



Full Implementation of Management and Financial Audit (MFA)

**Sharing on Audit Findings -
Management Aspects
2017/18**

**School Administration 3 Section
5 October 2018**

MFA - Four Specific Aspects

- General Administration of the School Management Committee (SMC)/ Incorporated Management Committee (IMC)
- Human Resources and Personnel Matters
- Financial Management Matters
- Fee Remission/ Scholarship Schemes

Major Observations – General Administration of SMC/IMC (1)

Declaration of Conflict of Interest

Major observations:

- School-based policy/procedures for school personnel, including managers and staff, were **not in place** and/or **not endorsed** by SMC/IMC
- Records of declarations **not** properly **kept/ documented**
- **No proper records** of the resolution regarding the declaration made by staff and necessary actions taken

Major Observations – General Administration of SMC/IMC (2)

Declaration of Conflict of Interest

Recommendations:

- Draw up **school-based policies/procedures** to require SMC/IMC members and/or staff to declare conflict of interest, which should be deliberated and endorsed by SMC/IMC
- **Keep proper records** of all declarations made verbally or in writing (using a standard form)
- **Properly record** the necessary actions taken together with considerations to all the declared conflicts, such as refraining from handling the duties, reasons for the declarant to continue to discharge the duties, etc.

Reference: EDBC No. 17/2012
(Para 4 and Annex 1)

Major Observations – General Administration of SMC/IMC (3)

HR Management

Major observations:

- **not endorsed** by SMC/IMC
- did **not cover non-teaching staff**
- did **not cover major aspects** such as recruitment, promotion, appraisal, remuneration packages
- **not promulgated** to all staff

Recommendations:

- School-based HR policies, including staff recruitment, remuneration, appraisal, promotion, disciplinary procedures and staff complaint, should:
 - ✓ cover all paid staff
 - ✓ be properly documented and endorsed by SMC/IMC
 - ✓ be updated regularly and made known to all staff for transparency

Reference:

- EDBC No. 17/2012 (paras 2 and 5)
- ICAC's "Best Practice Checklist: Governance and Internal Control in Schools"

Major Observations – General Administration of SMC/IMC (4)

Quality Assessment and Compliance – School Development and Accountability (SDA) Framework

Major observations:

- **No records** of SMC/IMC's endorsement on the School Development Plan, Annual School Plan or School Report
- **No records** of SMC/IMC's discussion and endorsement of school's reply to the Comprehensive Review/ External School Review reports
- **No records** of SMC/ IMC's discussion on the management/ advisory/ warning letter(s) issued by the EDB

Recommendation:

- Put up self-evaluation under the SDA Framework to their SMC/IMC for discussion and approval

Reference: EDBC No. 7/2012 (para 15) “Essential items to be discussed at the SMC/IMC meetings”

Major Observations –

General Administration of SMC/IMC (5)

Quality Assessment and Compliance – SMC/IMC composition

Major observations:

- SMC/ IMC **did not comprise all the stakeholders** as managers as required in the Service Agreement/ Education Ordinance
- SMC/IMC **composition did not fulfil the requirements** in the Memorandum and Articles of Association/ the Education ordinance
- Managers **not registered** in accordance with the EDB's requirements

Recommendations:

- Fulfil the requirement in accordance with the SMC/IMC's Memorandum & Article of Association, Constitution and/or Service Agreement
- The SMC shall be responsible for ensuring that the school is managed satisfactorily and the education of the pupils is promoted in a proper manner in accordance with section 32 and 33 of the Education Ordinance, Cap. 279

Reference: Section 27 of the Education Ordinance, Cap. 279 “No person shall act as a manager of a school unless he is registered as a manager of the school under section 29(1)”

Major Observations –

General Administration of SMC/IMC (6)

Quality Assessment and Compliance – Additions, alterations or improvement works

Major observation:

- **No records** of prior EDB's approval for additions, alterations or improvement works at the school premises

Recommendation:

- To obtain prior EDB's approval

Reference

- SSB/IMC/SMC Service Agreement - Conditions for Admission to the DSS: "Any application for additions, alterations or improvements to the school premises for which approval by the Government is required shall be submitted in duplicate to the Government for approval, and copied to the Director of Architectural Services/Director of Housing."
- Regulation 10 of the Education Regulations, Cap. 279A: "Except with the consent in writing of the Permanent Secretary there shall not be made - (a) any structural alterations to the school premises"

General Administration of SMC/IMC (7)

Advice on the Operation of Governance

Review Sub-committee (GRSC):

- Self-evaluation Checklist (ALL four parts) should be completed by schools by end-November and forwarded to GRSC annually
- GRSC should review the completed checklist and submit its findings together with recommendations to the SMC/IMC for consideration
- Review schedule: 3 domains should be spread within a three-year cycle
- Restricted sessions should be arranged to finalize reports/findings

Example:

Complete the
2017/18 Checklist
by November 2018

Major Observations – Human Resources and Personnel Matters (1)

Staff Recruitment

Major observations:

- **No** open recruitment
- **No** proper records throughout different stages of staff selection process (e.g. first interview, final interview, trial teaching, etc.)
- **No** records showing the use of pre-set assessment criteria at different stages of staff selection (e.g. screening applications, first and final interview, trial teaching/ other test, etc.)

Major Observations – Human Resources and Personnel Matters (2)

Staff Recruitment

Recommendations:

- Conduct staff recruitment in a transparent, fair and open manner
- Draw up policies and procedures on staff recruitment, which include pre-set criteria for shortlisting and assessing candidates
- Keep proper records throughout the selection process
- Check if there is/ are school-based policy/ procedures on handling of staff grievances/ complaints

Reference:

- “Recommendations on Administration of Teaching Staff in Schools under DSS” from ICAC in the EDB’s circular letter dated 21.5.2007
- ICAC’s “Best Practice Checklist: Governance and Internal Control in Schools”
- Guidelines for Handling School Complaints (Revised on 30.5.2018)
- Item 6.3.9 of ICAC’s “Best Practice Checklist: Governance and Internal Control in Schools”
- Item 4.4.1 of School Administration Guide

Major Observations –

Fee Remission/Scholarship Schemes (1)

Criteria for Awarding Fee Remission

Major observations:

- Adopted eligibility benchmarks **less favorable** than those of the government financial assistance schemes owing to:
 - more levels of assistance (e.g. 25%, 50%, 75%, 100%) with disposable family income falling into ranges which lead to a lower granting;
 - AFI thresholds for full level of assistance adjusted for 3 and 4-member families not being included;
 - 30% of annual income of unmarried child(ren) residing with family not being included or percentage increased; and
 - Composition of income including items outside the list set out by SFO e.g. Provident Fund/ MPF, gratuity, retraining allowance.

Major Observations – Fee Remission/Scholarship Schemes (1)

Criteria for Awarding Fee Remission (con't)

Major observations:

- Students **not granted** fee remission or granted fee remission **less favorable** than government financial assistance scheme owing to:
 - miscalculation;
 - school's own discretion after home visit/ interview; and
 - no provision of space in application form for fee remission for putting down all family members.

Major Observations – Fee Remission/Scholarship Schemes (2)

Criteria for Awarding Fee Remission

Recommendations:

- The set of eligibility criteria should be **no less favorable** than the government financial assistance schemes across all levels of remission
- Establish a check and balance mechanism to ensure that fee remission is offered in accordance with the school-based eligibility criteria, which should be no less favourable than the government financial assistance schemes for needy students.

Link to SFO's website:

<http://www.wfsfaa.gov.hk/sfo/en/primarysecondary/tt/general/assessment.htm>

Fee Remission/Scholarship Schemes (3)

Advice on adoption of eligibility criteria:

- Review school-based eligibility criteria regularly
- Consult and seek endorsement from SMC/IMC for any revisions of eligibility criteria
- Set up a mechanism to check against the results of school-based assessment with students' eligibility for Comprehensive Social Security Assistance and SFO result – to uphold the no less favorable principle
- Apply to EDB for exemption from the requirement to adopt eligibility criteria for fee remission scheme no less favorable than those of government financial assistance schemes, if required, after seeking SMC/IMC's approval

Major Observations – Fee Remission/Scholarship Schemes (4)

Publicity

Major observations:

- **No** records of consultation with the SMC/ IMC or PTA on the publicity of the fee remission scheme
- **No** sufficient transparency as required under paragraph 5 of EDBC No. 10/2012

Recommendations:

- Application form for admission, letter offering admission, school website, school profile and prospectus (along with their attachments) should include where appropriate:
 - ✓ **Details** - school fee, eligibility criteria and levels of remission
 - ✓ **Clear statement** - needy students including those receiving assistance under CSSA and SFO could apply & be eligible for fee remission
 - ✓ **Contact information** – designated telephone number for enquiry

Fee Remission/Scholarship Schemes (5)

Advice on publicity:

- If for environmental reasons, the SMC/IMC and PTA find it will suffice to provide on the application form for admission, letter of offer, prospectus, etc. a hyperlink through which details of the schemes can be obtained from the school website,
 - ✓ state clearly on the above admission documents that information sheet containing details of the schemes is available upon request
 - ✓ attach the information sheet to the application form for admission and letter of offer on a need basis
- If general enquiry telephone number is provided,
 - ✓ ensure that parents' enquiries on the schemes will be handled by designated staff members.

Points to note:

Consult parents on how the related information should be presented to ensure that it can be easily understood by parents/prospective parents

Fee Remission/Scholarship Schemes (5)

Advice on publicity (con't):

- When being notified of students' application results for financial assistance from SFO,
 - ✓ ensure eligible students are provided with an application form for fee remission.
- To review school's publicity of the schemes regularly,
 - ✓ refer to the updated *Checklist on the Operation of the Fee Remission/ Scholarship Schemes* in the Management Toolkit



Sharing on good practices & Case studies

Declaration of Conflict of Interest

Sharing on good practices (1)

- ▶ SMC/IMC managers were required to declare any actual or perceived conflict of interest over the agenda of meetings before start, to determine if the member(s) concerned needed to withdraw from relevant session(s) of the meeting when it came to discussing the issue(s)
- ▶ Declaration was recorded in SMC/IMC minutes
- ▶ Broad coverage of staff declaration on any direct or indirect interests in:
 - *any organization which had business dealings with the school;*
 - *any kinship with the students and staff at school;*
 - *any kinship with prospective students during student admission; and*
 - *any kinship with candidates in a recruitment exercise (including interview and preparation for remuneration packages for the newly appointed staff)*

Declaration of Conflict of Interest

Sharing on good practices (2)

- ▶ Provision of major vendor list available in shared drive for staff to refer to when completing the annual declaration form (regarding procurement) to minimize negligence in reporting any actual or perceived conflict of interest at best efforts
- ▶ Detailed design of the staff annual declaration form with three parts to show a clear procedure of handling
 - Part 1: to indicate the different types of conflict of interest;
 - Part 2: to provide practical resolution choices for the school
 - Part 3: to invite acknowledgement from the declarer.

Declaration of Conflict of Interest

Case Study

Situation:

Remunerated SMC/ IMC members (Principal and teacher manager) proposed or seconded resolutions related to staff salary scales and staff benefits/ performance bonus at the SMC meeting.

Justification:

- The Principal could provide most accurate information about the school's situation to facilitate the stipulation/ revision of any (new) policies or scheme.
- He had to know about the decision passed at the SMC meeting and notify school staff.

Any problem(s)?

Declaration of Conflict of Interest

Case Study (Recommendation)

- ▶ The remunerated SMC/ IMC members should withdraw from the SMC/ IMC meeting over the discussion item of school's remuneration.

Points to note: According to Memorandum and Articles of Association, which stipulates that:

“A remunerated Director shall not be entitled to attend and vote at all meetings and discussions concerning his own appointment, conditions of service and remuneration”.

Human Resources and Personnel Matters

Sharing on good practices

- Separate sets of selection criteria to assess candidates:
 - for teaching and non-teaching positions respectively
 - in different stages of selection process, e.g. trial teaching/ skill tests, 1st interview, final interview, etc.
- Job advertisement posted on the school website apart from newspaper to ensure high transparency of the open recruitment.

Human Resources and Personnel Matters

Case Studies

Any problems?

Background/ Situations behind the absence of open recruitment and assessment records

1. The staff member had been hired as a supply teacher in the previous year and he was 'transferred' to a full-time position in the current year.
2. It was too hard to hire a person for such position e.g. janitor due to a high turnover rate and thus recommendations or referral by internal staff or contact persons (persons of acquaintances) in the relevant fields was the final.
3. There was only one candidate left after shortlisting as all other applicants did not fit the job requirement. The school found the candidate suitable for the job after interview while no assessment records were kept.

Human Resources and Personnel Matters

Case Studies (recommendations)

- ▶ Schools should ensure that staff recruitment is conducted in a transparent, fair and open manner, and there should be proper staff recruitment procedures in place with SMC/IMC's endorsement.
- Advertise job vacancies publicly
- Assessment of even one candidate should be properly documented throughout the whole selection process.

Fee Remission/Scholarship Schemes:

Sharing on good practices

- ▶ Very scrupulous vetting procedures, including the provision of different income certification forms for applicants of different employment nature, as well as the requirements for applicants to make declaration on the provision of their information and to submit a letter of consent for income check.
- ▶ Websites, guidance notes and application forms for fee remission and prospectus which contained the information about the fee remission scheme were provided with bilingual versions to cater the different language needs of parents.

Fee Remission/Scholarship Schemes

Government financial assistance schemes (1):

Extracts of SFO's website:

The Means Test

- The SFO will use the "Adjusted Family Income" (AFI) mechanism as the means test to assess the eligibility of a family for student financial assistance and its assistance level.
- The AFI mechanism is based on the following formula:

$$\text{AFI} = \frac{\text{Gross annual income of the family}}{\text{Number of family members} + (1)}$$

Fee Remission/Scholarship Schemes

Government financial assistance schemes (2):

Level of Assistance

- The AFI eligibility benchmarks for various levels of assistance in the 2017/18 school year are listed in the table below. **(Please note that the AFI is not the average monthly income of a family.)**

2017 / 18 school year - AFI Groups between (HK\$)	Level of Assistance
0 – 38,603	FULL*
38,604 – 74,644	Half
> 74,644	Ineligible

- * AFI thresholds for full level of assistance for 3-member and 4-member families are \$46,733 and \$42,995 respectively in the 2017/18 school year. For 2-member single-parent families and 3-member single-parent families, they are regarded as 3-member families and 4-member families respectively for determining the AFI thresholds for full level of assistance and calculation of AFI.

Fee Remission/Scholarship Schemes

Case study 1

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School-based scheme (\$)
100%	0 - 38603 (46733 / 43995)	0 - 40000
75%	/	40001 - 51000
50%	38604 - 74644	51001 - 69000
25%	/	69001 - 79000
Ineligible	> 74644	> 79001

Any problem(s)?

Fee Remission/Scholarship Schemes

Case study 1 (assessment)

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School-based scheme (\$)	Assessment
100%	0 - 38603 (46733 / 43995)	0 - 40000	x 40001 – 46733/ 43995
75%	/	40001 - 51000	x
50%	38604 - 74644	51001 - 69000	x
25%	/	69001 - 79000	69001 - 74644
Ineligible	> 74644	> 79001	✓

Fee Remission/Scholarship Schemes

Case study 2

Policy of a school:

- ▶ Salary (including salary of applicant, applicant's spouse and student-applicant's unmarried sibling(s) residing with the applicant for full-time, part-time or temporary jobs, contributions to Provident Fund/ MPF)

SFO

1 Types of incomes earned by the family both within and outside for reference. For provision of documentary proofs, please Complete the Form".

Items need to be reported		
1	Salary (including the salary of applicant, applicant's spouse and student-applicant's unmarried sibling(s) residing with the applicant for full-time, part-time or temporary jobs, <u>excluding Mandatory Provident Fund (MPF) / Provident Fund contribution by employee</u>)	1
2	Double pay / Leave pay	2
3	Allowance (including overtime work / living / housing or rent / transport / meals / education / shift allowance, etc.)	3