

Annex 1

Summary of Working Group's Recommendations

No.	Recommendations
<i>Improvement Measures for the Fee Remission/Scholarship Schemes</i>	
1	The EDB should keep in view the implementation of the improvement measures of enhancing the transparency and accessibility of information on fee remission/scholarship schemes in individual DSS schools
2	DSS schools should continue to be given the flexibility to devise their school-based arrangements to offer financial assistance to needy students over and above the current requirements
3	DSS schools be encouraged to continue to explore ways to better utilize their fee remission/scholarship reserve; and the proposal of setting up a centralized fund for fee remission/scholarship purposes be shelved
4	It is not recommended setting a cap for scholarship.
5	It is not recommended mandating DSS schools to surrender a percentage of their school places for central allocation by the EDB.
6	DSS schools meeting the prescribed criteria should be allowed to apply to the EDB for exemption from the requirement of adopting eligibility criteria no less favourable than those of the government financial assistance schemes to needy students_
7	Through-train secondary and primary schools be allowed to transfer a maximum of 50% of the fee remission/scholarship reserves of the linked primary school to the linked secondary school should they meet the prescribed conditions and obtain prior approval from the SMC/IMC(or transfer of fee remission/scholarship reserves of the secondary school to the linked primary school)
<i>Strengthening the Governance and Internal Control of DSS Schools</i>	
8	With a view to seeking school managers' consent of the EDB's disclosure of his/her information on the EDB's homepage
9	All DSS schools be required to conduct self-assessment by completing the Checklist regularly and relevant training be provided to DSS schools to facilitate the effective use of the Checklist with a view to promoting over time the internalization of a self-evaluation culture in DSS schools
10	all DSS schools be required to set up a governance review sub-committee (or any name the SMC/IMC sees fit) on or before 2013/14 school year to assist the SMC/IMC in reviewing the system integrity of various management and financial

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	control processes
11	All DSS schools should put up essential matters for discussion and approval at SMC/IMC meetings
12	The existing audit inspection of DSS schools should be replaced by a management and financial audit and relevant training be provided for DSS schools before the commencement of the management and financial audit from the 2014/15 school year to allow DSS schools to acquire sufficient know-how and have ample time to prepare for the enhanced audit
<i>Strengthening the Financial Management of DSS Schools</i>	
13	To enable DSS schools to put in place longer-term development strategies, measure is taken for the ceiling on the operating reserve
14	DSS schools subject to the conditions being met are allowed to grandfather the reserve including assets in excess of the reserve ceiling accumulated before the implementation of the recommendation concerning reserve ceiling
15	DSS schools with genuine needs for constructing, maintaining or upgrading above-standard facilities are allowed to set up a reserve for the purpose subject to the conditions being met_
16	To enhance the regulation of investment activities that DSS schools may conduct and ensure that the financial situation of DSS schools remains sound and healthy after the investment
17	Two requirements are added to existing requirements for the purchase of properties by DSS schools
18	To increase transparency of the use of school funding, DSS schools are required to disclose annually their major expenditures in terms of percentages of their annual overall expenditures and the cumulative operating reserve in terms of equivalent months of operating expenditure as well
<i>Training for School Personnel of the DSS Schools</i>	
19	To prepare DSS schools to take forward the new proposed improvement measures for enhancing the governance, management and administration of DSS schools and to tackle the non-compliance problems, the EDB adopts the relevant suggestion on training programmes and a sets up steering committee to oversee the design and implementation of the training programmes.
20	The existing practice of inviting school managers of DSS schools to the structured training programmes for school managers should continue. To cater for the special needs of managers of DSS schools, an optional module on deployment of resources specifically for DSS school managers is added to the existing programmes.

No.	Recommendations
<i>Measures to Ensure Compliance of Requirements of the Direct Subsidy Scheme by Schools</i>	
21	On top of the existing measures, escalation of advisory letters to supervisors at the earliest opportunity; escalation of warning letters to SMC/IMC members at the earliest opportunity; disclosure of the non-compliance or malpractice and suspension of DSS subsidy if a school fails to comply with a rule/guideline or rectify the malpractice within a given time-frame
<i>Status of Li Po Chun United World College of Hong Kong in the Direct Subsidy Scheme</i>	
22	Having reviewed the justifications put forward by the then ED and EMB for allowing Li Po Chun United World College of Hong Kong (LPCUWC) to remain in the DSS in 1999 and 2002, and taken into account the uniqueness of LPCUWC, the benefits it brings to students in Hong Kong and the downside of changing the funding mode of LPCUWC , the Working Group recommends the continuation of the status quo, i.e. that LPCUWC be allowed to continue to remain in the DSS