

## **CHAPTER 6**

**Innovation, Technology and Industry Bureau  
Digital Policy Office**

**Social Innovation and Entrepreneurship  
Development Fund**

**Audit Commission  
Hong Kong  
31 March 2026**

*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. 86 of the Director of Audit contains 8 Chapters which are available on our website (<https://www.aud.gov.hk>).



Audit Commission  
6th Floor, High Block  
Queensway Government Offices  
66 Queensway  
Hong Kong

Tel : (852) 2867 3423  
Fax : (852) 2824 2087  
E-mail : [enquiry@aud.gov.hk](mailto:enquiry@aud.gov.hk)

# SOCIAL INNOVATION AND ENTREPRENEURSHIP DEVELOPMENT FUND

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# **SOCIAL INNOVATION AND ENTREPRENEURSHIP DEVELOPMENT FUND**

## **Executive Summary**

1. Launched in September 2013, the Social Innovation and Entrepreneurship Development Fund (SIE Fund) seeks to alleviate poverty and social exclusion as well as foster the well-being and cohesion of the society by promoting social innovation and nurturing social entrepreneurship. SIE Fund Task Force was set up under the Commission on Poverty to provide advice on all policies and procedures governing the operation of SIE Fund and matters relating to the administration of the Fund. As SIE Fund Task Force Secretariat, the Digital Policy Office under the Innovation, Technology and Industry Bureau oversees the operation of SIE Fund. The Fund has accorded priority to initiatives that support three areas contributing to the development of social innovation and entrepreneurship, namely “Innovative Programmes”, “Capacity Building” and “Research”. SIE Fund was established as a Trust Fund under the Secretary for Home and Youth Affairs Incorporation Ordinance (Cap. 1044) with The Secretary for Home and Youth Affairs Incorporated as the Trustee. The total funding allocated to SIE Fund amounted to \$1 billion, comprising \$500 million allocated from the Lotteries Fund in September 2013 and \$500 million allocated in 2021-22 with the passage of the Appropriation Bill 2021 by the Legislative Council. Since the launch of SIE Fund in September 2013 and up to December 2025, of the \$1 billion allocated to SIE Fund, the total funding commitment was \$807 million and the total funding disbursed was \$577 million. The Audit Commission (Audit) has recently conducted a review of SIE Fund.

### **Engagement of intermediaries and processing of applications**

2. *Need to critically review the practice of providing score sheets with pre-filled preliminary scores to Intermediary Assessment Committee (IAC) members for assessment of proposals from proponents for intermediaries.* Since March 2015 and up to December 2025, three batches of 4 intermediaries each were engaged by SIE Fund Task Force to design and administer “Innovative Programmes”. According to the blueprint endorsed by SIE Fund Task Force for the engagement of

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intermediaries of the third batch under “Innovative Programmes”, proposals which have passed the preliminary assessment by SIE Fund Task Force Secretariat would be further assessed by IAC members by assigning scores to each proposal based on the predetermined assessment criteria (i.e. paper assessments). Audit reviewed the records of the paper assessments conducted by IAC members and found that: (a) instead of providing IAC members with blank score sheets for assigning scores to each proposal, score sheets with pre-filled preliminary scores were provided by SIE Fund Task Force Secretariat to IAC members; (b) for IAC members who did not return their score sheets, the Secretariat assumed that the pre-filled preliminary scores had been endorsed by IAC members; and (c) for the 14 IAC members involved in the assessment of proposals, only 3 members had returned the score sheets, 1 member did not return the score sheet but advised the Secretariat to adopt the preliminary scores, and for the remaining 10 members, no replies had been received from the members and the Secretariat adopted the preliminary scores without making further confirmation with the members (paras. 2.2 and 2.6).

3. ***Need to strengthen measures in enhancing applicants’ understanding of application requirements under “Innovative Programmes”.*** 1,749 applications were received by the four intermediaries engaged in the third batch under “Innovative Programmes” from April 2023 to June 2025. Audit analysed the 1,749 applications and found that: (a) the percentage of approved applications (i.e. 12%) was on the low side; (b) the percentage of rejected applications was high, with 1,487 (85%) applications being rejected, of which 1,285 (86% of 1,487) applications were rejected in the initial assessments. The reasons for rejection included incomplete or insufficient application information, and lack of a clear plan for reaching the beneficiaries; and (c) the percentage of approved applications varied greatly among programmes of intermediaries, ranging from 6% to 25%. In view of a considerable number of applications rejected due to reasons including incomplete or insufficient application information and lack of a clear plan for reaching the beneficiaries, Audit considers that the Digital Policy Office needs to, in collaboration with the intermediaries, strengthen measures in enhancing applicants’ understanding of the application requirements for applications under “Innovative Programmes” (paras. 2.16, 2.17 and 2.19).

4. ***Need to enhance monitoring of application processing to ensure that specified/indicative timeframes are complied with under “Innovative Programmes”.*** The intermediary service agreements specify the required timeframe for submission of the Joint Intermediary and Task Force Vetting Committee (JVC)’s further assessment results by the intermediaries. SIE Fund Task Force Secretariat’s

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Workflow also sets out the indicative timeframe for completing each stage of processing of applications. For the applications received by the intermediaries of the third batch under “Innovative Programmes”, the Secretary-General approved 218 applications in the period from October 2023 to December 2025. Audit reviewed the records of the processing of the 218 applications and noted that: (a) SIE Fund Task Force Secretariat did not maintain records on the submission date of JVC’s further assessment results. As a result, there was no readily available information on whether the intermediaries had submitted JVC’s further assessment results to the Secretariat within the specified timeframe; and (b) for 217 of the 218 approved applications, Secretary-General’s approvals were not obtained within the indicative timeframe (i.e. 91 days from the application deadlines). The time elapsed between the application deadlines and the dates of Secretary-General’s approvals exceeded the timeframe by 5 to 72 days (averaging 37 days) (paras. 2.20 and 2.21).

5. ***Funding agreements under “Innovative Programmes” not signed within indicative timeframe.*** In the period from October 2023 to December 2025, the Secretary-General approved 218 applications received by the intermediaries of the third batch under “Innovative Programmes”. As at 31 December 2025, of the 218 approved applications, funding agreements for 209 (96%) applications had been signed, and those for 9 (4%) applications had not been signed. Audit analysed the records of signing funding agreements for the 218 approved applications and found that: (a) for 182 (87%) of the 209 approved applications with funding agreements signed, funding agreements were not signed within the indicative timeframe (i.e. 119 days from the application deadlines). The time elapsed from the application deadlines to the dates of signing funding agreements exceeded the timeframe by 6 to 202 days (averaging 36 days); and (b) for the 9 approved applications with funding agreements not yet signed, up to 31 December 2025, the time elapsed from the application deadlines ranged from 201 to 219 days (averaging 215 days), exceeding the indicative timeframe by 82 to 100 days (averaging 96 days). Audit further analysed the time elapsed from the dates of Secretary-General’s approvals to the dates of signing funding agreements for the 209 approved applications with funding agreements signed. For 42 of the 209 approved applications, the agreements were signed more than 4 weeks after the Secretary-General’s approvals, and for 2 of the 42 approved applications, the agreements were signed more than 180 days after the Secretary-General’s approvals (paras. 2.26 to 2.28).

6. ***Room for improvement in monitoring of application processing under “Capacity Building” and “Research”.*** In the period from 2020 to 2025, 60 applications under “Capacity Building” and “Research” were approved. Audit

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examined the processing of the 60 applications and found that SIE Fund Task Force Secretariat did not maintain records on the dates of completion of some key stages of application processing (e.g. receipt of complete applications with information sufficient for substantive assessments, and completion of further assessments by the Proposal Assessment Committee). As a result, there was no readily available information on whether the applications had been processed by SIE Fund Task Force Secretariat within the specified timeframes (para. 2.38).

7. ***Need to enhance guidelines on documentation of results of checking on duplicate submissions for applications under “Capacity Building” and “Research”.***

According to SIE Fund Task Force Secretariat’s guidelines, in order to avoid duplication of resources, checking on duplicate submissions of funding applications was necessary in the application assessment process in order to guard against double funding and fund shopping of the same proposals. SIE Fund Task Force Secretariat’s guidelines also stipulated that for applications under “Innovative Programmes”, the intermediaries and SIE Fund Task Force Secretariat were required to record the results of the checking on duplicate submissions. However, Audit found that SIE Fund Task Force Secretariat’s guidelines did not stipulate that SIE Fund Task Force Secretariat was required to record the results of the checking on duplicate submissions for applications under “Capacity Building” and “Research”. As a result, there was no readily available information on whether SIE Fund Task Force Secretariat had completed the checking on duplicate submissions for applications under “Capacity Building” and “Research” (para. 2.42).

### **Monitoring of approved projects**

8. ***Records on submission, assessment and approval of operation reports and financial reports for “Innovative Programmes” projects not properly maintained in SIE Fund Information System.*** According to the intermediary service agreements, after assessing the operation reports and financial reports submitted by the grantees of “Innovative Programmes” projects, the intermediaries are required to submit the grantees’ reports and the assessment results to SIE Fund Task Force Secretariat by uploading them to SIE Fund Information System. Information such as the due dates for report submission by intermediaries, dates of submission by intermediaries, and dates of Secretary-General’s approvals is captured by the System for producing various management reports and monitoring of submissions and approvals of reports. Audit noted that records on the submission, assessment and approval of the operation reports and financial reports that were accepted by the Secretary-General after

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June 2024 was not readily available for Audit’s review. According to SIE Fund Task Force Secretariat, the access by intermediaries to SIE Fund Information System had been suspended in June 2024 due to security issues. Since then, the intermediaries were unable to submit the grantees’ reports and assessment results via the System. Instead, the reports and assessment results had been submitted by the intermediaries via sending emails to individual subject officers of the Secretariat. The monitoring of submissions and assessments of reports relied on individual subject officers using their own records for projects under their purview. Such information had not been updated in SIE Fund Information System since the system suspension in June 2024 (paras. 3.4 and 3.5).

9. ***Need to enhance monitoring of submission of operation reports and financial reports for “Innovative Programmes” projects.*** To facilitate the monitoring and evaluation of approved projects, the grantees of “Innovative Programmes” projects are required to submit operation reports and financial reports via the respective intermediaries to SIE Fund Task Force Secretariat for review in accordance with the due dates specified in the funding agreements. In the period from January 2023 to June 2024, the Secretary-General accepted 265 operation reports and 269 financial reports submitted by the grantees of “Innovative Programmes” projects via the intermediaries. Audit reviewed the records of submission of these reports by the grantees and the intermediaries (paras. 3.2, 3.3 and 3.8). Audit found that:

- (a) ***Records on report submission dates by grantees were not maintained.*** SIE Fund Task Force Secretariat did not maintain records on the submission dates of all the 265 operation reports and 269 financial reports by the grantees. As a result, it could not be ascertained whether these reports were submitted by the grantees within the specified report submission due dates (para. 3.8(a)); and
- (b) ***Delays in submission of grantees’ operation reports and financial reports together with their assessments by intermediaries.*** According to the intermediary service agreements, the intermediaries are required to submit to the Secretariat the grantees’ operation reports and financial reports together with their assessments within one month after the report submission due dates. Audit found that: (i) of the 265 grantees’ operation reports, there were delays in submission of 130 (49%) grantees’ operation reports together with intermediaries’ assessments by the intermediaries, ranging from 1 to 288 days (averaging 61 days). In particular, for 30 (23%) of the 130 reports, the delays were more than 90 days; and (ii) of

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the 269 grantees' financial reports, there were delays in submission of 131 (49%) grantees' financial reports together with intermediaries' assessments by the intermediaries, ranging from 1 to 373 days (averaging 76 days). In particular, for 37 (28%) of the 131 reports, the delays were more than 90 days (para. 3.8(b)).

10. ***Need to expedite completion of assessments of grantees' operation reports and financial reports for "Innovative Programmes" projects.*** In the period from January 2023 to June 2024, the Secretary-General accepted 265 operation reports and 269 financial reports submitted by the grantees of "Innovative Programmes" projects via the intermediaries. Audit found that: (a) long time had been taken to receive clarifications and finalised reports from the grantees/intermediaries upon receipt of some grantees' reports. For 16 (6%) of the 265 operation reports and 83 (31%) of the 269 financial reports accepted by the Secretary-General, the time taken to receive clarifications and finalised reports from grantees/intermediaries was more than 2 months, ranging from 72 to 529 days (averaging 173 days) for operation reports and 61 to 552 days (averaging 124 days) for financial reports; and (b) the assessments of the grantees' finalised reports from the intermediaries were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. within two months upon receipt of grantees' finalised reports from the intermediaries) for 96 reports. For 22 (8.3%) of 265 operation reports and 74 (27.5%) of 269 financial reports accepted by the Secretary-General, the assessments of the grantees' finalised reports from the intermediaries were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. 60 days). The time taken for completion of assessments upon receipt of grantees' finalised reports from the intermediaries ranged from 62 to 182 days (averaging 86 days) for operation reports and 61 to 281 days (averaging 95 days) for financial reports (paras. 3.12 to 3.14).

11. ***Need to enhance monitoring of submission of operation reports and financial reports by grantees of "Capacity Building" and "Research" projects.*** In the period from 2020 to 2025, 327 reports (comprising 31 operation reports and 31 financial reports for "Capacity Building" projects, and 132 operation reports and 133 financial reports for "Research" projects) of the 60 projects under "Capacity Building" and "Research" approved in the same period were due for submission by the grantees (para. 3.30). Audit found that:

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- (a) ***Records on submission dates of grantees' report were not readily available.*** For 105 (32%) of the 327 reports, SIE Fund Task Force Secretariat did not have readily available information on the dates of submission by grantees. As a result, there was no readily available information to assess whether these reports were submitted by the grantees within the due dates of submission specified in the funding agreements (para. 3.30(a)); and
- (b) ***Delays in submission of operation reports and financial reports by grantees.*** For the remaining 222 reports, Audit found that there were delays in submission for 73 reports: (i) for 10 (36%) of the 28 operation reports and 5 (18%) of the 28 financial reports of “Capacity Building” projects, the delays ranged from 1 to 164 days (averaging 36 days) and 2 to 117 days (averaging 38 days) respectively; and (ii) for 25 (30%) of the 84 operation reports and 33 (40%) of the 82 financial reports of “Research” projects, the delays ranged from 1 to 16 days for the 25 operation reports, and ranged from 1 to 22 days for the 33 financial reports (para. 3.30(b)).
12. ***Need to ensure that project deliverables are submitted by grantees of “Research” projects within stipulated timeframe.*** In the period from 2020 to 2025, 14 project deliverables were due for submission by grantees of “Research” projects. Audit reviewed the records of submission of these project deliverables by the grantees and found that there were delays in submissions of project deliverables by grantees for 12 (86%) of the 14 project deliverables. The delays ranged from 6 to 215 days (averaging 95 days) (para. 3.33).
13. ***Need to closely monitor the progress of implementation of “Smart Silver” Digital Inclusion Programme for Elders (DI Programme) by appointed organisations to ensure achievements of committed targets for key performance indicators (KPIs).*** According to the funding agreements signed between SIE Fund Task Force Secretariat and the appointed organisations of DI Programme, the appointed organisations are required to achieve the targets for each of the KPIs in the 24-month engagement period. The committed targets (which were at least the same or higher than the minimum requirements) had been set out for each appointed organisation for measuring the appointed organisations’ achievements of KPIs. In the period from December 2024 to May 2025, for all the 12 appointed organisations, some committed targets for KPIs were not met: (a) for 1 appointed organisation, the number of elders served fell short of the target by 28%; (b) for all the 12 appointed organisations, the number of help desk sessions held fell short of the targets. The

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shortfalls ranged from 4% to 16%, averaging 11%; and (c) for all the 12 appointed organisations, the number of training activities held fell short of the targets. The shortfalls ranged from 4% to 26%, averaging 12% (paras. 3.45 to 3.47).

14. ***Need to enhance guidelines on conducting site visits at help desks under DI Programme.*** In the period from December 2024 to December 2025, SIE Fund Task Force Secretariat conducted 48 site visits at help desks under DI Programme for monitoring purpose. According to the Secretariat, it has issued a site visit template that serves as a guiding framework for conducting site visits. Audit reviewed the site visit template and the records of the 48 site visits, and found that: (a) there were no guidelines on the frequency of conducting site visits and the criteria for selecting help desks for inspections; and (b) the scope of the site visits varied among the 48 site visits conducted. In 33 (69%) site visits, the site visits covered the help desk sessions only. In the remaining 15 (31%) site visits, both the help desk sessions and training activities were covered (para. 3.56).

### Other related issues

15. ***Low attendance of some members at SIE Fund Task Force meetings.*** For the 36 SIE Fund Task Force members who had served the Task Force for at least one complete term at SIE Fund Task Force meetings held in the period from July 2020 to December 2025, Audit found that: (a) 2 members had not attended any of the 8 and 14 SIE Fund Task Force meetings held during their tenures respectively; and (b) the attendance rate of another member at SIE Fund Task Force meetings was low (i.e. 13%) during the tenure (para. 4.3).

16. ***Room for improvement in declarations of interests.*** According to SIE Fund Task Force guidelines, SIE Fund Task Force and the two standing committees adopt a two-tier reporting system on declaring matters which may give rise to a conflict of interest. Audit examination of the first-tier declarations of interests made by SIE Fund Task Force members in the period from July 2020 to December 2025 revealed that: (a) for 13 (87%) of the 15 SIE Fund Task Force members who were first appointed in the period, the requests for making first-tier declarations of interests were sent out by SIE Fund Task Force Secretariat 1 to 12 days after the commencement of the respective terms. The declarations of interests of the 13 members were submitted to the Secretariat 2 to 23 days after the commencement of the respective terms; (b) the request for annual submission of declarations was not

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sent out to Task Force members for the 5th term (i.e. from 1 January 2023 to 30 June 2024). Hence, the annual declarations for the 10 members involved were not submitted; and (c) for the 43 annual declarations of interests requested in the period, 20 (47%) were submitted to the Secretariat 1 to 24 days (averaging 9 days) after the due dates for completion of the annual declarations of interests (paras. 4.7 and 4.8).

17. ***Need to ensure that the information in SIE Fund Information System is complete and up-to-date.*** SIE Fund Information System was set up in January 2015 to assist SIE Fund Task Force Secretariat in the receipt and assessment of applications, fund disbursements, monitoring of report submissions, and generation of statistical/management reports of projects handled by the intermediaries under “Innovative Programmes”. Audit reviewed the records maintained in SIE Fund Information System as at 31 December 2025 and found that: (a) project information in SIE Fund Information System was incomplete. As at 31 December 2025, there were 638 approved projects handled by the intermediaries under “Innovative Programmes”. However, the information of only 493 projects was maintained in SIE Fund Information System. The records on the submission, assessment and approval of the operation reports and financial reports that were accepted by the Secretary-General after June 2024 had not been updated in the System since the system suspension in June 2024; (b) some information of the projects handled by the intermediaries under “Innovative Programmes” was not available in the System. For example, records on the submission dates of the operation reports and financial reports by the grantees were not maintained in the System, and the log sheets of all the 19 site visits and 14 compliance checks on procurement requirements conducted by the intermediaries in the period from February 2023 to December 2025 had not been uploaded to SIE Fund Information System; and (c) while SIE Fund Information System had been functionally enhanced to take care of records of projects under “Capacity Building” and “Research” in October 2025, data input for past and current project information was in progress (paras. 4.11 and 4.12).

18. ***Need to conduct comprehensive review on funding mechanisms and operational approach of SIE Fund.*** In 2016 and 2021, SIE Fund Task Force commissioned a tertiary institution in Hong Kong to conduct a longitudinal study to assess the performance of SIE Fund covering the periods from its inception in February 2013 to June 2020 (i.e. the first longitudinal study) and from July 2020 to December 2023 (i.e. the second longitudinal study) respectively. In the second longitudinal study, which has concluded in March 2025, it was said that in light of the findings of the second longitudinal study and the potential expansion of the

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beneficiary base, along with the nature of services offered by funded projects over the past decade, it was an opportune moment for the Fund to conduct a comprehensive review of its funding mechanisms and operational approach. Audit found that as at 31 December 2025, comprehensive review of SIE Fund’s funding mechanisms and operational approach had not been conducted (para. 4.17).

### **Audit recommendations**

19. **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 the Commissioner for Digital Policy should:**

#### *Engagement of intermediaries and processing of applications*

- (a) **critically review the practice of providing the score sheets with pre-filled preliminary scores to IAC members for assessment of proposals from proponents for intermediaries under “Innovative Programmes” and take improvement measures where necessary (para. 2.10(a));**
- (b) **take measures to ensure that all score sheets on the proposals from proponents for intermediaries under “Innovative Programmes” are duly completed and returned by IAC members (para. 2.10(b));**
- (c) **in collaboration with the intermediaries, strengthen measures in enhancing applicants’ understanding of the application requirements for applications under “Innovative Programmes” (para. 2.34(a));**
- (d) **take measures to ensure that records on the submission date of JVC’s further assessment results under “Innovative Programmes” are properly kept and JVC’s further assessment results are submitted by the intermediaries to SIE Fund Task Force Secretariat within the specified timeframe (para. 2.34(b));**
- (e) **ascertain the reasons for not obtaining the Secretary-General’s approvals within the indicative timeframe for the majority of applications received by the intermediaries under “Innovative**

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**Programmes” and enhance monitoring of application processing to ensure that the indicative timeframes are complied with (para. 2.34(c));**

- (f) take measures to ensure that the funding agreements are signed with the successful applicants under “Innovative Programmes” within the indicative timeframes (para. 2.34(e));**
- (g) take measures to ensure that records on the dates of completion of key stages of application processing under “Capacity Building” and “Research” are properly kept and the applications are processed within the specified timeframes (para. 2.48(a));**
- (h) enhance guidelines on the documentation of results of checking on duplicate submissions for applications under “Capacity Building” and “Research” and take measures to ensure that the checking on duplicate submissions is conducted and the results of the checking are documented (para. 2.48(c));**

### *Monitoring of approved projects*

- (i) maintain proper records on the information relating to the submission, assessment and approval of the operation reports and financial reports for “Innovative Programmes” projects, and take measures to ensure that such information is properly maintained in SIE Fund Information System to enhance monitoring of approved projects (para. 3.26(a));**
- (j) take measures to ensure that the records on the submission dates of the operation reports and financial reports by the grantees of “Innovative Programmes” projects are properly kept, and ensure that the operation reports and financial reports are submitted by grantees within the due dates of submission specified in the funding agreements (para. 3.26(b));**
- (k) take measures to ensure that the operation reports and financial reports of grantees of “Innovative Programmes” projects together with intermediaries’ assessments are submitted by the intermediaries within the specified timeframe (para. 3.26(c));**

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- (l) ascertain the reasons for the long time taken to receive clarifications and finalised operation reports and financial reports from grantees/intermediaries upon receipt of some grantees' reports for "Innovative Programmes" projects and take measures to expedite the receipt of clarifications and finalised operation reports and financial reports from grantees/intermediaries for "Innovative Programmes" projects (para. 3.26(d) and (e));
- (m) take measures to ensure that the assessments of the grantees' finalised operation reports and financial reports for "Innovative Programmes" projects are completed by SIE Fund Task Force Secretariat within the specified timeframe upon receipt of finalised reports from the intermediaries (para. 3.26(f));
- (n) take measures to ensure that management information is available for monitoring the submissions of grantees' operation reports and financial reports for "Capacity Building" and "Research" projects (para. 3.42(a));
- (o) enhance monitoring of submission of the operation reports and financial reports by grantees of "Capacity Building" and "Research" projects (para. 3.42(b));
- (p) take measures to ensure that project deliverables are submitted by grantees of "Research" projects within the timeframe stipulated in the funding agreements (para. 3.42(c));
- (q) closely monitor the progress of implementation of DI Programme by appointed organisations to ensure achievements of committed targets for KPIs (para. 3.64(a));
- (r) enhance guidelines on conducting site visits at help desks under DI Programme and ensure compliance with the guidelines on conducting site visits at help desks (para. 3.64(d));

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### *Other related issues*

- (s) **closely monitor the attendance of members at SIE Fund Task Force meetings and take measures to encourage members to attend meetings as far as possible (para. 4.9(a));**
- (t) **issue requests to SIE Fund Task Force members for making first-tier declarations of interests in a timely manner and take measures to ensure that SIE Fund Task Force members make the first-tier declarations of interests in a timely manner (para. 4.9(c) and (d));**
- (u) **take measures to ensure that information maintained in SIE Fund Information System is complete and up-to-date for evaluation and monitoring of SIE Fund (para. 4.13); and**
- (v) **conduct a comprehensive review on SIE Fund to evaluate its funding mechanisms and operational approach, taking into account the audit observations and recommendations in this Audit Report, and closely monitor the implementation progress of the review (para. 4.19).**

### **Response from the Government**

20. The Commissioner for Digital Policy 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 Launched in September 2013, the Social Innovation and Entrepreneurship Development Fund (SIE Fund) seeks to alleviate poverty and social exclusion as well as foster the well-being and cohesion of the society by promoting social innovation (Note 1) and nurturing social entrepreneurship. SIE Fund Task Force was set up under the Commission on Poverty (CoP) to provide advice on all policies and procedures governing the operation of SIE Fund and matters relating to the administration of the Fund. As SIE Fund Task Force Secretariat, the Digital Policy Office (DPO) under the Innovation, Technology and Industry Bureau oversees the operation of SIE Fund.

1.3 ***Objective.*** The objective of SIE Fund is to establish or support schemes and experiments with a view to attracting, inspiring or nurturing social entrepreneurship to develop innovations that aim at creating social impact and build social capital for supporting poverty relief in Hong Kong. SIE Fund aims to be a catalyst for promoting the development of social innovation in Hong Kong. Partly through the intermediaries, SIE Fund provides visionary individuals and organisations with resources in support of research, capacity building and the entire life cycle of innovative ventures, from supporting idea incubation, providing seed funding to implement prototype and start-up projects, to assisting their eventual scale-up. The ultimate goal is to foster the development of the social innovation ecosystem where social entrepreneurs can thrive and potential talents can be unleashed to develop innovative ideas, products and services that can effectively meet social needs.

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**Note 1:** *According to SIE Fund Task Force Secretariat, the idea of social innovation refers to applying advances in knowledge, products and services to create greater social value and meet social needs.*

## Introduction

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1.4 ***Ultimate beneficiaries.*** SIE Fund intends to benefit people in need of support (without conditions of stay) such as elderly, people with disabilities, people of diverse race, underprivileged children/youth, single parents, new arrivals, low income families, and other underprivileged segments of the community who are in need of assistance and improved opportunity. The aim is to bring them hope, dignity and self-worth through providing them with appropriate services/products.

1.5 ***Funding allocation.*** SIE Fund was established as a Trust Fund under the Secretary for Home and Youth Affairs Incorporation Ordinance (Cap. 1044 — Note 2) with The Secretary for Home and Youth Affairs Incorporated as the Trustee. Upon the launch of SIE Fund in September 2013, funding of \$500 million was allocated from the Lotteries Fund. With the passage of the Appropriation Bill 2021 by the Legislative Council in April 2021, an additional funding of \$500 million was allocated to SIE Fund in 2021-22, thereby increasing the total funding allocated to SIE Fund to \$1 billion.

1.6 ***Funding commitment and funding disbursed.*** Since the launch of SIE Fund in September 2013 and up to December 2025, of the \$1 billion allocated to SIE Fund, the total funding commitment was \$807 million, comprising approved funding for projects of \$715 million and earmarked funding for “Innovative Programmes” (see para. 1.7(a)) of \$92 million. The total funding disbursed was \$577 million.

### ***Funding priorities and business model***

1.7 ***Funding priorities.*** SIE Fund has accorded priority to initiatives that support three areas contributing to the development of social innovation and entrepreneurship:

- (a) ***Innovative Programmes.*** “Innovative Programmes” provide funding, incubation and other support for social entrepreneurs/ventures and innovative projects of different stages of development (including idea generation, prototype, start-up and scale-up projects), encompassing

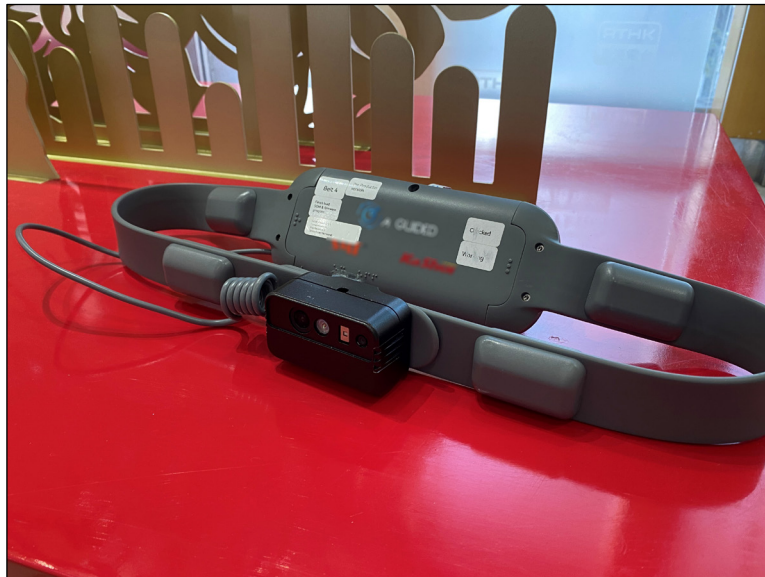
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**Note 2:** *Pursuant to the re-organisation of the Government structure with effect from 1 July 2022, the Secretary for Home Affairs Incorporation Ordinance has been amended as the Secretary for Home and Youth Affairs Incorporation Ordinance, and the functions exercisable by The Secretary for Home Affairs Incorporated have been transferred to The Secretary for Home and Youth Affairs Incorporated.*

healthcare, food, living, transport, education and learning, job training and opportunities, as well as community participation. The objective is to make available funding to support innovative ideas to address poverty issues and social exclusion. As at 31 December 2025, there were 657 approved projects under “Innovative Programmes”, including 12 projects under the “Smart Silver” Digital Inclusion Programme for Elders (DI Programme) (see paras. 3.44 to 3.65). The total amount of funding approved and disbursed was \$463 million and \$350 million respectively. Photograph 1 shows an example of projects under “Innovative Programmes”;

### Photograph 1

**An example of projects under “Innovative Programmes”:  
Artificial intelligence guiding smart belt  
to empower the visually impaired for seamless navigation  
(2025)**



*Source: SIE Fund Task Force Secretariat records*

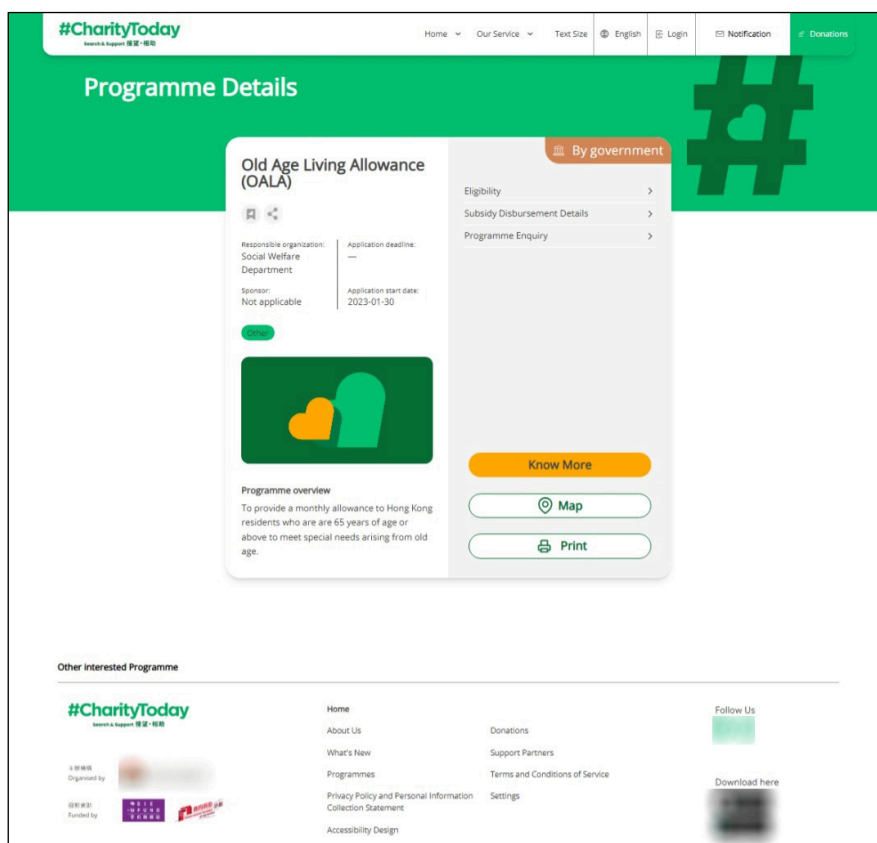
- (b) **Capacity Building.** “Capacity Building” seeks to foster the development of social innovation ecosystem, including nurturing of social entrepreneurs, enhancement of the capacity of the whole sector, facilitation of cross-sector collaboration, and raising of public awareness and understanding of social innovation as a means to address social needs. Activities under this priority

## Introduction

area may take the form of publicity campaigns, education programmes, mentoring and networking schemes, incubation programmes for social innovators, etc. As at 31 December 2025, there were 16 approved projects under “Capacity Building”. The total amount of funding approved and disbursed was \$164 million and \$142 million respectively. Photograph 2 shows an example of projects under “Capacity Building”; and

### Photograph 2

#### An example of projects under “Capacity Building”: A one-stop online platform for searching and applying for charitable assistance (2026)



Source: *Extracted by the Audit Commission on 13 February 2026 from a grantee’s website*

- (c) **Research.** “Research” seeks to identify areas of needs and explore solutions by encouraging and supporting social/applied/action researches and evidence-based pilots on social innovation. The objectives are to identify capabilities, opportunities and needs in the current environment, understand the models and best practices in both the local and overseas communities to promote social innovation and entrepreneurship, and key success factors in social impact assessment/corporate governance, etc. As at 31 December 2025, there were 76 approved projects under “Research”. The total amount of funding approved and disbursed was both \$53 million.

1.8 **Business model.** A mixed business model has been adopted in operating SIE Fund whereby:

- (a) intermediaries are engaged to design and administer funding and incubation programmes meeting the needs of the social innovation space. They are mainly involved in the administration of projects under “Innovative Programmes”. Since the launch of SIE Fund in September 2013 and up to December 2025, 638 (85%) of the 749 approved projects were administered by the intermediaries; and
- (b) SIE Fund Task Force Secretariat directly takes forward or funds flagship projects that are considered strategically important and can address common public concern and bring about greater social impact. From time to time, SIE Fund also supports projects that cannot be catered for by the programmes of intermediaries. Since the launch of SIE Fund in September 2013 and up to December 2025, 111 (15%) of the 749 approved projects were administered directly by SIE Fund Task Force Secretariat, involving projects under all three funding priority areas.

### ***Eligibility and funding mechanism for SIE Fund projects***

1.9 **Eligibility.** SIE Fund is open for applications by organisations that are legal entities registered in Hong Kong, regardless of whether they are charitable organisations registered under section 88 of the Inland Revenue Ordinance (Cap. 112), and individuals who are Hong Kong permanent residents aged 18 or above.

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1.10 **Funding mechanism.** The funding mechanism for projects under the three funding priorities are as follows:

- (a) **Innovative Programmes.** For projects administered by the intermediaries with SIE Fund funding amount exceeding \$300,000, the grants will be provided on a matching basis, i.e. 2 (government):1 (grantee) for SIE Fund funding exceeding \$300,000 and up to \$900,000, and 1 (government):1 (grantee) for SIE Fund funding exceeding \$900,000. The matching fund can be in cash or in kind. There is no matching fund requirement for projects administered by the intermediaries with SIE Fund funding amount of \$300,000 or below and projects administered by SIE Fund Task Force Secretariat directly. No funding ceiling has been set for projects under “Innovative Programmes”; and
- (b) **Capacity Building and Research.** For projects under “Capacity Building” and “Research”, there is no matching fund requirement and no funding ceiling has been set.

### **Administration of SIE Fund**

1.11 **SIE Fund Task Force.** SIE Fund Task Force was set up under CoP in late 2012 to provide advice on all policies and procedures governing the operation of SIE Fund and matters relating to the administration of the Fund (Note 3). As at 31 December 2025, SIE Fund Task Force comprised a Chairperson, a Vice-Chairperson, 13 members of CoP, 12 co-opted members and 4 ex-officio

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**Note 3:** *The Terms of Reference for the current term of SIE Fund Task Force include advising the Trustee on the strategies and arrangements for SIE Fund; overseeing the implementation of funded projects and reviewing their effectiveness; developing and maintaining contact with relevant stakeholders in the local social innovation sector; maintaining close liaison with and providing mutual support to other Task Forces under CoP, and reporting to CoP on its work plans and progress as and when appropriate; and rendering support for CoP to report the work progress of CoP and engage the public and various sectors in the community to take forward poverty alleviation work.*

members (Note 4). Except for the 4 ex-officio members who are appointed by reference to their respective posts, the non-official members are appointed by the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China (or delegates) and are drawn from four main sectors, namely academia, business, foundation and funder, and non-governmental organisation and social entrepreneur. Two standing committees are set up under SIE Fund Task Force, namely:

- (a) ***Proposal Assessment Committee.*** The Proposal Assessment Committee assesses and endorses proposals with funding requirements over \$2 million submitted by the Joint Intermediary and Task Force Vetting Committees (JVCs — Note 5) set up by individual intermediaries, conducts detailed examination of applications received under SIE Fund and recommends proposals to SIE Fund Task Force; and
- (b) ***Intermediary Assessment Committee (IAC).*** IAC draws up detailed eligibility and selection criteria in relation to the selection of intermediaries for endorsement by SIE Fund Task Force. IAC also shortlists and assesses the applicants for intermediaries against the eligibility and selection criteria and recommends potential intermediaries to SIE Fund Task Force.

Members of SIE Fund Task Force may join the Proposal Assessment Committee and IAC voluntarily. As at 31 December 2025, the Proposal Assessment Committee and IAC each comprised 18 members.

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**Note 4:** *The four ex-officio members are the Permanent Secretary for Home and Youth Affairs (or representative), the Permanent Secretary for Labour and Welfare (or representative), the Permanent Secretary for Innovation, Technology and Industry (or representative) and the Director of Social Welfare (or representative).*

**Note 5:** *JVCs were formed under each intermediary for the assessments of applications. They comprised representatives from SIE Fund Task Force and the intermediaries.*

## Introduction

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1.12 **DPO.** SIE Fund Task Force Secretariat is established under DPO's Digital Inclusion and Research Division (Notes 6 and 7). The Deputy Commissioner for Digital Policy (Digital Government) is the Secretary-General of SIE Fund (Note 8). The Digital Inclusion and Research Division is headed by the Assistant Commissioner (Digital Inclusion and Research), who reports to the Deputy Commissioner for Digital Policy (Digital Government). As at 31 December 2025, the staff involved in the work of SIE Fund in the Digital Inclusion and Research Division had an establishment and strength of 21 and 20 staff respectively, and was supported by 7 contract staff (Note 9). An extract of the organisation chart of DPO as at 31 December 2025 is shown in Appendix A.

1.13 **Processing of SIE Fund applications and monitoring of approved projects.** To apply for grants from SIE Fund, applicants are required to submit applications to the intermediaries or SIE Fund Task Force Secretariat. Depending on the nature of projects and the amount of funding sought, applications received are assessed by the intermediaries, SIE Fund Task Force Secretariat, JVC and/or the Proposal Assessment Committee. After the applications are endorsed by SIE Fund Task Force and approved by the Secretary-General, funding agreements will be signed between SIE Fund Task Force Secretariat and the successful applicants. The intermediaries and/or SIE Fund Task Force Secretariat are responsible for the monitoring of the projects, including conducting site visits, and reviewing of operation reports and financial reports of the projects submitted by the grantees. The procedures for the processing of SIE Fund applications and the monitoring of approved projects are shown in Figure 1.

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**Note 6:** *Upon the setting up of DPO by merging the then Office of the Government Chief Information Officer and the Efficiency Office on 25 July 2024, the secretariat support to SIE Fund Task Force was transferred from the then Efficiency Office to DPO on the same date.*

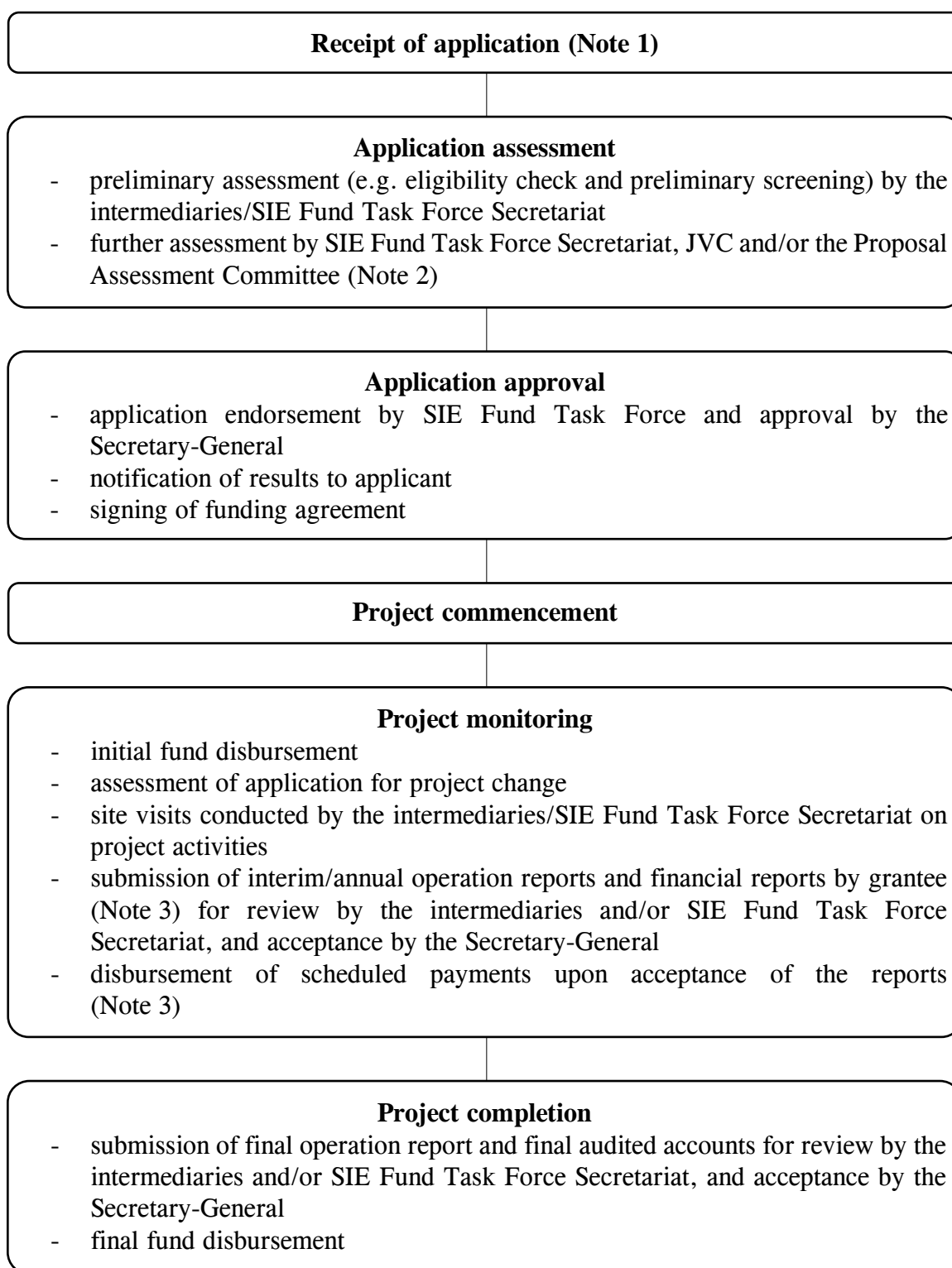
**Note 7:** *DPO's Digital Inclusion and Research Division is also responsible for work other than that related to SIE Fund, such as the digital accessibility campaign and research on digital government.*

**Note 8:** *In accordance with the Trust Deed of SIE Fund, the Trustee of the Fund has delegated its trusts, powers and discretions to the Secretary-General. The Secretary-General is authorised to exercise the delegated powers and execute any documents, contracts and bank account forms for and on behalf of the Trustee in relation to the Trust. The Secretary-General is responsible for overseeing SIE Fund.*

**Note 9:** *The 7 contract staff comprised 3 non-civil service contract staff, 1 post-retirement service contract staff, 2 agency staff and 1 T-contract staff.*

Figure 1

**Processing of SIE Fund applications and monitoring of approved projects**



Source: Audit Commission analysis of SIE Fund Task Force Secretariat records

## Introduction

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### Figure 1 (Cont'd)

*Note 1: Funding applications are received either by the intermediaries (for projects implemented through their programmes) or SIE Fund Task Force Secretariat (for projects engaged directly by the Secretariat).*

*Note 2: Further assessments are carried out by SIE Fund Task Force Secretariat, JVC and/or the Proposal Assessment Committee depending on the nature of projects and the amount of funding sought.*

*Note 3: The requirements on the submission of operation reports/financial reports and the schedules of disbursements of scheduled payments are specified in the funding agreement.*

## Audit review

1.14 In November 2025, the Audit Commission (Audit) commenced a review of SIE Fund. This audit has focused on the following areas:

- (a) engagement of intermediaries and processing of applications (PART 2);
- (b) monitoring of approved projects (PART 3); and
- (c) other related 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

1.15 The Secretary for Innovation, Technology and Industry and the Commissioner for Digital Policy agree with the audit recommendations and would like to thank Audit for the review. They have said that SIE Fund Task Force Secretariat will take appropriate follow-up actions according to the recommendations.

## **Acknowledgement**

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

## **PART 2: ENGAGEMENT OF INTERMEDIARIES AND PROCESSING OF APPLICATIONS**

2.1 This PART examines the engagement of intermediaries and processing of applications for SIE Fund, focusing on the following areas:

- (a) engagement of intermediaries (paras. 2.2 to 2.11);
- (b) applications under “Innovative Programmes” (paras. 2.12 to 2.35); and
- (c) applications under “Capacity Building” and “Research” (paras. 2.36 to 2.49).

### **Engagement of intermediaries**

2.2 Since March 2015 and up to December 2025, three batches of 4 intermediaries each were engaged by SIE Fund Task Force to design and administer “Innovative Programmes”. According to SIE Fund Task Force, engaging knowledgeable, experienced and credible practitioners in the social innovation field as intermediaries will enable SIE Fund to leverage their experience and networks to help find and nurture budding entrepreneurs who seek to innovate by integrating social impact into the businesses they create.

2.3 For the engagement of each batch of intermediaries, SIE Fund Task Force Secretariat would draw up a blueprint setting out the intermediaries’ service scope, assessment criteria, assessment process, as well as the key engagement terms. After the blueprint has been endorsed by SIE Fund Task Force, SIE Fund Task Force Secretariat would invite proposals from interested parties to serve as the new batch of intermediaries.

2.4 *Selection and engagement of intermediaries.* According to the blueprint endorsed by SIE Fund Task Force for the engagement of intermediaries of the third batch under “Innovative Programmes”, the proposals from proponents will be subject to a three-stage assessment process as follows:

## **Engagement of intermediaries and processing of applications**

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- (a) **Stage 1 — Paper assessments.** The paper assessments involved assessments by SIE Fund Task Force Secretariat and IAC:
- (i) **Preliminary assessments by SIE Fund Task Force Secretariat.** Upon receiving the proposals from proponents, SIE Fund Task Force Secretariat would conduct preliminary assessments, including eligibility checks and the assessments of proposals against the predetermined assessment criteria. A preliminary score would be given to each proposal; and
  - (ii) **Further assessments by IAC.** After the preliminary assessments, the Secretariat would prepare a “Summary of Proposal and Preliminary Assessment” for each proposal for IAC members’ consideration:
    - **Proposals passing preliminary assessments.** For proposals passing the preliminary assessments, IAC members would assign scores to each proposal based on the predetermined assessment criteria. Upon receipt of IAC members’ assessments, the Secretariat would take out the highest and lowest total scores given by members on each individual proposal and compile the average scores for each proposal. Proposals reaching the average scores of 60 or above (out of a maximum score of 100) and with all assessment criteria exceeding the passing scores (i.e. 50% of the maximum score assigned to each criterion) would be shortlisted to attend an interview by IAC; and
    - **Proposals not passing preliminary assessments.** For proposals not passing the preliminary assessments, IAC members could raise request for IAC’s assessments of individual proposals. If requests were received from 3 members or above, the concerned proposal would be submitted to IAC for re-assessment;
- (b) **Stage 2 — Interviews by IAC for shortlisted proponents.** IAC members conduct interviews with the shortlisted proponents and deliberate on the proposed selection of intermediaries. In finalising the assessment, members would take into account a number of strategic considerations, including the

## **Engagement of intermediaries and processing of applications**

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diversity and mix of the proposals, alignment with SIE Fund’s future direction, and optimal number of intermediaries; and

- (c) ***Stage 3 — Endorsements by SIE Fund Task Force.*** The proposed selection of intermediaries would be submitted to SIE Fund Task Force for endorsements.

The intermediaries endorsed for engagement by SIE Fund Task Force would be submitted to the Secretary-General for approval. After the approval by the Secretary-General, SIE Fund Task Force Secretariat would arrange signing of intermediary service agreements with the intermediaries.

2.5 The application period for the engagement of intermediaries of the third batch under “Innovative Programmes” was from June to August 2022. A total of 17 proposals were received by the Secretariat. The assessments of the proposals were conducted in three stages as follows:

- (a) ***Stage 1 — Paper assessments.*** After the Secretariat’s preliminary assessments and IAC’s further assessments, proponents of the 7 proposals with paper assessment scores meeting the shortlisting requirements were selected for an interview by IAC;
- (b) ***Stage 2 — Interviews by IAC for shortlisted proponents.*** In November 2022, the shortlisted proponents were interviewed by IAC. After deliberations on the merits of the proposals as well as strategic considerations for the whole intermediary engagement exercise, 4 of the 7 proposals were recommended by IAC; and
- (c) ***Stage 3 — Endorsements by SIE Fund Task Force.*** SIE Fund Task Force subsequently endorsed the selection of 4 proponents as the intermediaries of the third batch.

### *Need to critically review the practice of providing score sheets with pre-filled preliminary scores to IAC members for assessment of proposals from proponents for intermediaries*

2.6 According to the blueprint endorsed by SIE Fund Task Force for the engagement of intermediaries of the third batch under “Innovative Programmes”, proposals from proponents for intermediaries which have passed the preliminary assessment by SIE Fund Task Force Secretariat would be further assessed by IAC members by assigning scores to each proposal based on the predetermined assessment criteria (i.e. stage 1 — paper assessments). Audit reviewed the records of the paper assessments conducted by IAC members for the intermediaries of the third batch under “Innovative Programmes” and found that:

- (a) instead of providing IAC members with blank score sheets for assigning scores to each proposal, score sheets with pre-filled preliminary scores were provided by SIE Fund Task Force Secretariat to IAC members;
- (b) according to the Secretariat, it had advised IAC members that the pre-filled score sheets were provided for reference only and IAC members were not obliged to adopt its preliminary scores, and for IAC members who did not return their score sheets, the Secretariat assumed that the pre-filled preliminary scores had been endorsed by IAC members; and
- (c) of the 18 IAC members, 4 were not involved in the assessment of proposals due to conflict of interests. For the remaining 14 IAC members involved in the assessment of proposals:
  - (i) only 3 members had returned the score sheets. For 2 of the 3 members, the members had input scores that were different from the pre-filled preliminary scores in the score sheets. For the remaining member, the Secretariat’s preliminary scores were adopted;
  - (ii) 1 member did not return the score sheet but advised the Secretariat to adopt the preliminary scores; and
  - (iii) for the remaining 10 members, no replies had been received from the members and the Secretariat adopted the preliminary scores without making further confirmation with the members.

## **Engagement of intermediaries and processing of applications**

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2.7 To ensure the objectivity of the assessment, Audit considers that DPO needs to critically review the practice of providing the score sheets with pre-filled preliminary scores to IAC members for assessment of proposals from proponents for intermediaries under “Innovative Programmes” and take improvement measures where necessary. DPO also needs to take measures to ensure that all score sheets on the proposals from proponents for intermediaries under “Innovative Programmes” are duly completed and returned by IAC members and all score sheets returned are properly kept, and take appropriate follow-up actions on IAC members who do not return their completed score sheets.

### ***Need to ensure that deliberations of and justifications for proposed selection of intermediaries by IAC are properly documented in writing***

2.8 At the stage 2 assessment conducted in November 2022, the proponents of the 7 shortlisted proposals for intermediaries of the third batch under “Innovative Programmes” were interviewed by IAC. After the interviews, 4 proposals were recommended by IAC. Audit found that while there were audio records on IAC members’ deliberations of the proposed selection of intermediaries, there were no written records on IAC’s deliberations and justifications for the proposed selection of intermediaries by IAC.

2.9 To enhance accountability and ensure fairness in the selection of intermediaries, and facilitate the review of the IAC’s recommendations on the selection of intermediaries, Audit considers that DPO needs to take measures to ensure that the deliberations of and justifications for the proposed selection of intermediaries under “Innovative Programmes” by IAC are properly documented in writing.

## **Audit recommendations**

2.10 **Audit has *recommended* that the Commissioner for Digital Policy should:**

- (a) **critically review the practice of providing the score sheets with pre-filled preliminary scores to IAC members for assessment of proposals from proponents for intermediaries under “Innovative Programmes” and take improvement measures where necessary;**

## **Engagement of intermediaries and processing of applications**

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- (b) **take measures to ensure that all score sheets on the proposals from proponents for intermediaries under “Innovative Programmes” are duly completed and returned by IAC members and all score sheets returned are properly kept, and take appropriate follow-up actions on IAC members who do not return their completed score sheets; and**
  
- (c) **take measures to ensure that the deliberations of and justifications for the proposed selection of intermediaries under “Innovative Programmes” by IAC are properly documented in writing.**

### **Response from the Government**

2.11 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat will critically review the mechanism and practices of intermediary assessment in future engagement exercises. To better support the documentation of deliberations and justifications in meetings, use of artificial intelligence technology in record taking will be adopted.

### **Applications under “Innovative Programmes”**

2.12 As of December 2025, the number of projects funded under “Innovative Programmes” was 657, including 638 (97%) projects through intermediaries (Note 10). SIE Fund Task Force has engaged intermediaries in the design and administration of “Innovative Programmes” since 2015. According to SIE Fund Task Force, engaging knowledgeable, experienced and credible practitioners in the social innovation field as intermediaries will enable SIE Fund to leverage their experience and networks to help find and nurture budding entrepreneurs who seek to innovate by integrating social impact into the businesses they create.

2.13 Up to December 2025, three batches of 4 intermediaries each have been engaged. The engagement period of each intermediary, which varied upon the

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**Note 10:** *Apart from 638 projects through intermediaries, the 657 projects funded under “Innovative Programmes” as of December 2025 also included 12 projects under DI Programme (see paras. 3.44 to 3.65), two projects through the Collective Impact platform, a project through the Pay-for-Success model and four innovative projects seeking to promote inter-generational digital inclusion.*

## **Engagement of intermediaries and processing of applications**

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duration of the programmes administered by individual intermediary, ranged from 3 to 5.2 years. The current batch (i.e. the third batch) of intermediaries were engaged in February 2023 with engagement periods up to March 2028. Each intermediary is responsible for the design and administration of its own programmes under “Innovative Programmes”. An intermediary service agreement is signed between SIE Fund Task Force Secretariat and the intermediary.

2.14 Individuals and organisations with innovative ideas in addressing poverty issues and wish to seek financial support to implement innovative projects can approach the intermediaries engaged by SIE Fund Task Force and submit applications for the programmes of intermediaries under “Innovative Programmes”. Applications for funding under “Innovative Programmes” are accepted during the application periods agreed between SIE Fund Task Force Secretariat and the intermediaries. Depending on the designs of the programmes, 1 to 4 cohorts of applications may be accepted each year. The intermediaries are responsible for processing the applications received under their respective programmes.

2.15 Upon engaging the intermediaries, SIE Fund Task Force Secretariat provides the intermediaries with a sample Workflow for Processing Innovative Programme Funding Applications, which illustrates the procedures and timeframes for processing applications under “Innovative Programmes”. According to SIE Fund Task Force Secretariat’s Workflow, the procedures for processing applications for the programmes of intermediaries are as follows:

- (a) ***Initial assessments by intermediaries.*** Upon receipt of applications, the intermediaries conduct initial assessments on the applications against the eligibility criteria (e.g. verifying application information and checking for duplicate submissions). Applications having passed the initial assessments are forwarded to JVC for further assessments. For unsuccessful applications, notification letters will be issued to the applicants;
- (b) ***Further assessments by JVC.*** Applications having passed the initial assessments are further assessed by JVC based on a set of predetermined criteria. After the further assessments by JVC, shortlisted applications with funding amount over \$2 million are further assessed by the Proposal Assessment Committee, whereas the other shortlisted applications are submitted to SIE Fund Task Force for endorsements. For unsuccessful applications, notification letters will be issued to the applicants;

## **Engagement of intermediaries and processing of applications**

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- (c) ***Further assessments by Proposal Assessment Committee.*** For shortlisted applications with funding amount over \$2 million, the Proposal Assessment Committee will make further assessments to determine whether JVC’s recommendations and assessment results should be endorsed. The assessment results are then submitted to SIE Fund Task Force for endorsements;
  
- (d) ***Endorsements by SIE Fund Task Force.*** After the further assessments by JVC and/or the Proposal Assessment Committee, SIE Fund Task Force Secretariat circulates the assessment results of both the recommended and rejected applications, together with the projects summaries and JVC’s and/or the Proposal Assessment Committee’s comments for SIE Fund Task Force’s endorsements;
  
- (e) ***Approval by Secretary-General.*** Applications endorsed by SIE Fund Task Force are submitted to the Secretary-General for approval; and
  
- (f) ***Signing of funding agreements.*** For approved projects, SIE Fund Task Force Secretariat will arrange signing of funding agreements with the successful applicants.

### ***Need to strengthen measures in enhancing applicants’ understanding of application requirements***

2.16 1,749 applications were received by the four intermediaries engaged in the third batch under “Innovative Programmes” from April 2023 to June 2025 (i.e. the respective application periods). As at 31 December 2025, the processing of all the applications were completed. The analysis of results of the 1,749 applications is shown in Table 1.

## Engagement of intermediaries and processing of applications

Table 1

Analysis of results of applications received by intermediaries under  
**“Innovative Programmes” from April 2023 to June 2025**  
**(31 December 2025)**

	Number of applications				Overall
	Intermediary A	Intermediary B	Intermediary C	Intermediary D	
Approved (a)	75 (13%)	31 (6%)	54 (11%)	58 (25%)	218 (12%)
Rejected					
in initial assessments	398 (73%)	436 (87%)	349 (74%)	102 (45%)	1,285 (73%)
in further assessments	68 (12%)	20 (4%)	51 (11%)	53 (23%)	192 (11%)
by SIE Fund Task Force	4 (1%)	1 (1%)	3 (1%)	2 (1%)	10 (1%)
Sub-total (b)	470 (86%)	457 (92%)	403 (86%)	157 (69%)	1,487 (85%)
Withdrawn (Note) (c)	2 (1%)	12 (2%)	16 (3%)	14 (6%)	44 (3%)
Total (d)=(a)+(b)+(c)	547 (100%)	500 (100%)	473 (100%)	229 (100%)	1,749 (100%)

Source: *Audit analysis of SIE Fund Task Force Secretariat records*

Note: *The number of applications withdrawn comprised applications withdrawn by applicants during the assessment process and those withdrawn after approval by the Secretary-General.*

2.17 Audit analysed the 1,749 applications received by the intermediaries under “Innovative Programmes” in the period from April 2023 to June 2025 and found that:

- (a) **Percentage of approved applications on the low side.** The percentage of approved applications (i.e. 12%) was on the low side;

## **Engagement of intermediaries and processing of applications**

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- (b) ***High percentage of rejected applications.*** The percentage of rejected applications was high, with 1,487 (85%) applications being rejected, of which 1,285 (86% of 1,487) applications were rejected in the initial assessments. According to SIE Fund Task Force Secretariat, for these rejected applications, the reasons for rejection included:
- (i) incomplete or insufficient application information;
  - (ii) lack of a clear plan for reaching the beneficiaries;
  - (iii) insufficient information on the project’s sustainability;
  - (iv) lack of innovation or the stated objectives of the project were difficult to achieve; and
  - (v) the effectiveness and the intended social impact of the project could not be illustrated; and
- (c) ***Percentage of approved applications varied greatly among programmes of intermediaries.*** The percentage of approved applications varied greatly among programmes of intermediaries, ranging from 6% to 25%.

2.18 In response to Audit’s enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that intermediaries were tasked to attract more applications than available funding with a view to inspiring social innovation and entrepreneurship, hence the number of applications received and the number of applications approved were separate key performance indicators (KPIs) for the intermediaries by design with the former much higher than the latter.

2.19 In view of a considerable number of applications rejected due to reasons mentioned in paragraph 2.17(b)(i) and (ii) above, Audit considers that DPO needs to, in collaboration with the intermediaries, strengthen measures in enhancing applicants’ understanding of the application requirements for applications under “Innovative Programmes”.

### ***Need to enhance monitoring of application processing to ensure that specified/indicative timeframes are complied with***

2.20 The intermediary service agreements signed between SIE Fund Task Force Secretariat and the intermediaries specify the required timeframe for submission of JVC's further assessment results by the intermediaries. Apart from the intermediary service agreements, SIE Fund Task Force Secretariat's Workflow also sets out the indicative timeframe for completing each stage of processing of applications. The specified/indicative timeframes for the key stages of processing of applications under "Innovative Programmes" are summarised in Table 2.

## Engagement of intermediaries and processing of applications

**Table 2**

**Specified/indicative timeframes for key stages of processing of applications under “Innovative Programmes”**

Key stage	Timeframe from application deadline	
	Applications with proposed funding amount of \$2 million and below	Applications with proposed funding amount over \$2 million
Completion of initial assessment	Within 5 weeks (i.e. 35 days)	
Submission of JVC’s further assessment results to SIE Fund Task Force Secretariat	Within 10 weeks (i.e. 70 days) (Note)	
Submission of Proposal Assessment Committee’s further assessment results to SIE Fund Task Force Secretariat	—	Within 17 weeks (i.e. 119 days)
SIE Fund Task Force’s endorsement and Secretary-General’s approval	Within 13 weeks (i.e. 91 days)	Within 19 weeks (i.e. 133 days)
Signing of funding agreement	Within 17 weeks (i.e. 119 days)	Within 23 weeks (i.e. 161 days)

*Source: Audit analysis of SIE Fund Task Force Secretariat records*

*Note: The required timeframe for the second key stage (i.e. submission of JVC’s further assessment results to SIE Fund Task Force Secretariat) is specified in the intermediary service agreements and SIE Fund Task Force Secretariat’s Workflow. The timeframes for the remaining key stages are set out in SIE Fund Task Force Secretariat’s Workflow and are indicative in nature.*

2.21 For the applications received by the intermediaries of the third batch under “Innovative Programmes”, the Secretary-General approved 218 applications in the period from October 2023 to December 2025. All these approved applications involved proposed funding amount of \$2 million and below. The processing of these applications involved initial assessments by the intermediaries, further assessments by JVC and approvals by the Secretary-General. The timeframes for completing those

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three key stages were 5 weeks (i.e. 35 days), 10 weeks (i.e. 70 days) and 13 weeks (i.e. 91 days) from the application deadlines respectively (see Table 2 in para. 2.20). Audit reviewed the records of the processing of the 218 applications and noted that:

- (a) ***Records on submission date of JVC's further assessment results not maintained.*** SIE Fund Task Force Secretariat did not maintain records on the submission date of JVC's further assessment results. As a result, there was no readily available information on whether the intermediaries had submitted JVC's further assessment results to SIE Fund Task Force Secretariat within the specified timeframe; and
  
- (b) ***Secretary-General's approvals not obtained within indicative timeframe.*** According to SIE Fund Task Force Secretariat's Workflow, the timeframe for obtaining the Secretary-General's approvals was 13 weeks (i.e. 91 days) from the application deadline for applications with proposed funding amount of \$2 million and below (see Table 2 in para. 2.20). Audit found that:
  - (i) the time elapsed between the application deadlines and the dates of Secretary-General's approvals ranged from 85 to 163 days (averaging 128 days); and
  
  - (ii) for 217 of the 218 approved applications, Secretary-General's approvals were not obtained within the indicative timeframe (i.e. 91 days) (see Table 3). The time elapsed between the application deadlines and the dates of Secretary-General's approvals exceeded the timeframe by 5 to 72 days (averaging 37 days).

**Table 3**

**Time elapsed between application deadlines and dates of Secretary-General’s approvals  
(October 2023 to December 2025)**

<b>Time elapsed</b>	<b>Number of applications</b>
91 days or less	1 (1%)
More than 91 and up to 120 days	79 (36%)
More than 120 and up to 150 days	126 (58%)
More than 150 days (Note)	12 (5%)
<b>Total</b>	<b>218 (100%)</b>

*Source: Audit analysis of SIE Fund Task Force Secretariat records*

*Note: The longest time elapsed was 163 days.*

2.22 Audit considers that DPO needs to take measures to ensure that records on the submission date of JVC’s further assessment results under “Innovative Programmes” are properly kept and JVC’s further assessment results are submitted by the intermediaries to SIE Fund Task Force Secretariat within the specified timeframe. DPO also needs to ascertain the reasons for not obtaining the Secretary-General’s approvals within the indicative timeframe for the majority of applications received by the intermediaries under “Innovative Programmes” and enhance monitoring of application processing to ensure that the indicative timeframes are complied with.

***Need to enhance disclosure in timeframes for key stages of processing of applications***

2.23 According to the intermediary service agreements signed between SIE Fund Task Force Secretariat and the intermediaries, the intermediaries are required to conduct vetting on the applications received and submit JVC’s further assessment results to the Proposal Assessment Committee and/or SIE Fund Task Force for consideration within 10 weeks from the application deadlines. According to SIE Fund Task Force Secretariat’s Workflow, for applications recommended for approvals,

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Secretary-General's approvals should be sought within 13 or 19 weeks from the application deadline, depending on the funding amount of the applications. Audit noted that for the 4 intermediaries engaged in the third batch under "Innovative Programmes":

- (a) the intermediaries had only disclosed on their websites the timeframes for some processing stages (e.g. the timeframes for completing the initial assessments and/or the timeframe for completing the further assessments by JVC); and
- (b) the information on the timeframes for completing the entire processing of applications was not disclosed by SIE Fund Task Force Secretariat or the intermediaries. As such, the applicants had no knowledge on when they would receive the application results.

2.24 To enhance transparency and accountability, Audit considers that DPO needs to enhance the disclosure in timeframes for the key stages of processing of applications under "Innovative Programmes".

### ***Funding agreements not signed within indicative timeframe***

2.25 SIE Fund Task Force Secretariat signs funding agreements with the successful applicants of the approved projects. By signing the funding agreements, the applicants undertake to comply with the terms and conditions therein, which include requirements on probity, proper implementation of approved projects, and submission of reports within prescribed timeframe.

2.26 In the period from October 2023 to December 2025, the Secretary-General approved 218 applications received by the intermediaries of the third batch under "Innovative Programmes". All approved applications involved funding amount of \$2 million and below. According to SIE Fund Task Force Secretariat's Workflow, the timeframe for signing of funding agreement is within 17 weeks (i.e. 119 days) from the application deadline for applications with proposed funding amount of \$2 million and below.

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2.27 As at 31 December 2025, of the 218 approved applications, funding agreements for 209 (96%) applications had been signed, and those for 9 (4%) applications had not been signed. Audit analysed the records of signing funding agreements for the 218 approved applications and found that:

- (a) for the 209 approved applications with funding agreements signed:
  - (i) the time elapsed from the application deadlines to the dates of signing funding agreements ranged from 91 to 321 days (averaging 150 days); and
  - (ii) for 182 (87%) approved applications, funding agreements were not signed within the indicative timeframe (i.e. 119 days). The time elapsed from the application deadlines to the dates of signing funding agreements exceeded the timeframe by 6 to 202 days (averaging 36 days); and
- (b) for the 9 approved applications with funding agreements not yet signed, up to 31 December 2025, the time elapsed from the application deadlines ranged from 201 to 219 days (averaging 215 days), exceeding the indicative timeframe by 82 to 100 days (averaging 96 days).

2.28 Audit further analysed the time elapsed from the dates of Secretary-General's approvals to the dates of signing funding agreements for the 209 approved applications with funding agreements signed. The time elapsed ranged from 4 to 185 days (averaging 23 days). Audit found that of the 209 approved applications with funding agreements signed:

- (a) for 42 approved applications, the agreements were signed more than 4 weeks after the Secretary-General's approvals; and
- (b) for 2 of the 42 approved applications, the agreements were signed more than 180 days after the Secretary-General's approvals.

2.29 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that there were various external factors that could affect the agreement signing timeframe. As it had been the usual practice for projects to

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commence in the following month after signing of funding agreements, the Secretariat might adjust the signing timeframe to accommodate the needs/requirements for individual project applicants, such as:

- (a) voluntary requests from project applicants to delay commencement of project due to business/operational reasons, such as collection of necessary matching funds from matching funders;
- (b) delay in opening of dedicated bank accounts on the part of the project applicants; and
- (c) lead time in setting up a company for signing of funding agreements with SIE Fund Task Force Secretariat.

2.30 Audit considers that DPO needs to take measures to ensure that the funding agreements are signed with the successful applicants under “Innovative Programmes” within the indicative timeframes and the justifications for adjusting the timeframes for signing funding agreements are properly documented.

### ***Some information relating to “Innovative Programmes” in Information Kit of SIE Fund was not up-to-date***

2.31 The Information Kit of SIE Fund for internal use by SIE Fund Task Force Secretariat staff provides guidelines, rules and procedures for the administration of projects funded by SIE Fund, including the engagement of intermediaries, assessment and vetting of applications, and project monitoring.

2.32 Audit noted that the prevailing version of the Information Kit was issued in December 2021. While there were some updates in July 2024 on the delegation of authority on finance related matters upon the establishment of DPO, Audit found that some information relating to “Innovative Programmes” in the Information Kit had not been kept up-to-date, for example:

- (a) ***Assessment and approval mechanism for funding applications under intermediaries’ “Innovative Programmes”***. The assessment and approval mechanism for funding applications under intermediaries’ “Innovative Programmes” laid down in the Information Kit did not reflect the latest

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mechanism as laid down in the intermediary service agreements. As laid down in the Information Kit, a three-tier funding approval mechanism is established to process the applications under intermediaries' "Innovative Programmes". However, according to the agreements signed between SIE Fund Task Force Secretariat and the intermediaries of the third batch, funding applications are considered under a two-tier funding approval mechanism according to the funding amount requested; and

- (b) ***Matching fund requirements.*** The matching fund requirements laid down in the Information Kit did not reflect the latest requirements as stipulated in the intermediary service agreements. As laid down in the Information Kit, the matching fund requirements depend on the development stage of the projects in the funding applications, i.e. whether the project is in the stage of idea generation, prototype, start-up or scale-up. However, the agreements signed between SIE Fund Task Force Secretariat and the intermediaries of the third batch stipulated that the matching fund required is determined by the amount of funding sought from SIE Fund (see para. 1.10(a)).

2.33 While the assessment and approval mechanism and the matching fund requirements for intermediaries' "Innovative Programmes" had been changed upon the signing of the intermediary service agreements with the intermediaries of the third batch, SIE Fund Task Force Secretariat did not update its Information Kit to reflect the changes. Audit considers that DPO needs to regularly review and update the internal Information Kit for SIE Fund Task Force Secretariat staff to ensure that it is up-to-date and the latest changes and developments in the operation of SIE Fund are incorporated.

### **Audit recommendations**

2.34 **Audit has *recommended* that the Commissioner for Digital Policy should:**

- (a) **in collaboration with the intermediaries, strengthen measures in enhancing applicants' understanding of the application requirements for applications under "Innovative Programmes";**

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- (b) take measures to ensure that records on the submission date of JVC’s further assessment results under “Innovative Programmes” are properly kept and JVC’s further assessment results are submitted by the intermediaries to SIE Fund Task Force Secretariat within the specified timeframe;**
- (c) ascertain the reasons for not obtaining the Secretary-General’s approvals within the indicative timeframe for the majority of applications received by the intermediaries under “Innovative Programmes” and enhance monitoring of application processing to ensure that the indicative timeframes are complied with;**
- (d) enhance the disclosure in timeframes for the key stages of processing of applications under “Innovative Programmes”;**
- (e) take measures to ensure that the funding agreements are signed with the successful applicants under “Innovative Programmes” within the indicative timeframes and the justifications for adjusting the timeframes for signing funding agreements are properly documented; and**
- (f) regularly review and update the internal Information Kit for SIE Fund Task Force Secretariat staff to ensure that it is up-to-date and the latest changes and developments in the operation of SIE Fund are incorporated.**

## **Response from the Government**

2.35 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat:

- (a) has revised the guidelines for intermediaries to require them to step up efforts to enhance potential applicants’ understanding of SIE Fund’s requirements;**
- (b) completed the enhancement of SIE Fund Information System in October 2025 and key processing stages of all new applications are now timestamped by the System;**

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- (c) will endeavour to handle funding approval and agreement signing arrangements in a timely manner with the help of the enhanced SIE Fund Information System;
- (d) has asked the intermediaries to clearly communicate with the applicants on the indicative timeframes for key stages of application processing; and
- (e) has revised the Information Kit for the Secretariat staff and will keep it up-to-date to reflect the latest position.

### **Applications under “Capacity Building” and “Research”**

2.36 *Procedures for processing of applications.* Applications for projects under “Capacity Building” and “Research” are processed and assessed by SIE Fund Task Force Secretariat directly. The procedures for processing the applications are generally as follows:

- (a) *Preliminary assessments by SIE Fund Task Force Secretariat.* Upon receipt of applications, the Secretariat conducts preliminary assessments based on the predetermined criteria (e.g. initial screening and assessments against the predetermined criteria);
- (b) *Further assessments by Proposal Assessment Committee.* Applications satisfying the predetermined criteria in the preliminary assessments will be further assessed by the Proposal Assessment Committee. For applications seeking funding of \$500,000 or above, the proponent will be invited to attend an interview conducted by the Proposal Assessment Committee. The Proposal Assessment Committee will decide whether the applications should be recommended to SIE Fund Task Force for review and endorsement;
- (c) *Endorsements by SIE Fund Task Force.* After the Proposal Assessment Committee’s further assessments, SIE Fund Task Force Secretariat submits the recommendations of the Proposal Assessment Committee to SIE Fund Task Force for review and endorsement;
- (d) *Approval by Secretary-General.* Applications endorsed by SIE Fund Task Force are submitted to the Secretary-General for approval; and

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- (e) ***Signing of funding agreements.*** For approved projects, SIE Fund Task Force Secretariat will arrange signing of funding agreements with the successful applicants.

2.37 ***Timeframes for key stages of processing of applications.*** According to the Notes to Applicants for “Capacity Building” and “Research” applications, the timeframes for the key stages of processing of applications are as follows:

- (a) SIE Fund Task Force Secretariat will provide feedback to the applicants within a month after receipt of the applications and, where necessary, request further information to enable substantive assessments of the applications;
- (b) the applications will be submitted to the Proposal Assessment Committee for further assessments within three months after receipt of the complete applications with information sufficient for substantive assessments; and
- (c) the applicants will be notified of the assessment results within two months after the completion of the Proposal Assessment Committee’s further assessments.

### ***Room for improvement in monitoring of application processing under “Capacity Building” and “Research”***

2.38 In the period from 2020 to 2025, 60 applications under “Capacity Building” and “Research” were approved. Audit examined the processing of the 60 applications and found that SIE Fund Task Force Secretariat did not maintain records on the dates of completion of some key stages of application processing (e.g. receipt of complete applications with information sufficient for substantive assessments, and completion of further assessments by the Proposal Assessment Committee). As a result, there was no readily available information on whether the applications had been processed by SIE Fund Task Force Secretariat within the specified timeframes.

2.39 Audit also noted that, unlike “Innovative Programmes”, information on processing applications under “Capacity Building” and “Research” was not required to be recorded in SIE Fund Information System (see para. 4.11). According to SIE Fund Task Force Secretariat, it has planned to enhance the monitoring of application

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processing by recording the information on processing applications under “Capacity Building” and “Research” in SIE Fund Information System. However, as at January 2026, the implementation of such enhancement measure has not been fully completed.

2.40 In response to Audit’s enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that:

- (a) the module for maintaining records of “Capacity Building” and “Research” projects was added to SIE Fund Information System in October 2025; and
- (b) data input on past and current projects under “Capacity Building” and “Research” had commenced since then and was expected to be completed by April 2026.

2.41 Audit considers that DPO needs to:

- (a) take measures to ensure that records on the dates of completion of key stages of application processing under “Capacity Building” and “Research” are properly kept and the applications are processed within the specified timeframes; and
- (b) expedite the implementation of recording the information on processing applications under “Capacity Building” and “Research” in SIE Fund Information System to enhance monitoring.

### ***Need to enhance guidelines on documentation of results of checking on duplicate submissions***

2.42 According to SIE Fund Task Force Secretariat’s guidelines, in order to avoid duplication of resources, checking on duplicate submissions of funding applications was necessary in the application assessment process in order to guard

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against double funding and fund shopping of the same proposals (Note 11). SIE Fund Task Force Secretariat's guidelines also stipulated that for applications under "Innovative Programmes", the intermediaries and SIE Fund Task Force Secretariat were required to record the results of the checking on duplicate submissions. However, Audit found that SIE Fund Task Force Secretariat's guidelines did not stipulate that SIE Fund Task Force Secretariat was required to record the results of the checking on duplicate submissions for applications under "Capacity Building" and "Research". As a result, there was no readily available information on whether SIE Fund Task Force Secretariat had completed the checking on duplicate submissions for applications under "Capacity Building" and "Research".

2.43 Audit considers that DPO needs to enhance guidelines on the documentation of results of checking on duplicate submissions for applications under "Capacity Building" and "Research" and take measures to ensure that the checking on duplicate submissions is conducted and the results of the checking are documented.

### ***Need to enhance the funding mechanism of applied research projects under "Research"***

2.44 SIE Fund supports two tertiary institutions to conduct applied research projects under "Research". In 2016, 2017, 2021 and 2024, SIE Fund Task Force Secretariat accepted unsolicited proposals from the two tertiary institutions whereby SIE Fund would provide funding support to applied research projects on social innovation carried out by the research offices of the institutions. Agreements signed between SIE Fund Task Force Secretariat and the two tertiary institutions set out the details of the funding arrangements and monitoring mechanism. According to the agreements, the two tertiary institutions would assist SIE Fund Task Force Secretariat in administering the applied research projects, including invitations for applications, vetting of applications received and monitoring of approved projects. Up to 31 December 2025, the number of approved applied research projects was 68 (comprising 60 and 8 projects for the two tertiary institutions respectively), involving total approved project funding of \$26.9 million.

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**Note 11:** *Duplicate submissions refer to the submissions of the same proposals or those of substantially similar funding scopes to different intermediaries under SIE Fund or SIE Fund Task Force Secretariat or different government funding schemes.*

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2.45 Audit noted that according to the agreements signed between SIE Fund Task Force Secretariat and the two tertiary institutions, the two tertiary institutions were only required to invite funding applications from applicants within the respective institutions. Therefore, there had been no funding applications from other tertiary institutions.

2.46 In SIE Fund Task Force meeting held in November 2024, it was agreed that regarding the “Research” projects:

- (a) to better align with SIE Fund’s priorities and to address the shortcomings of the funding mechanism of applied research projects administered by the two tertiary institutions, a strategic review would be conducted to ensure equitable and effective resource allocation; and
- (b) consequently, funding for all applied research schemes would be suspended from academic year 2025/26 onwards.

2.47 Audit noted that up to December 2025, the review on the funding mechanism of applied research projects had not been conducted. In response to Audit’s enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that the review on the funding mechanism of applied research projects would form part of the comprehensive review on SIE Fund’s funding mechanisms and operational approach, which was planned for 2026 and under preparation (see para. 4.18).

### **Audit recommendations**

2.48 **Audit has recommended that the Commissioner for Digital Policy should:**

- (a) **take measures to ensure that records on the dates of completion of key stages of application processing under “Capacity Building” and “Research” are properly kept and the applications are processed within the specified timeframes;**

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- (b) **expedite the implementation of recording the information on processing applications under “Capacity Building” and “Research” in SIE Fund Information System to enhance monitoring;**
- (c) **enhance guidelines on the documentation of results of checking on duplicate submissions for applications under “Capacity Building” and “Research” and take measures to ensure that the checking on duplicate submissions is conducted and the results of the checking are documented; and**
- (d) **enhance the funding mechanism of applied research projects under “Research” taking into account the results of the comprehensive review on SIE Fund’s funding mechanisms and operational approach.**

## **Response from the Government**

2.49 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that:

- (a) a new module for “Capacity Building” and “Research” projects was added to SIE Fund Information System to replace manual record keeping. The enhanced System was launched in October 2025 and all on-going “Capacity Building” and “Research” projects are processed through and timestamped by the System. Data input on past projects has commenced and is expected to be completed by April 2026; and
- (b) the ongoing comprehensive review on SIE Fund’s funding mechanisms and operational approach will also cover related arrangements concerning the applied research projects under “Research”.

## **PART 3: MONITORING OF APPROVED PROJECTS**

3.1 This PART examines the monitoring of approved projects, focusing on the following areas:

- (a) approved projects under “Innovative Programmes” (paras. 3.2 to 3.27);
- (b) approved projects under “Capacity Building” and “Research” (paras. 3.28 to 3.43); and
- (c) “Smart Silver” Digital Inclusion Programme for Elders (paras. 3.44 to 3.65).

### **Approved projects under “Innovative Programmes”**

3.2 To facilitate the monitoring and evaluation of approved projects, the grantees are required to submit reports to SIE Fund Task Force Secretariat for review. According to the funding agreements signed between SIE Fund Task Force Secretariat and the grantees, depending on the amount of funding and the duration of the projects, the grantees are generally required to submit:

- (a) interim/annual/final operation reports to report the progress of the achievement of targets for KPIs and key milestones in accordance with the submission schedule in the funding agreements; and
- (b) interim financial reports and audited annual/final financial reports reporting the revenue and expenditure, unspent amount of grant and bank balance.

The due dates of submission of operation reports and financial reports and the reporting period are specified in the funding agreements.

3.3 For “Innovative Programmes” projects administered by the intermediaries, the operation reports and financial reports are submitted to SIE Fund Task Force Secretariat via the respective intermediaries. According to SIE Fund Task Force Secretariat, the procedures for the processing of the reports are as follows:

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- (a) upon receipt of the reports from the grantees, the respective intermediaries are required to review the reports and seek clarifications from the grantees as and when required. Based on the reports submitted, the intermediaries advise SIE Fund Task Force Secretariat on whether the project progress is satisfactory and the project spending is in order, and whether release of next instalment of payment is recommended;
- (b) after completion of the review, the intermediaries are required to submit the grantees' reports together with their assessments to SIE Fund Task Force Secretariat within one month after the report submission due dates as specified in the funding agreements; and
- (c) upon receipt of the grantees' reports and the intermediaries' assessments on the project progress, SIE Fund Task Force Secretariat will carry out further vetting and seek clarifications from grantees and/or intermediaries where necessary. After the vetting, the Secretariat will then prepare an assessment summary for acceptance of the reports by the Secretary-General (or delegates). According to the Secretariat's guidelines, the Secretariat will normally complete the assessments within two months upon receipt of grantees' finalised reports from the intermediaries.

### ***Records on submission, assessment and approval of operation reports and financial reports not properly maintained in SIE Fund Information System***

3.4 According to the intermediary service agreements, after assessing the operation reports and financial reports submitted by the grantees, the intermediaries are required to submit the grantees' operation reports and financial reports and the assessment results to SIE Fund Task Force Secretariat by uploading them to SIE Fund Information System. Information such as the due dates for report submission by intermediaries, dates of submission by intermediaries, and dates of Secretary-General's approvals is captured by the System for producing various management reports and monitoring of submissions and approvals of reports.

3.5 Audit noted that records on the submission, assessment and approval of the operation reports and financial reports that were accepted by the Secretary-General after June 2024 was not readily available for Audit's review. According to SIE Fund Task Force Secretariat, the access by intermediaries to SIE Fund Information System

had been suspended in June 2024 due to security issues. Since then, the intermediaries were unable to submit the grantees' reports and assessment results via the System. Instead, the reports and assessment results had been submitted by the intermediaries via sending emails to individual subject officers of the Secretariat. The monitoring of submissions and assessments of reports relied on individual subject officers using their own records for projects under their purview. Such information had not been updated in SIE Fund Information System since the system suspension in June 2024 (see para. 4.12(a)).

3.6 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that SIE Fund Information System was in the midst of system enhancement when the security incident occurred. The System was resumed in October 2025 and data input for applications processed during the system suspension period was currently in progress.

3.7 Audit considers that DPO needs to maintain proper records on the information relating to the submission, assessment and approval of the operation reports and financial reports for "Innovative Programmes" projects, and take measures to ensure that such information is properly maintained in SIE Fund Information System to enhance monitoring of approved projects.

### ***Need to enhance monitoring of submission of operation reports and financial reports***

3.8 In the period from January 2023 to June 2024 (Note 12 ), the Secretary-General accepted 265 operation reports and 269 financial reports submitted by the grantees of "Innovative Programmes" projects via the intermediaries. Audit reviewed the records of submission of these reports by the grantees and the intermediaries and found that:

- (a) ***Records on report submission dates by grantees were not maintained.*** SIE Fund Task Force Secretariat did not maintain records on the submission dates of all the 265 operation reports and 269 financial reports by the

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**Note 12:** *Audit was unable to analyse the submission and processing of operation reports and financial reports accepted by the Secretary-General after June 2024 as such information was not readily available for Audit's review (see para. 3.5).*

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grantees. As a result, it could not be ascertained whether these reports were submitted by the grantees within the specified report submission due dates; and

(b) ***Delays in submission of grantees' operation reports and financial reports together with their assessments by intermediaries.*** According to the intermediary service agreements signed between SIE Fund Task Force Secretariat and the intermediaries, the intermediaries are required to submit to SIE Fund Task Force Secretariat the grantees' operation reports and financial reports together with their assessments within one month after the report submission due dates. Audit analysed the time elapsed between the due dates of submission of the 265 operation reports and 269 financial reports and the submission dates of these reports by the intermediaries to SIE Fund Task Force Secretariat. Audit found that there were delays in submission of some grantees' operation reports and financial reports together with intermediaries' assessments by the intermediaries:

(i) ***Operation reports.*** Of the 265 grantees' operation reports, there were delays in submission of 130 (49%) grantees' operation reports together with intermediaries' assessments by the intermediaries, ranging from 1 to 288 days (averaging 61 days). In particular, for 30 (23%) of the 130 reports, the delays were more than 90 days (see Table 4); and

(ii) ***Financial reports.*** Of the 269 grantees' financial reports, there were delays in submission of 131 (49%) grantees' financial reports together with intermediaries' assessments by the intermediaries, ranging from 1 to 373 days (averaging 76 days). In particular, for 37 (28%) of the 131 reports, the delays were more than 90 days (see Table 4).

**Table 4**

**Delays in submission of grantees' operation reports and financial reports together with intermediaries' assessments by intermediaries (January 2023 to June 2024)**

Delay	Number of reports	
	Operation reports	Financial reports
30 days or less	56 (43%)	55 (42%)
More than 30 and up to 60 days	27 (21%)	26 (20%)
More than 60 and up to 90 days	17 (13%)	13 (10%)
More than 90 and up to 180 days	23 (18%) } 30	19 (14%) } 37
More than 180 days (Note)	7 (5%) } (23%)	18 (14%) } (28%)
Total	130 (100%)	131 (100%)

*Source: Audit analysis of SIE Fund Task Force Secretariat records*

*Note: The longest delays for submission of grantees' operation reports and financial reports together with intermediaries' assessments by the intermediaries were 288 days and 373 days respectively.*

3.9 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that:

- (a) monthly reminders were issued to the intermediaries by the Secretariat, as well as direct reminders to grantees when the reports were 5 months overdue;
- (b) disbursements of grants would be suspended until the reports were submitted to and accepted by the Secretariat; and
- (c) as stipulated in the funding agreement, the Secretariat could also terminate projects with long overdue reports as the grantees failed to fulfill the terms of agreement.

## **Monitoring of approved projects**

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3.10 Audit considers that DPO needs to take measures to:

- (a) ensure that the records on the submission dates of the operation reports and financial reports by the grantees of “Innovative Programmes” projects are properly kept, and ensure that the operation reports and financial reports are submitted by grantees within the due dates of submission specified in the funding agreements; and
- (b) ensure that the operation reports and financial reports of grantees of “Innovative Programmes” projects together with intermediaries’ assessments are submitted by the intermediaries within the specified timeframe, and step up follow-up actions on the delays of submission of reports and assessments.

### ***Need to expedite completion of assessments of grantees’ operation reports and financial reports***

3.11 Upon receiving the grantees’ operation reports and financial reports and the intermediaries’ assessments on the project progress, SIE Fund Task Force Secretariat reviews the reports to assess the project achievement. The financial reports and audited annual/final financial reports are also reviewed to check for issues/non-compliances from the financial and accounting perspectives. SIE Fund Task Force Secretariat will seek clarifications from the grantees/intermediaries and require the intermediaries to re-submit the grantees’ revised reports where necessary. After the vetting, the Secretariat will then prepare an assessment summary for acceptance of the reports by the Secretary-General (or delegates). According to the Secretariat’s guidelines, the Secretariat will normally complete the assessments within two months upon receipt of grantees’ finalised reports from the intermediaries.

3.12 In the period from January 2023 to June 2024, the Secretary-General accepted 534 reports (comprising 265 operation reports and 269 financial reports) submitted by the grantees via the intermediaries. Audit examination of the records of the processing of the 265 operation reports and 269 financial reports revealed that the time elapsed between the dates of submission of reports by the intermediaries and the dates of completion of assessments by SIE Fund Task Force Secretariat ranged from 0 to 553 days (averaging 39 days) for operation reports, and from 4 to 573 days (averaging 84 days) for financial reports.

3.13 *Long time taken to receive clarifications and finalised reports from grantees/intermediaries.* Of the 534 reports accepted by the Secretary-General in the period, Audit found that long time had been taken to receive clarifications and finalised reports from the grantees/intermediaries upon receipt of some grantees' reports:

- (a) *Operation reports.* For 16 (6%) of the 265 operation reports accepted by the Secretary-General, the time taken to receive clarifications and finalised reports from grantees/intermediaries was more than 2 months, ranging from 72 to 529 days (averaging 173 days); and
- (b) *Financial reports.* For 83 (31%) of the 269 financial reports accepted by the Secretary-General, the time taken to receive clarifications and finalised reports from grantees/intermediaries was more than 2 months, ranging from 61 to 552 days (averaging 124 days).

3.14 *Need to ensure that assessments of grantees' finalised operation reports and financial reports are completed within specified timeframe.* Of the 534 reports accepted by the Secretary-General in the period, Audit found that the assessments of the grantees' finalised reports from the intermediaries were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. within two months upon receipt of grantees' finalised reports from the intermediaries) for 96 reports:

- (a) *Operation reports.* For 22 (8.3%) of 265 operation reports accepted by the Secretary-General, the assessments of the grantees' finalised operation reports from the intermediaries were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. 60 days). The time taken for completion of assessments upon receipt of grantees' finalised operation reports from the intermediaries ranged from 62 to 182 days (averaging 86 days) (see Table 5); and
- (b) *Financial reports.* For 74 (27.5%) of 269 financial reports accepted by the Secretary-General, the assessments of the grantees' finalised financial reports from the intermediaries were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. 60 days). The time taken for completion of assessments upon receipt of grantees' finalised financial reports from the intermediaries ranged from 61 to 281 days (averaging 95 days) (see Table 5).

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**Table 5**

**Time taken for completion of assessments  
by SIE Fund Task Force Secretariat upon receipt of  
grantees' finalised operation/financial reports from intermediaries  
(January 2023 to June 2024)**

Time taken	Number of reports	
	Operation reports	Financial reports
30 days or less	189 (71.3%)	143 (53.2%)
More than 30 and up to 60 days	54 (20.4%)	52 (19.3%)
More than 60 and up to 90 days	18 (6.8%)	43 (16.0%)
More than 90 and up to 180 days	3 (1.1%)	29 (10.8%)
More than 180 days (Note)	1 (0.4%)	2 (0.7%)
Total	265 (100.0%)	269 (100.0%)

*Source: Audit analysis of SIE Fund Task Force Secretariat records*

*Note: The longest time taken for completion of assessments by SIE Fund Task Force Secretariat upon receipt of grantees' finalised reports from the intermediaries was 182 days for operation reports and 281 days for financial reports.*

3.15 Audit considers that DPO needs to:

- (a) ascertain the reasons for the long time taken to receive clarifications and finalised operation reports and financial reports from grantees/intermediaries upon receipt of some grantees' reports for "Innovative Programmes" projects;
- (b) take measures to expedite the receipt of clarifications and finalised operation reports and financial reports from grantees/intermediaries for "Innovative Programmes" projects; and
- (c) take measures to ensure that the assessments of the grantees' finalised operation reports and financial reports for "Innovative Programmes" projects are completed by SIE Fund Task Force Secretariat within the

specified timeframe upon receipt of finalised reports from the intermediaries.

### *Need to ensure that guidelines on conducting site visits are complied with*

3.16 The intermediaries conduct site visits by visiting the grantees' venues or attending the activities organised by grantees to ascertain whether the physical setup, capital items and the activities organised align with the approved project scope. In January 2023, SIE Fund Task Force Secretariat issued the Guidelines on Project Visits specifying the arrangement of conducting site visits. According to the Guidelines:

- (a) the intermediaries should arrange visits to not less than 10% of the active projects (i.e. on-going projects commenced for more than three months) under their direct supervision annually (i.e. in each engagement year (Note 13)). The visits should cover projects of different nature, development stage and funding size as far as practicable;
- (b) taking into account that most of the grantees are not working full-time on their projects and their work does not involve a fixed business operation venue or standard business hours, the intermediaries will conduct pre-arranged site visits for project monitoring purpose;
- (c) unless with specific reasons for follow-up visits, the intermediaries should avoid visits to the same project in two consecutive annual exercises;
- (d) the intermediaries shall complete a log sheet after conducting the site visit. All log sheets should be uploaded to SIE Fund Information System for record purpose. The log sheet provides a brief description of the site visit and results of the site visit (i.e. the observations and assessments made, the irregularities identified, and the follow-up actions required). The log sheet should be sent to the Secretariat within one month from the date of visit; and

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**Note 13:** *The period covered by each engagement year is specified in the respective intermediary service agreements, and may cover more than 12 months allowing for time taken for preparatory work.*

## **Monitoring of approved projects**

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- (e) subject officers are required to report projects with irregularities/improvement areas/follow-up actions identified to their senior management on a regular basis.

3.17 SIE Fund Task Force Secretariat's Guidelines also specify that, depending on the project nature, different forms of site visits would be conducted:

- (a) ***Projects with physical setup.*** Projects with physical setup include those with approved budgets for office rentals or setting up of physical venues for project implementation (e.g. co-cooking space, store, shop). The site visits would be conducted by way of visiting the grantees' physical venues; and
- (b) ***Projects without physical setup.*** For projects without physical setup, the site visits would be conducted by way of attending the training, events or activities (physical/virtual) organised by the grantees for project implementation.

3.18 In the period from February 2023 to December 2025, 19 site visits were conducted by the intermediaries of the third batch under "Innovative Programmes". Audit examined the records of the 19 site visits conducted by the intermediaries in the period and found that:

- (a) ***Site visits conducted less than required.*** According to the Guidelines on Project Visits, the intermediaries should arrange visits to not less than 10% of the active projects (i.e. on-going projects commenced for more than three months) under their direct supervision in each engagement year (see para. 3.16(a)). Audit noted that the number of site visits conducted by the intermediaries fell short of the requirement of the Guidelines:
  - (i) for 1 intermediary, no site visits had been conducted in 1 of the 2 engagement years. The number of active projects involved in the year was 6; and
  - (ii) for 2 intermediaries (including the intermediary in (i) above), in an engagement year with site visits conducted, the percentage of active

projects with site visits conducted was 9% and 8% respectively, which fell short of the requirement of 10%;

- (b) ***Need to cover projects of different development stage as far as practicable.*** According to the Guidelines on Project Visits, the site visits conducted by the intermediaries should cover projects of different development stage as far as practicable (see para. 3.16(a)). Audit found that for 1 intermediary, the 7 site visits conducted in the period from February 2023 to December 2025 (covering 2 engagement years) only covered projects of the same development stage (i.e. start-up projects), despite the fact that there were projects of different development stage under the direct supervision of the intermediary (i.e. 9 and 11 prototype projects respectively) in these 2 engagement years; and
- (c) ***Site visit log sheets not uploaded to SIE Fund Information System.*** According to the Guidelines on Project Visits, all log sheets of site visits should be uploaded to SIE Fund Information System for record purpose (see para. 3.16(d)). Audit found that the log sheets of all the 19 site visits conducted by the intermediaries in the period had not been uploaded to SIE Fund Information System, which was suspended during the period concerned (see para. 3.5).

3.19 Audit considers that DPO needs to take measures to ensure that site visits are conducted by the intermediaries for “Innovative Programmes” projects in accordance with the Guidelines on Project Visits.

### ***Room for improvement in compliance checks on procurement requirements***

3.20 According to the funding agreements, the grantees are required to follow the requirements imposed by SIE Fund Task Force Secretariat to carry out procurement procedures, and shall keep all records and documents relating to the procurement processes. The records and documents shall be made available for inspection by SIE Fund Task Force Secretariat. In January 2023, SIE Fund Task Force Secretariat issued the Guidelines on Compliance Check on Procurement Requirements for the staff of the Secretariat and the intermediaries. According to SIE Fund Task Force Secretariat’s Guidelines:

## **Monitoring of approved projects**

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- (a) active projects with funding amount of \$300,000 and below are subject to the intermediaries' compliance check on procurement requirements. For projects with funding amount more than \$300,000, the compliance check is conducted by the auditor appointed by the grantee;
- (b) the intermediaries should conduct compliance check on 10% of the active projects (i.e. on-going projects commenced for more than six months) under their direct supervision, covering projects of different nature, development stage and funding size as far as practicable annually. The inspection should cover all the procurement records in the previous reporting period;
- (c) the intermediaries shall complete a log sheet after conducting the compliance check. All log sheets should be uploaded to SIE Fund Information System for record purpose. The log sheet provides information on the number of procurement made during the inspection period, the irregularities identified and the follow-up actions required; and
- (d) subject officers are required to report projects with irregularities/follow-up actions identified to their senior management on a regular basis.

3.21 In the period from February 2023 to December 2025, 14 compliance checks on procurement requirements had been conducted by the intermediaries of the third batch under "Innovative Programmes". Audit examined the records of compliance checks conducted by the intermediaries and found that:

- (a) ***Log sheets of compliance checks not uploaded to SIE Fund Information System.*** According to the Guidelines on Compliance Check on Procurement Requirements, the intermediaries shall complete a log sheet after conducting the compliance check and the log sheet should be uploaded to SIE Fund Information System for record purpose (see para. 3.20(c)). Audit found that the log sheets of all the 14 compliance checks conducted by the intermediaries in the period had not been uploaded to SIE Fund Information System; and
- (b) ***No submission timeframe set for intermediaries' submissions of the log sheets of compliance checks.*** While the Guidelines on Project Visits required the intermediaries to submit the log sheets of site visits to SIE

Fund Task Force Secretariat within one month from the date of visit (see para. 3.16(d)), no submission timeframe had been set by SIE Fund Task Force Secretariat for the intermediaries to submit the log sheets of compliance checks in the Guidelines on Compliance Check on Procurement Requirements.

3.22 Audit considers that DPO needs to:

- (a) take measures to ensure that log sheets of compliance checks on procurement requirements for “Innovative Programmes” projects are uploaded to SIE Fund Information System; and
- (b) enhance the Guidelines on Compliance Check on Procurement Requirements for “Innovative Programmes” projects and require the intermediaries to submit the log sheets of compliance checks to SIE Fund Task Force Secretariat within a specific timeframe.

### ***Room for improvement in termination of approved projects and recoupment of funds***

3.23 From time to time, SIE Fund Task Force Secretariat and the intermediaries may decide that the approved projects should be terminated for reasons such as grantees’ failure in delivering the project deliverables or submitting the required reports. Some grantees may also initiate termination of projects. Upon the termination of projects, the Secretariat may require the grantees to refund all or part of the grants that have been paid to the grantees. According to SIE Fund Task Force Secretariat, a debit note is issued to the grantees for the recoupment of funds after the project termination has been approved by the Secretary-General.

3.24 ***Need to expedite the processing of project termination.*** In the period from January 2023 to December 2025, the Secretary-General approved termination of 9 projects. Audit examination of the time elapsed between the dates of initiating termination by grantees, intermediaries or SIE Fund Task Force Secretariat and the dates of approving termination by the Secretary-General for the 9 projects revealed that the time elapsed ranged from 33 to 393 days (averaging 132 days). Audit noted that for 5 of the 9 projects, it took more than three months to approve the project termination, ranging from 4.1 to 12.9 months (averaging 6.3 months).

## **Monitoring of approved projects**

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3.25 *Need to recoup funds from grantees of terminated projects as soon as possible.* Since the launch of SIE Fund in September 2013 and up to 31 December 2025, 22 “Innovative Programmes” projects were terminated. For 13 of the 22 projects, the termination involved recoupment of funds from the grantees. The amount of funds to be recouped ranged from \$4,250 to \$180,000 (averaging \$55,262). Audit found that, up to 31 December 2025, the funds to be recouped from the grantees of 2 terminated projects were still outstanding. The time elapsed from the dates of Secretary-General’s approvals for termination was 3.3 years and 8.5 months respectively, involving the funds to be recouped of \$180,000 and \$50,000 respectively.

## **Audit recommendations**

3.26 **Audit has recommended that the Commissioner for Digital Policy should:**

- (a) **maintain proper records on the information relating to the submission, assessment and approval of the operation reports and financial reports for “Innovative Programmes” projects, and take measures to ensure that such information is properly maintained in SIE Fund Information System to enhance monitoring of approved projects;**
- (b) **take measures to ensure that the records on the submission dates of the operation reports and financial reports by the grantees of “Innovative Programmes” projects are properly kept, and ensure that the operation reports and financial reports are submitted by grantees within the due dates of submission specified in the funding agreements;**
- (c) **take measures to ensure that the operation reports and financial reports of grantees of “Innovative Programmes” projects together with intermediaries’ assessments are submitted by the intermediaries within the specified timeframe, and step up follow-up actions on the delays of submission of reports and assessments;**
- (d) **ascertain the reasons for the long time taken to receive clarifications and finalised operation reports and financial reports from grantees/intermediaries upon receipt of some grantees’ reports for “Innovative Programmes” projects;**

- (e) **take measures to expedite the receipt of clarifications and finalised operation reports and financial reports from grantees/intermediaries for “Innovative Programmes” projects;**
- (f) **take measures to ensure that the assessments of the grantees’ finalised operation reports and financial reports for “Innovative Programmes” projects are completed by SIE Fund Task Force Secretariat within the specified timeframe upon receipt of finalised reports from the intermediaries;**
- (g) **take measures to ensure that site visits are conducted by the intermediaries for “Innovative Programmes” projects in accordance with the Guidelines on Project Visits;**
- (h) **take measures to ensure that log sheets of compliance checks on procurement requirements for “Innovative Programmes” projects are uploaded to SIE Fund Information System;**
- (i) **enhance the Guidelines on Compliance Check on Procurement Requirements for “Innovative Programmes” projects and require the intermediaries to submit the log sheets of compliance checks to SIE Fund Task Force Secretariat within a specific timeframe;**
- (j) **take measures to expedite the processing of project termination for “Innovative Programmes” projects; and**
- (k) **take measures to recoup funds from grantees of terminated “Innovative Programmes” projects as soon as possible.**

### **Response from the Government**

3.27 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat:

- (a) has completed the enhancement of SIE Fund Information System in October 2025 and all submissions and reports of the approved projects are now processed through, and timestamped by the System;
- (b) has strengthened the monitoring of funded projects with the help of the enhanced SIE Fund Information System. Site visit reports and records for compliance check on procurement requirements would be uploaded to the System;
- (c) has enhanced the Guidelines on Project Visits and Guidelines on Compliance Check on Procurement Requirements for the intermediaries. SIE Fund Task Force Secretariat has also modified its internal guidelines in this regard;
- (d) will regularly remind intermediaries to observe the specified timeframe for report submissions, and to closely follow the guidelines when conducting site visits and compliance checks on procurement requirements; and
- (e) will closely monitor the processing of project termination and recoup funds from grantees of terminated “Innovative Programmes” projects as soon as possible.

### **Approved projects under “Capacity Building” and “Research”**

3.28 To facilitate the monitoring and evaluation of approved projects, the grantees of approved projects under “Capacity Building” and “Research” are required to submit reports to SIE Fund Task Force Secretariat for review. According to the funding agreements signed between SIE Fund Task Force Secretariat and the grantees, depending on the amount of funding and the duration of the projects, the grantees are generally required to submit:

- (a) interim/annual/final operation reports to report the progress of the achievement of targets for KPIs and key milestones in accordance with the submission schedule specified in the funding agreements; and
- (b) interim financial reports and audited annual/final financial reports reporting the revenue and expenditure, unspent amount of grant and bank balance.

The due dates of submission of operation reports and financial reports and the reporting period are specified in the funding agreements.

3.29 According to SIE Fund Task Force Secretariat, the procedures for the processing of the reports are as follows:

- (a) upon receipt of the reports from the grantees, SIE Fund Task Force Secretariat will review the reports and seek clarifications from the grantees as and when required. Based on the reports submitted, SIE Fund Task Force Secretariat will assess whether the project progress is satisfactory and the project spending is in order, and whether release of next instalment of payment is recommended; and
- (b) after the assessments, the Secretariat will prepare an assessment summary for acceptance of the reports by the Secretary-General (or delegates). According to the Secretariat's guidelines, the Secretariat will normally complete assessments within two months upon receipt of grantees' finalised reports.

### ***Need to enhance monitoring of submission of operation reports and financial reports by grantees of "Capacity Building" and "Research" projects***

3.30 In the period from 2020 to 2025, 327 reports (comprising 31 operation reports and 31 financial reports for "Capacity Building" projects, and 132 operation reports and 133 financial reports for "Research" projects) of the 60 projects approved in the same period were due for submission by the grantees. Audit reviewed the records of submission of the operation reports and financial reports by the grantees and found that:

## **Monitoring of approved projects**

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- (a) ***Records on submission dates of grantees' report were not readily available.*** For 105 (32%) of the 327 reports, SIE Fund Task Force Secretariat did not have readily available information on the dates of submission by grantees:
- (i) ***“Capacity Building” projects.*** For 3 (10%) of the 31 operation reports and 3 (10%) of the 31 financial reports, SIE Fund Task Force Secretariat did not have readily available information on the dates of submission; and
  - (ii) ***“Research” projects.*** For 48 (36%) of the 132 operation reports and 51 (38%) of the 133 financial reports, SIE Fund Task Force Secretariat did not have readily available information on the dates of submission.

As a result, there was no readily available information to assess whether these reports were submitted by the grantees within the due dates of submission specified in the funding agreements; and

- (b) ***Delays in submission of operation reports and financial reports by grantees.*** For the remaining 222 reports, Audit reviewed the records of submissions of reports by the grantees and found that there were delays in submission for 73 reports:
- (i) ***“Capacity Building” projects.*** For 10 (36%) of the 28 operation reports and 5 (18%) of the 28 financial reports, there were delays in the submission of reports by the grantees. The delays ranged from 1 to 164 days (averaging 36 days) and 2 to 117 days (averaging 38 days) respectively; and
  - (ii) ***“Research” projects.*** For 25 (30%) of the 84 operation reports and 33 (40%) of the 82 financial reports, there were delays in the submission of reports by the grantees. The delays ranged from 1 to 16 days for the 25 operation reports, and ranged from 1 to 22 days for the 33 financial reports.

3.31 In response to Audit’s enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that SIE Fund Information System had been functionally enhanced to take care of records of projects under “Capacity Building” and “Research” in October 2025 and data input for past and current project information was expected to be completed in April 2026.

3.32 Audit considers that DPO needs to enhance monitoring of submission of the operation reports and financial reports by grantees of “Capacity Building” and “Research” projects, including taking measures to ensure that:

- (a) records on submission dates of grantees’ reports are properly maintained;
- (b) data input for information on the past and current projects under “Capacity Building” and “Research” to SIE Fund Information System are completed as soon as practicable; and
- (c) operation reports and financial reports are submitted by grantees within the due dates of submission specified in the funding agreements.

### ***Need to ensure that project deliverables are submitted by grantees of “Research” projects within stipulated timeframe***

3.33 The grantees of “Research” projects are required to submit project deliverables (e.g. research reports) to SIE Fund Task Force Secretariat in accordance with the timeframe stipulated in the funding agreements. In the period from 2020 to 2025, 14 project deliverables were due for submission by grantees of “Research” projects. Audit reviewed the records of submission of these project deliverables by the grantees and found that there were delays in submissions of project deliverables by grantees for 12 (86%) of the 14 project deliverables. The delays ranged from 6 to 215 days (averaging 95 days).

3.34 Audit considers that DPO needs to take measures to ensure that project deliverables are submitted by grantees of “Research” projects within the timeframe stipulated in the funding agreements.

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### ***Need to expedite completion of assessments of grantees' operation reports and financial reports of "Capacity Building" and "Research" projects***

3.35 Upon receiving the grantees' operation reports and financial reports, SIE Fund Task Force Secretariat reviews the reports to assess the project achievement and prepare an assessment summary. The periodic financial reports and audited annual/final financial reports are also reviewed to check for issues/non-compliances from the financial and accounting perspectives. SIE Fund Task Force Secretariat will seek clarifications from the grantees and require the grantees to re-submit the revised reports where necessary. The Secretariat's assessment results on the operation reports and financial reports are then submitted for Secretary-General's (or delegates') consideration and acceptance. According to the Secretariat's guidelines, the Secretariat will normally complete the assessments within two months upon receipt of grantees' finalised reports.

3.36 Audit reviewed the records of the processing of 220 reports (comprising 111 operation reports and 109 financial reports) for "Capacity Building" and "Research" projects that had been accepted by the Secretary-General in the period from 2020 to 2025. The time elapsed between the dates of submissions of the reports by the grantees and the dates of completion of assessments by SIE Fund Task Force Secretariat ranged from 1 to 193 days (averaging 56 days) for operation reports and from 7 to 329 days (averaging 104 days) for financial reports.

3.37 ***Long time taken to receive clarifications and finalised reports from grantees.*** Of the 220 reports accepted by the Secretary-General in the period, Audit found that long time had been taken to receive the clarifications and finalised reports from grantees upon receipt of some grantees' reports:

- (a) ***Operation reports.*** For 20 (18%) of the 111 operation reports accepted by the Secretary-General, the time taken to receive clarifications and finalised operation reports from grantees was more than 2 months, ranging from 67 to 171 days (averaging 104 days); and
- (b) ***Financial reports.*** For 34 (31%) of the 109 financial reports accepted by the Secretary-General, the time taken to receive clarifications and finalised financial reports from grantees was more than 2 months, ranging from 61 to 325 days (averaging 145 days).

3.38 *Need to ensure that assessments of grantees' finalised operation reports and financial reports are completed within specified timeframe.* Of the 220 reports accepted by the Secretary-General in the period, Audit found that the assessments of the grantees' finalised reports were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. within two months upon receipt of grantees' finalised reports) for 41 reports:

- (a) ***Operation reports.*** For 18 (16%) of the 111 operation reports accepted by the Secretary-General, the assessments of the grantees' finalised operation reports were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. 60 days). The time taken for completion of assessments upon receipt of grantees' finalised operation reports ranged from 63 to 193 days (averaging 83 days); and
- (b) ***Financial reports.*** For 23 (21%) of the 109 financial reports accepted by the Secretary-General, the assessments of the grantees' finalised financial reports were not completed by SIE Fund Task Force Secretariat within the specified timeframe (i.e. 60 days). The time taken for completion of assessments upon receipt of grantees' finalised financial reports ranged from 65 to 280 days (averaging 166 days).

3.39 Audit considers that DPO needs to:

- (a) ascertain the reasons for the long time taken to receive clarifications and finalised operation reports and financial reports from grantees upon receipt of some grantees' reports for "Capacity Building" and "Research" projects;
- (b) take measures to expedite the receipt of clarifications and finalised operation reports and financial reports from grantees for "Capacity Building" and "Research" projects; and
- (c) take measures to complete the assessments of grantees' finalised operation reports and financial reports of "Capacity Building" and "Research" projects within the specified timeframes.

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### ***Need to enhance guidelines for conducting site visits for “Capacity Building” and “Research” projects***

3.40 SIE Fund Task Force Secretariat conducts site visits by visiting the grantees’ venues or attending the activities organised by grantees to ascertain whether the physical setup, capital items and the activities organised align with the approved project scope. In January 2023, SIE Fund Task Force Secretariat issued the Guidelines on Project Visits on the arrangement of conducting site visits. Audit noted that while there were specific guidelines on conducting site visits for “Innovative Programmes” projects (see paras. 3.16 and 3.17), there were no specific guidelines for conducting site visits for “Capacity Building” and “Research” projects. In the period from 2023 to 2025, no site visits on “Capacity Building” and “Research” projects had been conducted by SIE Fund Task Force Secretariat.

3.41 In view of the significant amount of funding approved for some “Capacity Building” and “Research” projects, Audit considers that DPO needs to enhance guidelines for conducting site visits for applicable “Capacity Building” and “Research” projects and conduct site visits accordingly.

## **Audit recommendations**

3.42 **Audit has recommended that the Commissioner for Digital Policy should:**

- (a) **take measures to ensure that management information is available for monitoring the submissions of grantees’ operation reports and financial reports for “Capacity Building” and “Research” projects;**
- (b) **enhance monitoring of submission of the operation reports and financial reports by grantees of “Capacity Building” and “Research” projects, including taking measures to ensure that:**
  - (i) **records on submission dates of grantees’ reports are properly maintained;**

- (ii) **data input for information on the past and current projects under “Capacity Building” and “Research” to SIE Fund Information System are completed as soon as practicable; and**
- (iii) **operation reports and financial reports are submitted by grantees within the due dates of submission specified in the funding agreements;**
- (c) **take measures to ensure that project deliverables are submitted by grantees of “Research” projects within the timeframe stipulated in the funding agreements;**
- (d) **ascertain the reasons for the long time taken to receive clarifications and finalised operation reports and financial reports from grantees upon receipt of some grantees’ reports for “Capacity Building” and “Research” projects;**
- (e) **take measures to expedite the receipt of clarifications and finalised operation reports and financial reports from grantees for “Capacity Building” and “Research” projects;**
- (f) **take measures to complete the assessments of grantees’ finalised operation reports and financial reports of “Capacity Building” and “Research” projects within the specified timeframe; and**
- (g) **enhance guidelines for conducting site visits for applicable “Capacity Building” and “Research” projects and conduct site visits accordingly.**

### **Response from the Government**

3.43 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat:

- (a) has completed the enhancement of SIE Fund Information System in October 2025 and a new module on “Capacity Building” and “Research” projects was added to the System, and all submissions and reports of the on-going projects are now processed through and timestamped by the System;

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- (b) has strengthened the monitoring of funded projects with the help of the enhanced SIE Fund Information System. Their operation reports, financial reports, site visit reports and records for compliance check on procurement requirements would be uploaded to the System;
- (c) will closely monitor the performance of grantees including but not limited to issuing reminders on overdue reports and conducting site visits; and
- (d) will complete the review of the Guidelines on Project Visits for applicable “Capacity Building” and “Research” projects by April 2026, and internal guidelines would also be updated accordingly.

## **“Smart Silver” Digital Inclusion Programme for Elders**

3.44 In order to let the elderly people integrate into the digital era and enjoy the benefits brought about by the digital technologies, the Government announced in the 2024-25 Budget that SIE Fund would allocate \$100 million to provide elderly people aged 60 or above with training courses on digital technologies and technical support. In December 2024, SIE Fund launched DI Programme. SIE Fund has appointed 12 non-governmental organisations and provided them with funding support to take forward DI Programme across all 18 districts. Under the Programme, 12 appointed organisations would set up community-based help desks at suitable locations to provide regular and fixed-point training on digital technologies and technical support for elderly people aged 60 or above, particularly singleton or doubleton elders living in old districts and public housing. In December 2024, each of the 12 appointed organisations has entered into a funding agreement of two years with SIE Fund Task Force Secretariat. As at 31 December 2025, a total of 40 fixed-point help desks were set up and the total funding disbursed was \$17 million.

### ***Need to closely monitor the progress of implementation of DI Programme by appointed organisations to ensure achievements of committed targets for KPIs***

3.45 According to the funding agreements signed between SIE Fund Task Force Secretariat and the appointed organisations of DI Programme:

- (a) the appointed organisations are required to achieve the targets for each of the KPIs in the 24-month engagement period;

- (b) each month, the appointed organisations are required to submit monthly statistics reports. The appointed organisations are also required to submit half-yearly operation and financial reports and annual audited financial reports to SIE Fund Task Force Secretariat 1 month and 4 months after the end of the reporting period respectively. The appointed organisations are required to report their achievements in the targets for KPIs in the reports;
- (c) the funding payable to the appointed organisations is made by instalments, comprising a 20% initial payment upon signing of funding agreement, and 4 half-yearly instalments to be made contingent upon the appointed organisations having achieved the targets for KPIs based on the results reported in the periodic reports; and
- (d) for appointed organisations that have failed to achieve any of the targets for KPIs, SIE Fund Task Force Secretariat would withhold a percentage of the instalment payment calculated based on the formula specified in the funding agreements.

3.46 According to the Invitation Brief for inviting applications for the implementation of DI Programme, the minimum requirements for KPIs are as follows:

- (a) ***Number of elders served.*** The number of elders served refers to the count of individuals receiving technical support at the help desks or joining the training and other activities. Only elders having completed a post-activity survey would be counted. The minimum target number of elders to be served by each appointed organisation was either 6,000 or 10,000, depending on the size of the service area;
- (b) ***Number of help desks set up.*** At least two physical help desks should be set up by the appointed organisation in each of the 18 districts;
- (c) ***Number of help desk sessions held.*** At least 12 help desk sessions should be held each week at each help desk, and each session should last for at least two hours;
- (d) ***Number of training activities held.*** At least two training activities lasting for at least one hour each should be held each week at each help desk; and

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- (e) ***Satisfaction rate of the elders served.*** The satisfaction rate should be at least 80% based on the post-activity surveys conducted.

In the funding agreements, the committed targets (which were at least the same or higher than the minimum requirements above) had been set out for each appointed organisation for measuring the appointed organisations' achievements of KPIs.

3.47 Audit reviewed the achievements of the committed targets for KPIs by the appointed organisations in the period from December 2024 to May 2025 (i.e. achievements reported in the first half-yearly operation reports submitted in June 2025) and found that for all the 12 appointed organisations, some committed targets for KPIs were not met:

- (a) ***Number of elders served.*** For 1 appointed organisation, the number of elders served fell short of the target by 28%;
- (b) ***Number of help desk sessions held.*** For all the 12 appointed organisations, the number of help desk sessions held fell short of the targets. The shortfalls ranged from 4% to 16%, averaging 11%; and
- (c) ***Number of training activities held.*** For all the 12 appointed organisations, the number of training activities held fell short of the targets. The shortfalls ranged from 4% to 26%, averaging 12%.

3.48 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that in the first half-yearly operation reports, some appointed organisations did not meet the committed targets for KPIs. Explanations provided by the appointed organisations included:

- (a) for the shortfall in the number of elders served, the appointed organisation had made proactive efforts to catch up on this KPI and there had been no accumulative shortfall since July 2025; and
- (b) the shortfalls in the number of help desk sessions and training activities held were due to the longer-than-expected preparation time required for staff and volunteer recruitment, as well as venue setup in the first month of the reporting period. Remedial measures to compensate for the shortfall had

been taken by extending the service time to ensure a full 24-month service period.

3.49 Audit considers that DPO needs to closely monitor the progress of implementation of DI Programme by appointed organisations to ensure achievements of committed targets for KPIs.

### ***Need to require applicants of DI Programme to provide necessary information in their applications to facilitate equitable assessments***

3.50 According to the Invitation Brief, applicants of DI Programme were required to submit applications including a detailed Project Implementation Plan and a comprehensive Budget Plan. SIE Fund Task Force Secretariat would conduct preliminary screening and determine whether the applications fulfil the eligibility criteria set out in the Invitation Brief, and assess the applications in accordance with the six pre-defined assessment criteria, namely vision and strategic direction, implementation/execution, capability, innovativeness, social impact, and cost effectiveness.

3.51 According to the template for Project Implementation Plan Proposal in the Invitation Brief, applicants of DI Programme are asked to provide information of the proposed setup of help desks, such as locations and sizes. Audit reviewed the records of 12 approved applications (involving 40 help desks) and found that:

- (a) for 2 (17%) applications (involving 6 help desks), the information on the locations of the proposed help desks had not been provided; and
- (b) for 4 (33%) applications (involving 6 help desks), the information on the sizes of the proposed help desks had not been provided.

3.52 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that:

- (a) it was not mandatory to provide details on the locations and sizes of the proposed help desks. The mandatory requirement was to set up at least 2 help desks in each district; and

## **Monitoring of approved projects**

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- (b) providing sufficient details would facilitate assessment and obtain higher marks whereas incomplete information would not affect fulfilment of the mandatory requirement but adversely affect scoring.

3.53 Audit noted that while it was not mandatory to provide details on the locations and sizes of the proposed help desks in their applications, providing incomplete information (e.g. locations and sizes of the proposed help desks) might adversely affect scoring. Moreover, as stipulated in the funding agreements, the appointed organisations should set up the community-based help desks at suitable locations that are convenient to the target elderly people (see para. 3.54). Audit considers that DPO needs to require the applicants of DI Programme to provide necessary information (e.g. locations and sizes of the proposed help desks) in their applications to facilitate equitable assessments.

### ***Some help desks were not easily accessible for elderly people***

3.54 According to the funding agreements, the community-based help desks should be set up at suitable locations that are convenient to the target elderly people. Audit visited 20 of the 40 help desks in December 2025 and January 2026 and found that some help desks were not easily accessible for elderly people:

- (a) for 2 help desks, the buildings where the help desks located were only accessible by walking uphill; and
- (b) for 2 help desks, they were located on the first or second floor of buildings without lifts or escalators. As such, the elderly people need to walk upstairs to access the help desks.

3.55 Audit considers that DPO needs to take measures to ensure that help desks under DI Programme are set up at suitable locations that are convenient and easily accessible for the target elderly people.

### *Need to enhance guidelines on conducting site visits at help desks*

3.56 In the period from December 2024 to December 2025, SIE Fund Task Force Secretariat conducted 48 site visits at help desks under DI Programme for monitoring purpose. According to the Secretariat, it has issued a site visit template that serves as a guiding framework for conducting site visits. According to the site visit template, all officers are required to observe the operations of the help desks in five key areas, such as accessibility, setup and support at help desks, and staff or volunteer management. Audit reviewed the site visit template and the records of the 48 site visits, and found that:

- (a) there were no guidelines on the frequency of conducting site visits and the criteria for selecting help desks for inspections; and
- (b) the scope of the site visits varied among the 48 site visits conducted. In 33 (69%) site visits, the site visits covered the help desk sessions only. In the remaining 15 (31%) site visits, both the help desk sessions and training activities were covered.

3.57 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that during the initial phase of the Programme, the Secretariat visited all 40 help desks, allowing flexibility in observing training activities. In the second engagement year, the Secretariat will conduct site visits on a random and surprise-check basis to strengthen objectivity and compliance monitoring.

3.58 Audit considers that DPO needs to enhance guidelines on conducting site visits at help desks under DI Programme and ensure compliance with the guidelines on conducting site visits at help desks.

### *Need to promptly notify the Secretariat of material changes*

3.59 According to the funding agreements between SIE Fund Task Force Secretariat and the appointed organisations, the appointed organisations undertake that they shall forthwith notify SIE Fund Task Force Secretariat in writing if there is any material change to any information contained in the Approved Project Implementation Plan and the Approved Budget subsequent to the signing of the agreements.

## **Monitoring of approved projects**

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3.60 Audit visited 20 of the 40 help desks in December 2025 and January 2026 and found that for 1 help desk, it was relocated to another nearby building. However, there was no documentary evidence showing that the appointed organisation had notified the Secretariat of the change. Audit also noted that the address of the help desk published on SIE Fund's website as at 31 January 2026 had not been updated.

3.61 Audit considers that DPO needs to take measures to ensure that the appointed organisations promptly notify SIE Fund Task Force Secretariat of any material changes to any information contained in the Approved Project Implementation Plan and the Approved Budget (e.g. help desk locations) subsequent to the signing of the agreements under DI Programme. DPO also needs to take measures to ensure that the information relating to DI Programme published on SIE Fund's website (e.g. the address of help desks) is up-to-date.

### ***Need to closely monitor the attendance of training activities***

3.62 In accordance with the funding agreements, at least two training activities lasting for at least one hour each should be held each week at each help desk. In the period from September to November 2025, a total of 1,405 training activities (including regular training activities held at help desks and other training activities conducted in collaboration with other organisations) were conducted. Depending on factors such as venue capacity, tutor-to-elderly ratio of each training activity and the popularity of different training topics, the capacity of training activities at each help desk varied significantly, ranging from 3 to 30 in each training activity.

3.63 Audit examined the attendance records of the 1,405 training activities and found that the number of participants ranged from 1 to 40 (averaging 7) in each training activity. For 492 (35%) of the 1,405 training activities, the number of participants was 5 or less. In particular, 93 (7%) training activities had participants of 1 or 2 (see Table 6).

**Table 6**

**Number of participants of training activities  
(September to November 2025)**

Number of participants	Number of training activities
1 to 2	93      (7%)
3 to 5	399      (28%)
6 to 10	684      (49%)
11 to 15	187      (13%)
16 to 20	28      (2 %)
21 or more (Note)	14      (1 %)
Total	1,405      (100%)

*Source:* Audit analysis of SIE Fund Task Force Secretariat records

*Note:* The highest number of participants was 40.

## **Audit recommendations**

**3.64**      **Audit has recommended that the Commissioner for Digital Policy should:**

- (a)      **closely monitor the progress of implementation of DI Programme by appointed organisations to ensure achievements of committed targets for KPIs;**
- (b)      **require the applicants of DI Programme to provide necessary information (e.g. locations and sizes of the proposed help desks) in their applications to facilitate equitable assessments;**
- (c)      **take measures to ensure that help desks under DI Programme are set up at suitable locations that are convenient and easily accessible for the target elderly people;**

## **Monitoring of approved projects**

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- (d) **enhance guidelines on conducting site visits at help desks under DI Programme and ensure compliance with the guidelines on conducting site visits at help desks;**
- (e) **take measures to ensure that the appointed organisations promptly notify SIE Fund Task Force Secretariat of any material changes to any information contained in the Approved Project Implementation Plan and the Approved Budget (e.g. help desk locations) subsequent to the signing of the agreements under DI Programme;**
- (f) **take measures to ensure that the information relating to DI Programme published on SIE Fund’s website (e.g. the address of help desks) is up-to-date; and**
- (g) **closely monitor the attendance of training activities at help desks under DI Programme, in particular those with low attendance, and take improvement measures accordingly.**

## **Response from the Government**

3.65 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat:

- (a) noted that the appointed organisations had taken a few weeks’ time to prepare for staff and volunteer recruitment, as well as venue setup before service commencement. This might result in the slower-than-expected achievement of certain committed targets for KPIs at the initial phase of implementation during the first reporting period. The Secretariat has closely monitored the implementation progress of DI Programme and at the Secretariat’s request, the appointed organisation has caught up in the number of elders served two months after the first reporting period. As at the end of January 2026, the overall achievement on the number of elders served by all the 12 appointed organisations has surpassed the target by 50%. In addition, all appointed organisations will extend their service to ensure a full 24-month period to provide help desk and training services;

## **Monitoring of approved projects**

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- (b) will require applicants of DI Programme to provide details of help desks (e.g. locations and sizes) which will be evaluated on their accessibility and suitability in the next round of the Programme;
- (c) has enhanced guidelines on conducting site visits to ensure that the appointed organisations deliver DI Programme in accordance with the funding agreements;
- (d) will require appointed organisations to promptly notify the Secretariat of any material changes in information. To facilitate website updating, the Secretariat will launch an online application by April 2026 for the appointed organisations to update activity information on SIE Fund's website; and
- (e) will continue to closely monitor the attendance of training activities organised by the appointed organisations.

## **PART 4: OTHER RELATED ISSUES**

4.1 This PART examines other related issues of SIE Fund, focusing on the following areas:

- (a) governance issues of SIE Fund Task Force (paras. 4.2 to 4.10);
- (b) SIE Fund Information System (paras. 4.11 to 4.14); and
- (c) way forward (paras. 4.15 to 4.20).

### **Governance issues of Social Innovation and Entrepreneurship Development Fund Task Force**

4.2 SIE Fund Task Force was set up under CoP in late 2012 to provide advice on all policies and procedures governing the operation of SIE Fund and matters relating to the administration of the Fund. As at 31 December 2025, SIE Fund Task Force comprised a Chairperson, a Vice-Chairperson, 13 members of CoP, 12 co-opted members and 4 ex-officio members. Except for the 4 ex-officio members who are appointed by reference to their respective posts, the non-official members are appointed by the Chief Executive of the Hong Kong Special Administrative Region (or delegates) and are drawn from four main sectors, namely academia, business, foundation and funder, and non-governmental organisation and social entrepreneur. The current term of office runs from 1 July 2024 to 30 June 2026.

#### ***Low attendance of some members at SIE Fund Task Force meetings***

4.3 Audit examined the attendance records of 36 SIE Fund Task Force members who had served the Task Force for at least one complete term (each term was for 1.5 to 2.5 years) at SIE Fund Task Force meetings held in the period from July 2020 to December 2025. Audit found that:

- (a) 2 members had not attended any of the 8 and 14 SIE Fund Task Force meetings held during their tenures respectively; and

- (b) the attendance rate of another member at SIE Fund Task Force meetings was low (i.e. 13%) during the tenure.

4.4 Audit considers that DPO needs to closely monitor the attendance of members at SIE Fund Task Force meetings and take measures to encourage members to attend meetings as far as possible.

***Need to circulate draft notes of meetings of SIE Fund Task Force in a timely manner***

4.5 Audit noted that there was no stipulated timeframe on the circulation of draft notes of meetings to SIE Fund Task Force members after meetings. Audit reviewed the circulation of draft notes of the 19 meetings of SIE Fund Task Force held in the period from July 2020 to December 2025. Audit found that for 16 (84%) of the 19 meetings, the draft notes of meetings were circulated to members more than one month after the meetings, ranging from 32 to 307 days (averaging 83 days).

4.6 Audit considers that DPO needs to set timeframe on the circulation of draft notes of meetings to SIE Fund Task Force members and circulate draft notes of meetings to SIE Fund Task Force members in a timely manner.

***Room for improvement in declarations of interests***

4.7 According to SIE Fund Task Force guidelines, SIE Fund Task Force and the two standing committees adopt a two-tier reporting system on declaring matters which may give rise to a conflict of interest:

- (a) ***First-tier declaration.*** The Chairperson and members shall register in writing their personal interests, direct or indirect, pecuniary or otherwise, when they first join the Task Force or Standing Committees, and annually thereafter, to the Secretariat; and
- (b) ***Second-tier declaration.*** If a member (including the Chairperson) has any direct or pecuniary interest in any matter under consideration by the Task Force and/or its committees, the member must, as soon as practical after

## Other related issues

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becoming aware of it, disclose to the Chairperson (or the Task Force or Standing Committees) prior to discussion of them at meetings. The Chairperson (or the Task Force or Standing Committees) shall decide whether Chairperson or a member disclosing an interest may speak or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting. All cases of declaration of interests shall be recorded in the minutes of the meeting.

4.8 Audit examination of the first-tier declarations of interests made by SIE Fund Task Force members in the period from July 2020 to December 2025 revealed that:

- (a) ***Need to issue requests to SIE Fund Task Force members for making first-tier declarations of interests in a timely manner.*** Audit noted the following room for improvement in issuing requests for making declarations of interests:
  - (i) for 13 (87%) of the 15 SIE Fund Task Force members who were first appointed in the period, the requests for making first-tier declarations of interests were sent out by SIE Fund Task Force Secretariat 1 to 12 days after the commencement of the respective terms. For the 13 members, their declarations of interests were submitted to the Secretariat 2 to 23 days after the commencement of the respective terms; and
  - (ii) the request for annual submission of declarations was not sent out to Task Force members for the 5th term (i.e. from 1 January 2023 to 30 June 2024). Hence, for 10 members involved, their annual declarations were not submitted; and
- (b) ***Some first-tier declarations of interests were submitted after the due dates.*** The due dates for completion of the annual declarations of interests were usually set as 7 calendar days after the request dates. For the 43 annual declarations of interests requested in the period, 20 (47%) were submitted to the Secretariat 1 to 24 days (averaging 9 days) after the due dates.

## **Audit recommendations**

4.9 **Audit has *recommended* that the Commissioner for Digital Policy should:**

- (a) **closely monitor the attendance of members at SIE Fund Task Force meetings and take measures to encourage members to attend meetings as far as possible;**
- (b) **set timeframe on the circulation of draft notes of meetings to SIE Fund Task Force members and circulate draft notes of meetings to SIE Fund Task Force members in a timely manner;**
- (c) **issue requests to SIE Fund Task Force members for making first-tier declarations of interests in a timely manner; and**
- (d) **take measures to ensure that SIE Fund Task Force members make the first-tier declarations of interests in a timely manner.**

## **Response from the Government**

4.10 The Commissioner for Digital Policy agrees with the audit recommendations. He has said that SIE Fund Task Force Secretariat:

- (a) will continue to remind Task Force members on their meeting attendance and timely declarations of interests;
- (b) has set target timeframe for issuing agenda and meeting papers, as well as that for circulating minutes of Task Force meetings; and
- (c) will endeavour to issue materials of Task Force meetings within the target timeframe.

## **Social Innovation and Entrepreneurship Development Fund Information System**

4.11 SIE Fund Information System was set up in January 2015 to assist SIE Fund Task Force Secretariat in the receipt and assessment of applications, fund disbursements, monitoring of report submissions, and generation of statistical/management reports of projects handled by the intermediaries under “Innovative Programmes”. According to the intermediary service agreements, the intermediaries are required to input and upload information to the System throughout the project life cycle for building up and maintaining necessary database for evaluation and monitoring of SIE Fund. The information includes data of the funding applications and their submission dates, funded projects’ information (e.g. projects’ operation reports and financial reports, and their submission deadlines), and payment information. For monitoring purpose, SIE Fund Task Force Secretariat reviews the information and reports uploaded by the intermediaries at various stages of the projects.

### ***Need to ensure that the information in SIE Fund Information System is complete and up-to-date***

4.12 Audit reviewed the records maintained in SIE Fund Information System as at 31 December 2025 and found that:

- (a) ***Incomplete project information in SIE Fund Information System.*** According to the records of SIE Fund Task Force Secretariat, as at 31 December 2025, there were 638 approved projects handled by the intermediaries under “Innovative Programmes”. However, the information of only 493 projects was maintained in SIE Fund Information System. Audit noted that records on the submission, assessment and approval of the operation reports and financial reports that were accepted by the Secretary-General after June 2024 had not been updated in SIE Fund Information System since the system suspension in June 2024 (see para. 3.5);
- (b) ***Some information of projects handled by the intermediaries under “Innovative Programmes” not available in the System.*** SIE Fund Information System should include information on funding applications (e.g. application submission dates), funded projects (e.g. projects’ operation reports and financial reports, and their submission deadlines), and

payment for projects handled by the intermediaries under “Innovative Programmes”. Audit noted that some information of the projects handled by the intermediaries under “Innovative Programmes” was not available in the System. For example, records on the submission dates of the operation reports and financial reports by the grantees were not maintained in the System (see para. 3.8(a)). The log sheets of all the 19 site visits conducted by the intermediaries in the period from February 2023 to December 2025 had not been uploaded to SIE Fund Information System (see para. 3.18(c)). The log sheets of all the 14 compliance checks on procurement requirements conducted by the intermediaries in the period from February 2023 to December 2025 had not been uploaded to SIE Fund Information System (see para. 3.21(a)); and

- (c) *Data input for records of projects under “Capacity Building” and “Research” was in progress.* According to SIE Fund Task Force Secretariat, SIE Fund Information System had been functionally enhanced to take care of records of projects under “Capacity Building” and “Research” in October 2025, data input for past and current project information was in progress and was expected to be completed in April 2026 (see para. 3.31).

## Audit recommendation

4.13 **Audit has recommended that the Commissioner for Digital Policy should take measures to ensure that information maintained in SIE Fund Information System is complete and up-to-date for evaluation and monitoring of SIE Fund.**

## Response from the Government

4.14 The Commissioner for Digital Policy agrees with the audit recommendation. He has said that SIE Fund Task Force Secretariat will endeavour to ensure that the project information of SIE Fund Information System is complete and up-to-date.

### Way forward

#### *Need to conduct comprehensive review on funding mechanisms and operational approach of SIE Fund*

4.15 SIE Fund was launched in September 2013 and seeks to alleviate poverty and social exclusion as well as foster the well-being and cohesion of the society by promoting social innovation and nurturing social entrepreneurship. Since the launch of SIE Fund in September 2013 and up to December 2025, 749 projects were approved. As at 31 December 2025, of the \$1 billion allocated to SIE Fund, the total funding commitment was \$807 million and the total funding disbursed was \$577 million.

4.16 From time to time, re-prioritisations of resources within SIE Fund took place to assist in implementing the Government's policy direction of poverty alleviation. In the 2022 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region put forward the strategies of targeted poverty alleviation, which aim at directing resources to those most in need. To this end, in October 2023, SIE Fund Task Force re-prioritised the Fund's resources to focus on taking forward projects that would bring immediate and direct impact on the target groups, namely households residing in subdivided units, single-parent households and elderly households.

4.17 In 2016 and 2021, SIE Fund Task Force commissioned a tertiary institution in Hong Kong to conduct a longitudinal study to assess the performance of SIE Fund covering the periods from its inception in February 2013 to June 2020 (i.e. the first longitudinal study) and from July 2020 to December 2023 (i.e. the second longitudinal study) respectively. According to the first longitudinal study, it was considered that SIE Fund has supported policy innovation and has greatly supported social innovators and entrepreneurs, nurtured the ecosystem of social innovation and entrepreneurship, and contributed to alleviation of poverty and social exclusion. In the second longitudinal study, which has concluded in March 2025, it was said that:

- (a) the availability of finance for social innovation has increased significantly over the past decade, both in volume and diversity; and
- (b) in light of the findings of the second longitudinal study and the potential expansion of the beneficiary base, along with the nature of services offered

by funded projects over the past decade, it was an opportune moment for the Fund to conduct a comprehensive review of its funding mechanisms and operational approach.

Audit found that as at 31 December 2025, comprehensive review of SIE Fund's funding mechanisms and operational approach had not been conducted.

4.18 In response to Audit's enquiry, SIE Fund Task Force Secretariat informed Audit in February 2026 that:

- (a) the comprehensive review was planned for 2026 and was under preparation;
- (b) on 30 January 2026, SIE Fund Task Force Secretariat consulted SIE Fund Task Force members on the objectives, scope, deliverables, consultant selection criteria, etc. of the review; and
- (c) SIE Fund Task Force Secretariat planned to invite consultant in March 2026 to work with the Secretariat on the review.

### **Audit recommendation**

4.19 **Audit has recommended that the Commissioner for Digital Policy should conduct a comprehensive review on SIE Fund to evaluate its funding mechanisms and operational approach, taking into account the audit observations and recommendations in this Audit Report, and closely monitor the implementation progress of the review.**

### **Response from the Government**

4.20 The Commissioner for Digital Policy agrees with the audit recommendation. He has said that:

- (a) the last evaluation study of SIE Fund (i.e. the second longitudinal study mentioned in para. 4.17 above) was completed in March 2025. At the time, SIE Fund had just commenced the major initiative of DI Programme to promote digital inclusion of the elderly. It was thus considered more

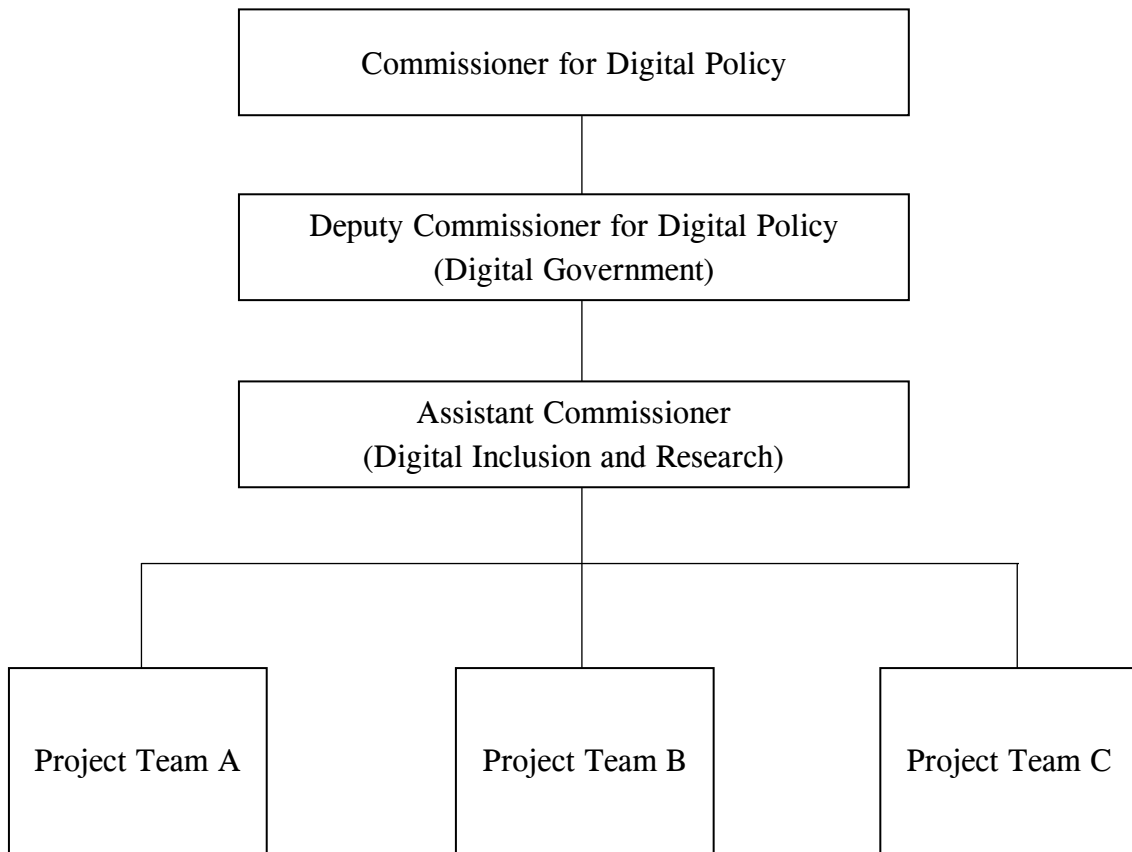
## **Other related issues**

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appropriate and meaningful to conduct the strategic review on the funding mechanisms and operational approach of SIE Fund in 2026 to take into account the implementation of DI Programme; and

- (b) SIE Fund Task Force Secretariat will engage a consultant for the review and aim to complete the review by the end of 2026. The audit observations and recommendations will be taken into account during the review.

**Digital Policy Office:  
Organisation chart (extract)  
(31 December 2025)**



*Source: DPO records*

*Remarks: The Deputy Commissioner for Digital Policy (Digital Government) is the Secretary-General of SIE Fund.*

## Acronyms and abbreviations

Audit	Audit Commission
CoP	Commission on Poverty
DI Programme	“Smart Silver” Digital Inclusion Programme for Elders
DPO	Digital Policy Office
IAC	Intermediary Assessment Committee
JVC	Joint Intermediary and Task Force Vetting Committee
KPI	Key performance indicator
SIE Fund	Social Innovation and Entrepreneurship Development Fund