

# 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.

