claims to provide clear instructions to RTTP Secretariat staff on the appropriate workflow for vetting reimbursement claims so as to avoid unnecessary delays in the handling of reimbursement claims.

Checking of training grant applications and reimbursement claims

Need to strengthen checking on eligibility of nominated employees

3.14 It was stipulated in the Guidance Notes for Companies that the companies applying for training grants should fulfil the following requirement on the nominated employees:

“the employee nominated is a Hong Kong permanent resident with the necessary background/experience relevant to the advanced technology”.

The Guidance Notes do not include information on the details of the necessary background/experience.

3.15 In September 2018, RTTP Secretariat issued guidelines to its staff on the required qualification and work experience of nominated employees:

- (a) degree/higher diploma/diploma/certification or above with at least one year of work experience relevant to advanced technology; or
- (b) secondary education with at least two years of work experience relevant to advanced technology; or
- (c) if the nominated employee does not meet the requirements stated in (a) and (b), the company should furnish additional information to support the employee concerned.

These requirements stipulated in the guidelines were not disclosed in the Guidance Notes (see para. 3.21(a)).

3.16 Audit found that there was room for improvement in RTTP Secretariat’s verification of the eligibility of the nominated employees:

Processing of training grant applications and reimbursement claims

- (a) **Documentary proof.** On the application forms, the companies were required to state the nominated employee's education qualification, job position and years of work experience relevant to the advanced technology. However, RTTP Secretariat did not require the companies to provide supporting documentary proof such as certificates/transcripts to support the stated education qualifications, and employment contracts or tax returns to support the stated job positions and the work experience in the job positions (Note 15); and
- (b) **Relevance of work experience.** The companies were required to state the number of years of relevant work experience of the nominated employees on the application forms. However, they were not required to give information on the relevance of work experience to the advanced technology covered by the training course. Audit reviewed the work experience of the 175 employees attending 10 public courses from August 2022 to April 2023. Audit found that there were 12 (7%) of the 175 employees whose work experience was prima facie not relevant to advanced technology (see Table 10). However, there was no documentary evidence showing that RTTP Secretariat had collected information on the work experience of the 12 employees to review whether it was relevant to the advanced technology.

Note 15: *For applications in which the nominated employees had been included under training grant applications submitted by more than one companies within a short period of time, RTTP Secretariat will request for supporting documentary proof from the companies.*

Processing of training grant applications and reimbursement claims

Table 10

Analysis of relevance of work experience of nominated employees to advanced technology covered by the training courses (August 2022 to April 2023)

Work experience	Number of nominated employees involved
Data input officer	3
General clerk	2
Operation clerk	1
Operation officer	3
Packer	3
Total	12

Source: Audit analysis of ITC records

3.17 Upon enquiry, ITC informed Audit in September 2023 that:

- (a) the companies were required to declare on the application forms that all information provided in the forms was true and correct; and
- (b) RTTP Secretariat had the right to reject the applications, withdraw the training grants approved, recoup grants awarded and subject the case to legal proceedings if any information was found untrue, incomplete or inaccurate.

3.18 Audit considers that ITC needs to strengthen checking on eligibility of nominated employees, including:

- (a) requesting the companies to provide documentary proof on the eligibility; and

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- (b) collecting information from the companies to support the relevancy of the work experience of the nominated employees to the advanced technology covered by the training courses.

Need to ensure training grants are only approved for eligible applications

3.19 Audit examined 40 training grant applications approved in the period from January to March 2023. Audit found that 6 (15%) applications including ineligible employees were approved:

- (a) in the 6 applications, one or more employees nominated in the applications did not meet the requirements on qualification and/or work experience (see para. 3.15(a) and (b)). However, RTTP Secretariat had not requested the companies concerned to furnish additional information to support the eligibility of the employees concerned, contrary to the requirement stipulated in the guidelines (see para. 3.15(c)); and
- (b) the justifications for approving the applications with nomination of ineligible employees were not documented.

3.20 Audit considers that ITC needs to take measures to ensure that training grants are only approved for eligible applications.

Some eligibility criteria were not disclosed in the Guidance Notes for Companies

3.21 The Guidance Notes for Companies provide guidance to companies, including vetting procedures and eligibility criteria for training grant applications. The Guidance Notes were last updated in December 2021. Audit found that the eligibility criteria promulgated in the Guidance Notes were not complete. Two eligibility criteria were not disclosed in the Guidance Notes:

- (a) ***Required qualification and work experience of trainees.*** The guidelines issued by RTTP Secretariat to its staff included the eligibility criteria on the required qualification and work experience of trainees for applying for

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RTTP (see para. 3.15). However, such eligibility criteria were not disclosed in the Guidance Notes; and

- (b) ***Enrolment of identical training course by the same trainee.*** According to ITC, training grant applications would not be approved for employees attending the same training course that they had previously attended. However, such eligibility criterion was not disclosed in the Guidance Notes.

3.22 Audit considers that ITC needs to take measures to ensure that all eligibility criteria are disclosed in the Guidance Notes.

Need to strengthen checking on reimbursement claims against other local public funding schemes

3.23 Companies applying for training grants are required to declare that they will not obtain or have not obtained subsidies from any other local public funding schemes to cover the training costs. Companies which have obtained subsidies from any other local public funding schemes to cover the training costs are not allowed to claim reimbursement under RTTP. Audit found that:

- (a) RTTP Secretariat had not identified all local funding schemes that might provide subsidies to employees attending RTTP training courses. In a CVP meeting held in March 2019, RTTP Secretariat reported to CVP that it had developed a cross-checking mechanism with 6 such schemes; and
- (b) RTTP Secretariat conducted checks on double funding for reimbursement claims received against only 3 (50%) of the 6 local funding schemes.

3.24 Audit considers that ITC needs to strengthen checking on reimbursement claims against other local public funding schemes, including:

- (a) drawing up a list of all local public funding schemes that might be involved in double funding; and
- (b) conducting checks on double funding against all local public funding schemes on the list.

Need to conduct site visits to companies applying for training grants

3.25 According to the Guidance Notes for Companies:

- (a) it is the responsibility of the company to complete the application form truthfully;
- (b) it is an offence in law to obtain property/pecuniary advantage by deception or assisting persons to obtain property/pecuniary advantage under RTTP; and
- (c) site visits may be carried out by RTTP Secretariat to the companies after receipt of training grant applications.

3.26 In Audit's view, it is important to conduct site visits to companies applying for training grants. The purposes of site visits to companies may include:

- (a) the detection of deceptive information about the companies; and
- (b) whether prima facie, it is reasonable for the companies to apply for the training grants concerned (e.g. whether the companies are involved in business that can benefit from advanced technology).

3.27 Audit found that:

- (a) since the launch of RTTP in August 2018 and up to August 2023, RTTP Secretariat had not conducted site visits to companies applying for training grants;
- (b) RTTP Secretariat had not promulgated guidelines on site visits, including the scope of checks to be conducted, the basis for selecting companies for conducting site visits, and the follow-up actions on the findings from the site visits; and
- (c) there was no target on the number of site visits.

Processing of training grant applications and reimbursement claims

3.28 Audit considers that ITC needs to:

- (a) take measures to ensure that before approving training grant applications, RTTP Secretariat selects companies for conducting site visits; and
- (b) promulgate guidelines on site visits, such as:
 - (i) the scope of checks to be conducted during site visits;
 - (ii) the basis for selecting companies for conducting site visits; and
 - (iii) the follow-up actions on the findings identified during site visits.

Room for improvement in certified attendance lists submitted by course providers

3.29 Nominated employees are required to complete the training courses before the submission of reimbursement claims. Training course is considered completed if the attendance is no less than 70% of the training hours or such higher attendance requirement as prescribed for the course. According to the guidance notes of RTTP, the public course providers and the companies need to provide RTTP Secretariat with the following documents to support the attendance of nominated trainees:

- (a) ***For public courses.*** Course providers are required to submit a certified attendance list of the training course (specifying the names of trainees completing the training course); and
- (b) ***For both public courses and tailor-made courses.*** Companies are required to submit a form certified by the course provider for confirmation that the training course has been completed and payment has been made.

3.30 Audit examined 50 public courses for which 208 reimbursement claims were approved in the period from January to March 2023. Audit found that:

- (a) 37 (74%) attendance lists were not certified by the course providers; and

Processing of training grant applications and reimbursement claims

- (b) 3 (6%) attendance lists (including 2 lists in (a)) had not specified the full names of the trainees (e.g. only the Christian name and the surname were included) completing the training course. The names on the lists could not be accurately cross-checked with RTTP Secretariat's records.

There was no documentary evidence showing that RTTP Secretariat had followed up with the course providers.

3.31 Audit considers that ITC needs to take measures to ensure that:

- (a) certified attendance lists are submitted by public course providers for all training courses; and
- (b) certified attendance lists include full names of the trainees.

Reimbursement claims were approved for some trainees not meeting the minimum attendance requirement

3.32 The training course is considered completed by the trainee if the attendance of the trainee is no less than 70% of the training hours or such higher attendance requirement as prescribed for the course. Audit found that:

- (a) for 5 (10%) of the 50 attendance lists examined by Audit (see para. 3.30), each list included 1 or 2 trainees who did not meet the minimum attendance requirement. However, the course providers certified that all trainees on the lists had completed the training courses (see para. 3.29(b)); and
- (b) while there was no documentary evidence showing that RTTP Secretariat had followed up the cases to ascertain whether these trainees had actually met the minimum attendance requirement, the reimbursement claims of training costs related to those trainees were approved.

3.33 Audit considers that ITC needs to take measures to ensure that reimbursement claims are only approved for trainees meeting the minimum attendance requirement.

Processing of training grant applications and reimbursement claims

Unconsented disclosure of personal information

3.34 When companies apply for training grants, the companies stated that nominated employees have given consent for the disclosure and use of their personal information by RTTP Secretariat and the Government. However, non-RTTP trainees have not given such consent. Audit examined 50 public courses for which reimbursement claims were approved in the period from January to March 2023 (see para. 3.30). For 29 (58%) attendance lists of the courses, the personal information (i.e. full name, gender, position held in the company, mobile number and email address) of non-RTTP trainees was included. The disclosure of personal information of non-RTTP trainees by course providers might have violated the Personal Data (Privacy) Ordinance (Cap. 486) because non-RTTP trainees had not provided consent on disclosing personal information to RTTP Secretariat.

3.35 Audit considers that ITC needs to take measures to prevent unconsented disclosure of personal information of non-RTTP trainees (e.g. reminding course providers to ensure that such information is not included in the certified attendance lists).

Audit recommendations

3.36 **Audit has recommended that CIT should:**

- (a) **strengthen checking on eligibility of nominated employees, including:**
 - (i) **requesting the companies to provide documentary proof on the eligibility; and**
 - (ii) **collecting information from the companies to support the relevancy of the work experience of the nominated employees to the advanced technology covered by the training courses;**
- (b) **take measures to ensure that training grants are only approved for eligible applications;**
- (c) **take measures to ensure that all eligibility criteria for training grant applications are disclosed in the Guidance Notes for Companies;**

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- (d) strengthen checking on reimbursement claims against other local public funding schemes, including:**
 - (i) drawing up a list of all local public funding schemes that might be involved in double funding; and**
 - (ii) conducting checks on double funding against all local public funding schemes on the list;**
- (e) take measures to ensure that before approving training grant applications, RTTP Secretariat selects companies for conducting site visits;**
- (f) promulgate guidelines on site visits to companies applying for training grants, such as:**
 - (i) the scope of checks to be conducted during site visits;**
 - (ii) the basis for selecting companies for conducting site visits; and**
 - (iii) the follow-up actions on the findings identified during site visits;**
- (g) take measures to ensure that:**
 - (i) certified attendance lists are submitted by public course providers for all training courses; and**
 - (ii) certified attendance lists include full names of the trainees;**
- (h) take measures to ensure that reimbursement claims are only approved for trainees meeting the minimum attendance requirement; and**
- (i) take measures to prevent unconsented disclosure of personal information of non-RTTP trainees (e.g. reminding course providers to ensure that such information is not included in the certified attendance lists).**

Response from the Government

- 3.37 CIT agrees with the audit recommendations. He has said that:
- (a) ITC, in liaison with RTTP Secretariat, has devised a strengthened vetting mechanism in requesting companies applying for training grants under RTTP to provide documentary proof of the work experience on relevant advanced technology and academic qualification of the nominated employees;
 - (b) ITC, in consultation with RTTP Secretariat, has revised internal guidelines to ensure that RTTP Secretariat staff would strengthen checking on eligibility such that only training grant applications from eligible companies nominating eligible employees would be approved. For exceptional cases, RTTP Secretariat may approve applications with nominated employees who do not meet the specified requirements, if the companies provide sufficient supplementary information justifying the need for the employees to receive the training;
 - (c) ITC has updated the Guidance Notes for Companies to ensure that all compulsory requirements for training grant applications are properly disclosed;
 - (d) ITC will liaise with RTTP Secretariat and relevant Government bureaux/departments on expanding the checks on double-funding of training grant applicants against other local public funding schemes that may overlap with RTTP. Upon completion of the exercise, ITC will liaise with RTTP Secretariat to take appropriate follow-up actions;
 - (e) ITC, in consultation with RTTP Secretariat, will devise guidelines on site visits to companies applying for training grants, including the scope of checks to be conducted, scenarios where the provision of additional documentary support should suffice, scenarios where site visit is deemed necessary, and necessary follow-up actions to the visits;
 - (f) ITC, in consultation with RTTP Secretariat, will revise the certified attendance list and clarify with the course providers on the requirements for duly filling out a certified attendance list;

Processing of training grant applications and reimbursement claims

- (g) ITC has liaised with RTTP Secretariat to remind RTTP Secretariat staff to ensure that reimbursement claims should only be approved if the trainees met the minimum attendance requirement with documentary proof (i.e. the public course provider concerned has submitted all relevant certified attendance lists with sufficient information to prove that the trainee has met the minimum attendance requirement and that the company has paid the full course fee to the course provider); and

- (h) ITC has liaised with RTTP Secretariat to request that only the required personal information of RTTP trainees is to be collected and reported to RTTP Secretariat, records of the personal data of non-RTTP trainees should be destroyed in compliance with the Personal Data (Privacy) Ordinance upon confirmation of their non-RTTP trainee status, and to remind course providers to comply with all statutory requirements under the Ordinance.

PART 4: OTHER ISSUES

4.1 This PART examines other issues of RTTP, focusing on the following areas:

- (a) safeguarding national security (paras. 4.2 to 4.7);
- (b) declarations of interest (paras. 4.8 to 4.16);
- (c) evaluation surveys (paras. 4.17 to 4.23); and
- (d) administrative issues (paras. 4.24 to 4.41).

Safeguarding national security

4.2 The Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (National Security Law) was implemented on 30 June 2020. The National Security Law stipulates that:

- (a) it is the constitutional duty of the Hong Kong Special Administrative Region to safeguard national security;
- (b) the executive authorities of the Hong Kong Special Administrative Region shall effectively prevent, suppress and impose punishment for any act or activity endangering national security in accordance with the National Security Law and other relevant laws; and
- (c) the Hong Kong Special Administrative Region shall strengthen its work on safeguarding national security and prevention of terrorist activities. The Government of the Hong Kong Special Administrative Region shall take necessary measures to strengthen public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, universities, social organisations, the media, and the Internet.

Need to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security

4.3 In December 2021, taking into account the newly implemented National Security Law, RTTP Secretariat incorporated a provision in the RTTP guidance notes (i.e. Guidance Notes for Companies and Guidance Notes for Public Course Providers):

“Companies/Course providers shall conform in all respects with all legislation (including the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region), regulations and by-laws of the Hong Kong Special Administrative Region.”

4.4 In Audit’s view, there are merits for ITC to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security. In this connection, RTTP Secretariat may take reference from the Continuing Education Fund, which provides subsidy to adults to pursue continuing education and training. In September 2023, LWB and the Working Family and Student Financial Assistance Agency implemented various measures on the Continuing Education Fund to safeguard the national security, including:

- (a) issuing letters to all course providers requiring them to sign an undertaking on safeguarding national security;
- (b) revising the application forms for new course registration and renewal requiring all course providers to sign a declaration to acknowledge that their operational arrangement of courses must fulfil the requirements of the National Security Law; and
- (c) promulgating guidelines and setting up a complaint mechanism over matters concerning the safeguarding of national security. The guidelines require the responsible persons and/or course providers to strengthen guidance, supervision and regulation over the course content, teaching materials, course delivery, and staff management concerning safeguarding of national security.

Other issues

4.5 Audit considers that ITC needs to take measures to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security.

Audit recommendation

4.6 Audit has *recommended* that CIT should take measures to strengthen guidance and regulation relating to RTTP over matters concerning the safeguarding of national security.

Response from the Government

4.7 CIT agrees with the audit recommendation. He has said that:

- (a) ITC will further enhance the guidance and regulation of RTTP concerning the safeguarding of national security by requesting both the course providers applying for public course registrations and the companies applying for training grants to sign a declaration on the application form stating that they understand that RTTP Secretariat may at any time revoke the applications/registrations upon believing that there are relevant acts/activities that may be in contrary to the interest of national security; and
- (b) ITC will make reference to other similar funding schemes, including the Continuing Education Fund, to explore further measures to safeguard the national security.

Declarations of interest

4.8 RTTP Secretariat adopts a two-tier reporting system for CVP members (see para. 1.8) to disclose their general pecuniary interest and to report on any actual or perceived conflicts of interest as and when they arise:

- (a) *First-tier declaration.* CVP members (including the Chairman) are required to inform RTTP Secretariat in writing their personal interests, direct or indirect, pecuniary or otherwise, upon their first appointment to

CVP and annually thereafter. A register of members' interests shall be kept by RTTP Secretariat; and

- (b) ***Second-tier declaration.*** If a CVP member (including the Chairman) has any actual or potential conflict of interest in any matters under consideration by CVP, he or she is required to, as soon as practicable after he or she has become aware of it, make a declaration to the Chairman (or RTTP Secretariat for declarations of the Chairman) prior to the consideration of the relevant agenda item. All cases of declarations of interest are required to be recorded.

First-tier declarations of interest not submitted

4.9 In the period from July 2018 (Note 16) to June 2023, there were 47 first-tier declarations of interest that were required to be made by CVP members (i.e. upon first appointment to CVP and annually thereafter). RTTP Secretariat should also maintain a register of members' interests (see para. 4.8(a)). However, Audit found that:

- (a) up to August 2023, none of the 47 first-tier declarations had been made and RTTP Secretariat had not taken actions to follow up with the members; and
- (b) RTTP Secretariat had not maintained the register of members' interests.

4.10 Audit considers that ITC needs to take measures to ensure that:

- (a) first-tier declarations of interest are made by CVP members in a timely manner; and
- (b) CVP members' interests are recorded in the register of members' interests.

Note 16: CVP was first entrusted by ITTB to approve RTTP training courses in July 2018.

Need to ensure compliance of guidelines on second-tier declarations of interest

4.11 According to the guidelines on second-tier declarations of interest issued by RTTP Secretariat:

- (a) if a CVP member has any actual or potential conflict of interest in any matters under consideration by CVP, the member is required to make a declaration to the Chairman prior to the consideration of the relevant agenda item. All cases of declarations of interest should be recorded (see para. 4.8(b));
- (b) VTC's representatives of CVP shall not comment, discuss or vote on all matters involving VTC courses;
- (c) in the case of circulation of papers, where a member is in receipt of a paper or any other materials for discussion or consideration which he or she knows presents a direct conflict of interest, he or she should immediately inform RTTP Secretariat and return the paper and other materials; and
- (d) if a CVP member has made a declaration to the Chairman on actual or potential conflict of interest in any matters under consideration by CVP, the Chairman or CVP shall decide whether the member may provide advice or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting.

4.12 ***Second-tier declarations of interest not made by VTC's representatives.*** Audit found that some CVP members who were VTC's representatives had not made second-tier declarations of interest:

- (a) ***CVP meetings.*** Audit reviewed the minutes of 4 CVP meetings held in the period from March 2019 to June 2022. In the 4 meetings, there were discussions relating to 18 VTC courses. Audit found that there was room for improvement:
 - (i) while six declarations (involving 3 VTC's representatives) should have been made, none of them had been made (see Table 11);

Table 11

**Second-tier declarations not made by VTC's representatives
at four CVP meetings
(March 2019 to June 2022)**

Date of CVP meeting	Number of declarations not made
12 March 2019	2
28 June 2019	2
1 December 2020	1
1 June 2022	1
Total	6

Source: *Audit analysis of ITC records*

- (ii) as the meeting minutes concerned did not document the comments made by individual members, Audit was unable to ascertain whether VTC's representatives had commented or discussed on the courses concerned; and
 - (iii) as RTTP Secretariat did not keep voting records for individual members, Audit was unable to ascertain whether VTC's representatives had voted on the courses concerned; and
- (b) ***Circulation of papers.*** In the period from September 2018 to June 2023, there were 14 circulations of papers involving 50 VTC courses. Audit reviewed the 14 circulations of papers. Audit found that:
- (i) for the 14 (100%) circulations, while 21 declarations (Note 17) (involving 3 VTC's representatives) should have been made, 20 (95%) of them had not been made;

Note 17: *One declaration was involved in 7 circulations and two declarations were involved in the remaining 7 circulations.*

Other issues

- (ii) for 9 (64%) of the 14 circulations, there were 1 or 2 VTC's representatives who had voted on matters involving VTC courses; and
- (iii) in each of the 14 (100%) circulations, there were 1 or 2 VTC's representatives who had not informed RTTP Secretariat and had not returned the paper and other materials.

4.13 ***Decisions on declarations of interest made by CVP members not documented.*** In each of 2 (14%) of the 14 CVP meetings held in the period from October 2018 to January 2023, a CVP member had declared interests on the course providers of two training courses. Audit found that, in both meetings:

- (a) there was no record on the decision of the Chairman or CVP on whether the members concerned should provide advice or vote on the matter, remain in the meeting as an observer, or withdraw from the meeting;
- (b) the members concerned remained in the meetings; and
- (c) as RTTP Secretariat did not keep voting records for individual members, Audit was unable to ascertain whether the members concerned had voted on the courses concerned.

4.14 Audit considers that ITC needs to take measures to ensure that:

- (a) CVP members comply with guidelines on second-tier declarations of interest at CVP meetings and for circulation of papers; and
- (b) the decisions on declarations of interest made at CVP meetings are documented and are complied with.

Audit recommendations

4.15 **Audit has recommended that CIT should:**

- (a) **take measures to ensure that:**

- (i) **first-tier declarations of interest are made by CVP members in a timely manner; and**
- (ii) **CVP members' interests are recorded in the register of members' interests; and**
- (b) **take measures to ensure that:**
 - (i) **CVP members comply with guidelines on second-tier declarations of interest at CVP meetings and for circulation of papers; and**
 - (ii) **the decisions on declarations of interest made at CVP meetings are documented and are complied with.**

Response from the Government

4.16 CIT agrees with the audit recommendations. He has said that:

- (a) ITC has required RTTP Secretariat to collect all first-tier declarations of interest from the new-term CVP members appointed in July 2023 and properly record all declarations on RTTP Secretariat's database;
- (b) ITC has since April 2023 requested RTTP Secretariat to revise the course vetting form in requiring CVP members to declare potential conflict of interest for circulation of papers. ITC and RTTP Secretariat will further remind CVP members to declare conflict of interest at meetings and properly record all such declarations. ITC will also further liaise with RTTP Secretariat to keep proper documentation of all records; and
- (c) ITC will liaise with RTTP Secretariat to revise the RTTP circulation papers to facilitate CVP members in identifying whether they have any potential conflict of interest with the subject matter.

Evaluation surveys

4.17 RTTP Secretariat conducts two types of evaluation surveys to collect feedback on RTTP training courses:

- (a) **Employee survey.** Companies are requested to invite the nominated employees to complete an evaluation survey after their completion of training courses. Since June 2019, an online survey function has been made available for employees to give comments after completing the training courses; and
- (b) **Employer survey.** RTTP Secretariat conducts annual employer surveys with all the companies which have received training grants in the previous financial year.

The results of the surveys are provided to members during ITTB and CVP meetings.

Room for improvement in employee surveys

4.18 In the period from June 2019 to January 2023, nominated employees were invited to complete evaluation surveys on 1,889 training courses. Audit found that:

- (a) **Low response rate for surveys of some training courses.** Of the employee surveys for 1,889 training courses, responses were received for 1,479 training courses. The response rates for 798 (42%) training courses were 50% or below, including 410 (22%) with no response (i.e. response rate of 0%) (see Table 12). The average response rate of the 1,889 surveys was 60%, ranging from 0% to 100%; and

Table 12

**Response rates of employee surveys
(June 2019 to January 2023)**

Response rate (%)	Number of employee surveys
> 50	1,091 (58%)
> 40 to 50	143 (7%)
> 30 to 40	82 (4%)
> 20 to 30	56 (3%)
> 10 to 20	76 (4%)
> 0 to 10	31 (2%)
0	410 (22%)
Total	1,889 (100%)

Source: *Audit analysis of ITC records*

- (b) ***Need to take follow-up actions on adverse feedbacks.*** For 301 (20%) of the 1,479 training courses with responses received, some respondents indicated that they would not recommend the courses to others. Of the 1,479 courses, 148 (10%) had 20% or more respondents who would not recommend the courses to others, and among which 50 (3% of 1,479) courses had 50% or more respondents who would not recommend the courses to others.

4.19 Audit considers that ITC needs to:

- (a) take measures to improve the response rates of employee surveys; and
- (b) take follow-up actions in response to the training courses with adverse feedbacks received from high percentages of employees.

Room for improvement in employer surveys

4.20 Audit reviewed the 4 annual employer surveys for the period from the launch of RTTP in August 2018 to March 2022 (Note 18). Audit found that RTTP Secretariat took 295 to 483 days (averaging 425 days) for compilation of survey results after the end date of the period covered by the surveys (i.e. 31 March) as a result of:

- (a) ***Employer surveys not commenced promptly.*** The time between the end date of the period covered by the surveys (i.e. 31 March) and the date of commencing employer surveys ranged from 171 to 393 days (averaging 253 days); and
- (b) ***Long time taken for compilation of survey results.*** The time taken for compilation of survey results was long. As a result, the survey results were only available 17 to 269 days (averaging 133 days) after the due dates for submission of feedback for the surveys.

4.21 Audit considers that ITC needs to expedite the commencement of surveys and compilation of survey results.

Audit recommendations

4.22 **Audit has recommended that CIT should:**

- (a) **take measures to improve the response rates of employee surveys;**
- (b) **take follow-up actions in response to the training courses with adverse feedbacks received from high percentages of employees; and**
- (c) **expedite the commencement of employer surveys and compilation of survey results.**

Note 18: *As at 31 August 2023, the employer survey for 2022-23 had not yet commenced.*

Response from the Government

- 4.23 CIT agrees with the audit recommendations. He has said that:
- (a) ITC, in liaison with RTTP Secretariat, has included the completion of employee surveys as one of the requirements for disbursing the reimbursements to eligible companies. ITC has also reminded RTTP Secretariat to compile the relevant statistics for recordkeeping;
 - (b) ITC will liaise with RTTP Secretariat to incorporate previous feedbacks from employees on the course provider as part of the assessment criteria for future course vetting process; and
 - (c) ITC will liaise with RTTP Secretariat to expedite the process in kick-starting the employer surveys and compiling the survey statistics.

Administrative issues

Need to submit meeting agenda and discussion papers to CVP members as early as possible

4.24 RTTP Secretariat submits to CVP members meeting agenda and discussion papers of the applications for public course registrations and training grants for tailor-made courses to facilitate their discussions and assessments on whether the applications should be approved. There were no guidelines on the timeframe for submitting meeting agenda and discussion papers to CVP members. According to the Fund Management Guide issued by the Treasury (Note 19), members of committee should be provided with the agenda and discussion papers in a good time, normally not less than five working days before the meeting. Audit reviewed the records of the 14 CVP meetings held in the period from October 2018 to January 2023. The discussion papers often comprised substantial details on applications. On average, 58 applications were covered in each meeting, ranging from 2 to 91 applications. Audit found that the time for submitting meeting agenda and discussion papers to CVP members for the 14 meetings was less than five working days before the meetings:

Note 19: *The Fund Management Guide aims at providing a handy reference for Government bureaux and departments in discharging their duties and responsibilities of fund management.*

Other issues

- (a) for 7 (50%) meetings, the meeting agenda and discussion papers were submitted to CVP members at the scheduled meetings;
- (b) for 1 (7%) meeting, the meeting agenda and discussion paper were submitted to CVP members on the scheduled meeting date and before commencement of the meeting; and
- (c) for 6 (43%) meetings, the meeting agenda and discussion papers were submitted to CVP members 1 to 3 working days before the scheduled meetings.

4.25 Audit considers that ITC needs to:

- (a) submit meeting agenda and discussion papers to CVP members as early as possible; and
- (b) stipulate the timeframe for submitting meeting agenda and discussion papers to CVP members.

Need to ensure timely submission of responses on circulation of papers

4.26 For circulation of papers, CVP members are required to submit their responses before the deadline set by RTTP Secretariat. Audit reviewed the circulations of 43 papers with 268 responses due for submission in the period from September 2018 to June 2023 (see para. 4.12(b)). Audit found that:

- (a) 126 (47%) responses were submitted without delays;
- (b) 64 (24%) responses were submitted after the deadlines. The average delay was 5 days, ranging from 1 to 31 days (see Table 13);

Table 13

**Delays in submission of responses on circulation of papers
due for submission from September 2018 to June 2023**

Delay (Day)	Number of responses
≤ 10	57 (89%)
11 to 20	3 (5%)
21 to 30	3 (5%)
> 30 (Note)	1 (1%)
Total	64 (100%)

Source: Audit analysis of ITC records

Note: The longest delay was 31 days.

- (c) for 23 (9%) responses, the date of submission was not documented. Audit could not ascertain the timeliness on submission of the responses; and
- (d) up to 31 August 2023, 55 (20%) responses had not been submitted. Upon enquiry, RTTP Secretariat informed Audit in August 2023 that follow-up actions had not been taken on these responses because the majority of the CVP members had reached the same decisions on the agenda items included in the circulations.

4.27 Audit considers that ITC needs to take measures to ensure that CVP members submit in a timely manner their responses on circulation of papers.

Need to improve RTTP's website

4.28 ***Office of the Government Chief Information Officer (OGCIO)'s guidelines on government web pages.*** According to OGCIO's guidelines on accessibility requirements and best practices for the design of government web pages:

Other issues

- (a) external links should be checked regularly to ensure that they still work; and
- (b) government websites should be available in traditional and simplified Chinese and English, and the writing style should be consistent with the language (i.e. avoid a direct translation).

4.29 ***RTTP's website.*** RTTP's website provides companies and course providers with important information, such as procedures for application of training grants and reimbursement claims, procedures for public course registrations and public course information (see para. 2.38). In August and September 2023, Audit reviewed RTTP's website. Audit found that:

- (a) ***Some external links were non-functional.*** In August 2023, 8 external links, comprising 1 item under the website footer, 1 item under the "Overseeing Body" section, 3 items under the "Application & Reimbursement" section and 3 items under the "Home" section did not direct users to the desired destinations. In September 2023, the 8 external links remained non-functional; and
- (b) ***Not all information was available in both Chinese (traditional and simplified) and English.*** The details were as follows:
 - (i) 1 item under the "Home" section, 3 items under the "Programme Description" section and 16 items under the "Form Library" section were only available in traditional Chinese and English; and
 - (ii) 2 items under the "Form Library" section were only available in English.

4.30 Audit considers that ITC needs to improve RTTP's website taking reference to OGCIO's guidelines (e.g. ensure that the external links on RTTP's website work properly, and the website provides information in both Chinese (traditional and simplified) and English).

AIPs not approved before commencement of financial year

4.31 VTC was appointed as RTTP Secretariat in August 2018. According to the agreement between the Government and VTC, VTC is required to prepare AIPs for each financial year. AIPs are submitted to CIT for approval after ITTB's recommendation. AIPs should include:

- (a) proposed activities to be undertaken in the financial year;
- (b) the estimated number of grantees and amount of grants payable under RTTP; and
- (c) a detailed budget listing out the anticipated expenditure items.

4.32 The agreement stipulated that AIPs should be submitted to ITTB for consideration according to the following timeframe:

- (a) AIP for the first financial year shall be submitted no later than one month after signing of the agreement in August 2018 (see para. 4.31); and
- (b) the subsequent AIPs shall be submitted on or before 30 November immediately preceding the financial year to which it relates.

4.33 In the period from the launch of RTTP in August 2018 to March 2023, VTC submitted 6 AIPs to ITTB, covering the period from 2018-19 to 2023-24. Audit examined the timeliness of the submission of the 6 AIPs. Audit found that there were delays in submission of 3 (50%) AIPs. The average delay was 77 days, ranging from 55 to 97 days (see Table 14).

Table 14

**Delays in submission of AIPs
(2018-19 to 2023-24)**

Delay (Day)	Number of AIPs
1 to 30	0
31 to 60	1
61 to 90	1
>90 (Note)	1
Total	3

Source: Audit analysis of ITC records

Note: The AIP was submitted with a delay of 97 days.

4.34 After AIPs are considered by ITTB, VTC submits to ITC the recommendation by ITTB on whether AIPs should be approved by CIT. Thereafter, AIPs are submitted to CIT for approval. Audit analysed the time between ITTB's recommendation and CIT's approval for the 6 AIPs. Audit found that the average time taken was 118 days, ranging from 18 to 399 days. For 3 AIPs, the time taken was more than 100 days (see Table 15).

Table 15

**Analysis of time between ITTB's recommendation
and CIT's approval
(August 2018 to March 2023)**

Time (Day)	Number of AIPs
1 to 30	3
31 to 100	0
101 to 300	2
> 300 (Note)	1
Total	6

Source: Audit analysis of ITC records

Note: The longest time taken was 399 days.

4.35 For the 5 AIPs with pertinent financial years commencing on 1 April (see para. 4.32), 4 (80%) were approved after 1 April due to:

- (a) delays in submission of AIPs by VTC to ITTB (see para. 4.33); and
- (b) long time taken for submitting AIPs to CIT for approval (see para. 4.34).

4.36 Audit considers that ITC needs to take measures to ensure that AIPs are approved before commencement of the financial year.

Need to keep under review the scope for exploring innovation and technology solutions

4.37 It is the Government's objective on e-Government development to use information technology to provide citizen-centric services that promote an accessible,

Other issues

accountable and efficient government. In his 2022-23 Budget Speech, the Financial Secretary said that:

- (a) the Government had been encouraging the public and private sectors to proactively apply technologies in their operations for the benefits and convenience of the public; and
- (b) to promote further digitalisation in government operations, \$600 million had been reserved to conduct a comprehensive e-government audit in the coming three years with the aim of reviewing the progress made by government departments in using technologies, as well as assisting them in enhancing the efficiency of public service provision through the adoption of innovation and technology solutions.

4.38 In 2019, RTTP Secretariat developed a database capturing the key information of all applications for public course registrations, training grants and reimbursements (e.g. course title, names of course provider and company, date of application, date of approval, amount of training grant approved and disbursed, etc.). However, Audit found that there is scope for further exploring innovation and technology solutions in improving RTTP's operations, for example:

- (a) useful management information was not available. RTTP Secretariat did not have detailed analysis on the processing time of applications for public course registrations (see para. 2.5) and the processing time of training grant applications (see para. 3.4); and
- (b) analysis on the applications of public course registrations and training grants for tailor-made courses were not submitted to CVP members in a timely manner (see para. 4.24). Upon enquiry, RTTP Secretariat informed Audit in August 2023 that the analysis comprised voluminous details and were compiled manually, therefore long time had been taken for the analysis.

4.39 Audit considers that ITC needs to keep under review the scope for exploring innovation and technology solutions in RTTP's operations as appropriate.

Audit recommendations

- 4.40 **Audit has recommended that CIT should:**
- (a) **submit meeting agenda and discussion papers to CVP members as early as possible;**
 - (b) **stipulate the timeframe for submitting meeting agenda and discussion papers to CVP members;**
 - (c) **take measures to ensure that CVP members submit in a timely manner their responses on circulation of papers;**
 - (d) **improve RTTP's website taking reference to OGCIO's guidelines (e.g. ensure that the external links on RTTP's website work properly, and the website provides information in both Chinese (traditional and simplified) and English);**
 - (e) **take measures to ensure that AIPs are approved before commencement of the financial year; and**
 - (f) **keep under review the scope for exploring innovation and technology solutions in RTTP's operations as appropriate.**

Response from the Government

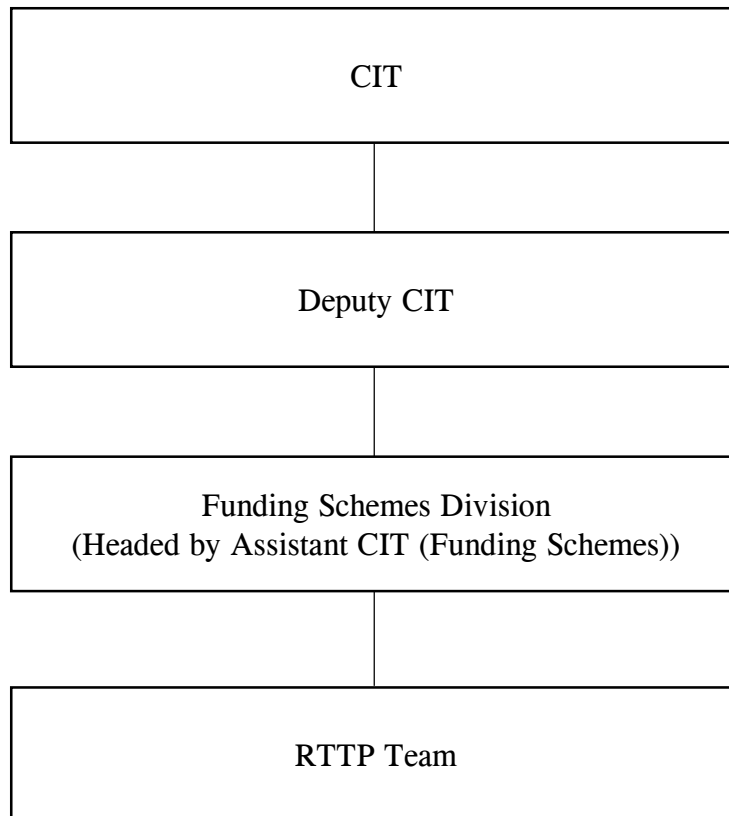
- 4.41 CIT agrees with the audit recommendations. He has said that:
- (a) ITC, in consultation with RTTP Secretariat, has established a reference timeframe for the time required by each party (such as RTTP Secretariat, technical experts and CVP members) in processing applications. ITC will further liaise with RTTP Secretariat to set timeframes for submitting meeting agenda and discussion papers to CVP members, and for submitting CVP members' responses on circulation of papers to RTTP Secretariat. ITC will request RTTP Secretariat to adhere to the above timeframes and take into account the above in the re-appointment of CVP members;

Other issues

- (b) RTTP Secretariat has updated RTTP's website so as to accommodate the revised RTTP vetting mechanism. In addition, RTTP Secretariat is making the necessary preparation to upgrade RTTP's database, application system and website such that the website provides bilingual information and fulfils other requirements as stipulated in OGCIO's guidelines. ITC and RTTP Secretariat will continue to make reference to the case processing systems of other funding schemes in exploring innovation and technology upgrade to RTTP's day-to-day operation; and

- (c) ITC has reminded RTTP Secretariat on the importance of timely submission of future AIPs to ITC for approval. ITC will also review the internal procedures to facilitate timely submissions of AIPs for internal clearance.

**Innovation and Technology Commission:
Organisation chart (extract)
(30 June 2023)**



Source: Audit Commission analysis of ITC records

**A sample of surprise class inspection report prepared by
the Reindustrialisation and Technology Training Programme
Secretariat staff**

Reindustrialisation and Technology Training Programme (RTTP) Surprise Class Inspection Report		
Course Provider:	[Redacted]	
Course Title:	[Redacted]	
Course Reference Number:	[Redacted]	
Name of Trainer / Organisation:	[Redacted]	
Date of Inspection:	[Redacted]	
Name of RTTP Secretariat Staff:	[Redacted]	
Topic of Training Course (during the inspection period):	[Redacted]	

Surprise Class Inspection Item	Inspection Results	Remarks
1. Is the date/time/venue of the training course in compliance with the approved course application information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Is the mode of learning in compliance with the approved course application information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Mode of Learning: > Lecture <input checked="" type="checkbox"/> > Case Study <input type="checkbox"/> > Group Discussion <input type="checkbox"/> > Others: _____ >	
3. Are the course contents in compliance with the approved course application information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
4. Is the trainer the same as the approved course information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
5. Does the trainer present the course information clearly and interact with the trainees?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
6. Other additional comments (optional):		

Signature:

 Name: [Redacted]
 Date: [Redacted]

Source: ITC records

Acronyms and abbreviations

AIPs	Annual Implementation Plans
Audit	Audit Commission
CIT	Commissioner for Innovation and Technology
CVP	Course Vetting Panel
ITC	Innovation and Technology Commission
ITF	Innovation and Technology Fund
ITIB	Innovation, Technology and Industry Bureau
ITTB	Innovation and Technology Training Board
LWB	Labour and Welfare Bureau
NTTS	New Technology Training Scheme
OGCIO	Office of the Government Chief Information Officer
RTTP	Reindustrialisation and Technology Training Programme
VTC	Vocational Training Council