

**Procedure for submission of soft copy of audited accounts
Through School Portal**

(Key steps are set out below and will be updated with details in Jun 2018)

Download of template

1. Login using the School Portal Account.
2. Select the appropriate option from the menu.
3. Select option **xx** to download the template for the preparation of Audited Accounts.
4. Click on the filename “2017 Excel Template **xxx**” to download the excel template.

Submission of template

5. Login using the School Portal Account (as per step 1).
6. Select option **xx** to submit the Audited Accounts.
7. Select the appropriate branch ID (Default “A” for main school and "B", "C", "D" etc. for each individual branch).
8. Click the “Browse” button to locate the softcopy of the file.
9. Check the file is in prescribed name and format (see iii below).
10. Click “Submit” to send the file.

IMPORTANT:

- i. Please only use the Excel template provided by EDB.
- ii. Please ensure that the soft copy is identical to the hard copy of the duly signed audited accounts.
- iii. The submission file name should consist of 13 alphanumeric characters, defining as “School number (6 digits) + Branch ID (1 digit) + date (ddmmyy) (6 digits)”, for example, 123456A050319.xls. Only file extension of “.xls” or “.xlsx” is allowed.
- iv. For KGs having more than 1 school under the same school number, please submit separate files for the main school and each branch school. Different ID (say "B", "C", "D" etc.) should be used for each individual branch.

Points for special attention for individual grants

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
1	Basic half-day (HD) unit subsidy and additional subsidy for whole-day (WD) and long-whole day (LWD) services	EDBC No. 7/2016	<p>(a) 60% of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) is regarded as the salary portion and must be used on teaching staff salaries and related expenses (such as mandatory provident fund (MPF), provident fund (PF), long service payment, etc.). KGs may deploy any portion of the remaining 40% for teaching staff salaries and related expenses, but not vice versa.</p> <p>(b) Expenditure on teaching staff salary (including employer's contribution to the MPF, PF, Long Service Payment or Severance Pay, if any) out of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) should be separately reflected in the annual audited accounts.</p> <p>(c) KGs shall report separately the income, expenditure and operating surplus / deficit for different sections (KG and Child Care Centre classes), streams (local and non-local curriculum) and sessions (HD, WD and LWD), if any, in their audited accounts.</p> <p>(d) On condition that the KGs are able to offer free quality HD services and maintain fees for WD / LWD services at a reasonable fee level, they are allowed to accumulate a surplus up to one-year provision of the respective grants. Specifically,</p> <p>(i) the grants relating to teaching staff salary and related expenses (such as MPF, PF, long service payment, etc.) cover the total of the relevant portion (set at 60%) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) and the tide-over grant. The reserve ceiling is the current year provision of the above subsidy;</p>

(to be continued)

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
			<p>(ii) the surplus of the remaining portion (i.e. the portion other than teaching staff salary and related expenses) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) will be capped at the current year provision of the relevant portion.</p> <p>(e) For unspent government subsidies, upon accumulation to the above prescribed level, EDB reserves the right to make any adjustment in the subsidies payable to the KG for claw back.</p>
2	Tide-over grant (ToG)	EDBC No. 7/2016 EDBCM No. 15/2017	<p>(a) The ToG is a one-off time-limited grant for two years starting from the 2017/18 school year.</p> <p>(b) The ToG, together with the salary portion of the basic unit subsidy (i.e. 60% of the basic HD unit subsidy and additional subsidy for WD and LWD services), must be used on teaching staff salaries and related expenses (such as MPF, long service payment, etc.).</p> <p>(c) KGs are allowed to accumulate a surplus up to one-year provision of the subsidy and grants relating to teaching staff salary and related expenses (such as MPF, PF, long service payment, etc.), that is the total of the relevant portion (set at 60%) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) and the ToG. The reserve ceiling is the current year provision of the above subsidy. EDB will claw back accumulated surplus exceeding the reserve ceiling.</p>
3	Rental subsidy (RSS)	EDBC No. 7/2016 and a circular on Rental Subsidy Scheme to be issued in February 2017	<p>(a) KGs under RSS should (i) spend the rental subsidy solely on rental expenditure for school portion of classes offering local curriculum under KG section; and (ii) return the unspent rental subsidy, if any, in full.</p> <p>(b) Some KGs will not be provided subsidy to cover the full rental cost because (i) low fill-up rate; (ii) “dual” caps; and/or (iii) the rental cost exceeds the market rent as assessed by the Rating and Valuation Department (RVD). The difference between the actual rental expenditure and the market rent as assessed by RVD should not be charged to government subsidy. It should be borne by non-government funds.</p>

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
4	Premises maintenance grant	EDBC No. 7/2016 EDBCM No. 15/2017	<p>(a) The grant covers repair and maintenance works of the registered school premises of KGs, and such works fall under the responsibility of the owner of the premises. For KGs operating in part of the premises concerned, only the relevant portion of the repair and maintenance expenses that should be shared by the Scheme-KG is chargeable to the grant.</p> <p>(b) The disbursement of the grant will be suspended once the accumulated surplus reaches 500% of the current year provision until the surplus falls under 100% of the current year provision. Any excess surplus will be clawed back.</p> <p>(c) Any deficit should be borne by the surplus of the basic unit subsidy other than teaching staff salary and related expenses (i.e. 40% of the basic unit subsidy, including basic HD unit subsidy and additional subsidy for WD and LWD services), if any, and/or School Funds.</p>
5	Grant for a Cook	EDBC No. 7/2016 EDBCM No. 15/2017	<p>(a) Salaries, employers' contributions to MPF / Provident Fund and other salary-related expenditure for the employment of cook(s) can be paid out of this grant.</p> <p>(b) KGs are allowed to accumulate a surplus up to one-year provision. Any excess surplus will be clawed back.</p> <p>(c) Any deficit should be borne by school's income from meal charges. If such income is insufficient to cover the deficit, the deficit balance should be borne by school's own funds.</p>
6	Grant for support to non-Chinese speaking (NCS) students	EDBC No. 7/2016 EDBCM No. 15/2017	<p>(a) KGs should use the grant solely to enhance support to the NCS students. The grant may be used for appointing additional staff or acquiring services to provide teachers with more manpower support and for teachers' professional training to develop effective strategies to help NCS students learn Chinese, raise teachers' cultural and religious sensitivity in handling NCS students and enhance the communication with the parents of NCS students.</p> <p>(b) KGs are allowed to accumulate a surplus up to the current year provision of the grant. EDB will claw back any excess surplus.</p>

(to be continued)

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
7	One-off Start-up Grant	EDBCM No. 23/2017	<p>(a) KGs are expected to deploy the grant for preparatory work in the implementation of the Scheme from the 2017/18 school year. They can use the start-up grant flexibly for employing additional staff, hiring services, procuring furniture and equipment for additional teachers under improved teacher-pupil ratio or conducting small-scale renovation. To allow room and time for KGs to plan and adjust school-based procedures and guidelines in the initial years of implementation, if necessary, they may use the grant up to 31 July 2019.</p> <p>(b) EDB will claw back the unspent balance based on the annual audited account.</p>

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Points for accounting officers' special attention on specific accounts

Ref. No.	Account Name (Statement No.)	Relevant EDB document	Points for special attention
Income and expenditure			
1	Teacher salary related expenses – (i) Salaries and Provident Fund / Mandatory Provident Fund (ii) Severance / long service payment (Statement 1 at Annex 1)	Administration Guide (to be issued in June 2017)	(a) The expenses are allocated to KG Scheme Funds and School Funds (Note 1) according to the weighting of their relative duties in different sections and streams as designated by KGs. (b) If the Teacher Salary Related Subsidy is insufficient to cover the expenses, the deficit, after transfer of surplus from Other Operating Expenses Subsidy (if any), should be borne by School Funds.
2	Rental of school premises (Statement 1 at Annex 1)	Administration Guide	If the rental subsidy is insufficient to cover the rental value assessed by Ratings and Valuation Department, the deficit, after transfer of surplus from Other Operating Expenses Subsidy (if any), should be borne by School Funds.
3	Depreciation of fixed assets other than school premises (Statement 1 at Annex 1)	Administration Guide	Depreciation should be charged to KG Scheme Funds or School Funds according to the classification of fixed assets as set out in 5 below.
4	(i) Other income, e.g. donation income (ii) Other expenditure, e.g. electricity (Statement 1 at Annex 1)	Administration Guide	(a) Income received / expenses incurred for the whole school should be allocated in accordance with the following basis – (i) To KG Scheme Funds and School Funds based on annual average student enrolment of respective sections (KG and Child Care Centre) and streams (Local and Non-local); and (ii) To half-day, whole-day and long whole-day sessions based on respective annual average student enrolment and the ratio of half-day to whole-day / long whole-day expenditure per pupil. (b) Any interest derived should be apportioned into KG Scheme Funds and School Funds as far as practicable.

(to be continued)

Ref. No.	Account Name (Statement No.)	Relevant EDB document	Points for special attention
Assets and liabilities			
5	Fixed assets (Statement 2 at Annex 1)	Administration Guide	<p>(a) KGs should decide whether the fixed assets acquired before joining the Scheme (i.e. 1 September 2017) be grouped under KG Scheme Funds or School Funds.</p> <p>(b) KGs should keep fixed assets register to indicate the classification of fixed assets under KG Scheme Funds, School Funds and One-off Start-up Grant, if any.</p> <p>(c) For fixed assets acquired under the Start-up Grant, separate ledger account and statement should be kept and no depreciation should be charged to KG Scheme Funds or School Funds as the expenses have been fully charged under the grant.</p> <p>(d) Once the fixed assets have been recorded under the KG Scheme Funds or School Funds, the status cannot be changed thereafter without EDB's prior approval.</p> <p>(e) All fixed assets subjected to depreciation must be classified under one of the following categories: - School Premises; - Furniture, Equipment, Fixtures and Fittings; - Computer Hardware and Software.</p> <p>(f) Only depreciation expenditure of those fixed assets under KG Scheme Funds would be borne by KG Scheme Funds. All the rest should be borne by School Funds.</p> <p>(g) Upon closure of KGs, fixed assets under KG Scheme Funds should be disposed of according to EDB's instruction.</p>
6	Cash and bank equivalents (Statement 2 at Annex 1)	Administration Guide	<p>(a) Government subsidies / grants would only be paid to bank account in the KG's registered name.</p> <p>(b) Any surplus funds which are not immediately required may be placed under fixed deposits with banks licensed under the Banking Ordinance.</p>
7	Liabilities (Statement 2 at Annex 1)	Administration Guide	All liabilities (including long-term and short-term) before KGs joining the Scheme should be recorded under School Funds and should not be charged to KG Scheme Funds.

Note 1: KG Scheme Funds and School Funds mean "income from government subsidies/grants" and "non-government funds" respectively in the Education Bureau Circular No. 7/2016 and related circulars on the Scheme.

Definition of Related Party

A *related party* is a person or entity that is related to a KG.

- (1) A person or a close member of that person's family^{Note 1} is related to a KG if that person –
- (a) has control or joint control over the KG;
 - (b) has significant influence over the KG; or
 - (c) is a member of the key management personnel of the KG or of a sponsoring body of the KG.
- (2) An entity is related to a KG if any of the following conditions applies -
- (a) The entity and the KG are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third party and the other entity is an associate of the third party.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the KG or an entity related to the KG. If the KG is itself such a plan, the sponsoring employers are also related to the KG.
 - (f) The entity is controlled or jointly controlled by a person identified in (1) above.
 - (i) A person identified in (1)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Note:

1. Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include -

- (a) that person's parents, children, spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Reference Notes
for Auditors of KGs under the Scheme
in the 2017/18 School Year

Education Bureau (EDB) Circular No. [7/2016](#) requires KGs joining the Scheme to submit their audited accounts, with the subsidies they received from the Government and the expenditure incurred under the subsidies properly reflected. The accounts must be audited by Certified Public Accountants (practising) registered under the Professional Accountants Ordinance^{Note 1}. This is to ensure that the KGs have properly applied the subsidies for the purposes as specified by EDB vide relevant circulars and letters and that only allowable expenditures are charged against the subsidies.

2. Auditors should submit an Auditor's Report on the KG's accounts, and **EACH** statement to the accounts should be stamped with the identification chop of the Auditors. The Auditor's Report should state whether in the Auditor's opinion -

- (a) the accounts give a true and fair view of the state of the KG's affairs as at the balance sheet date and of its results for the accounting year then ended;
- (b) the school has used the government subsidies in accordance with the rules and ambits as promulgated in the EDB Circular No. [7/2016](#), relevant letters, circulars, circular memoranda and guidelines issued by EDB^{Note 2}; and
- (c) the balances of individual grant accounts are, in all material respects, correct.

3. The Auditors should draw the attention of the School Supervisors to weaknesses in internal controls discovered during the course of their audit and that they should report items which are considered material in a letter (i.e. management letter) with recommendations for improvement. The Auditors should also send a copy of the management letter to EDB.

4. If the Auditors are of the opinion that proper books of accounts have not been kept by the KGs, or if the balance sheet and / or income and expenditure account are not in agreement with the books of accounts, or if the Auditors are not able to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit, they should make appropriate qualifications in their reports.

Note:

1. This means "certified public accountants (practising)" with effect from the commencement of the Professional Accountants (Amendment) Ordinance 2004 on 8 September 2004. "Certified public accountant (practising)" means a certified public accountant holding a practising certificate.

2. Auditors should note that "Code of Aid" is not applicable to Kindergartens.