

Structured Training Programme for Direct Subsidy Scheme (DSS) Schools Personnel

Module 3: Human Resources Management and Management and Financial Audit

The Hong Kong Polytechnic University
Institute for Entrepreneurship



Empowering Our
Success & Sustainability

Topic 1

General HRM Principles and Practices

Topic 1: General HRM Principles and Practices

- Basic concepts of human resource management
- Importance of fairness and ethics
- Importance of establishing strategic, clear and proper human resource policies and procedures



Major functions of HRM



Fundamental Principles of HRM

- Coherence and integration
- Rationality (including laws) and systems
- Fairness and Ethics
- Employee participation and commitment
- Continuous improvement and development



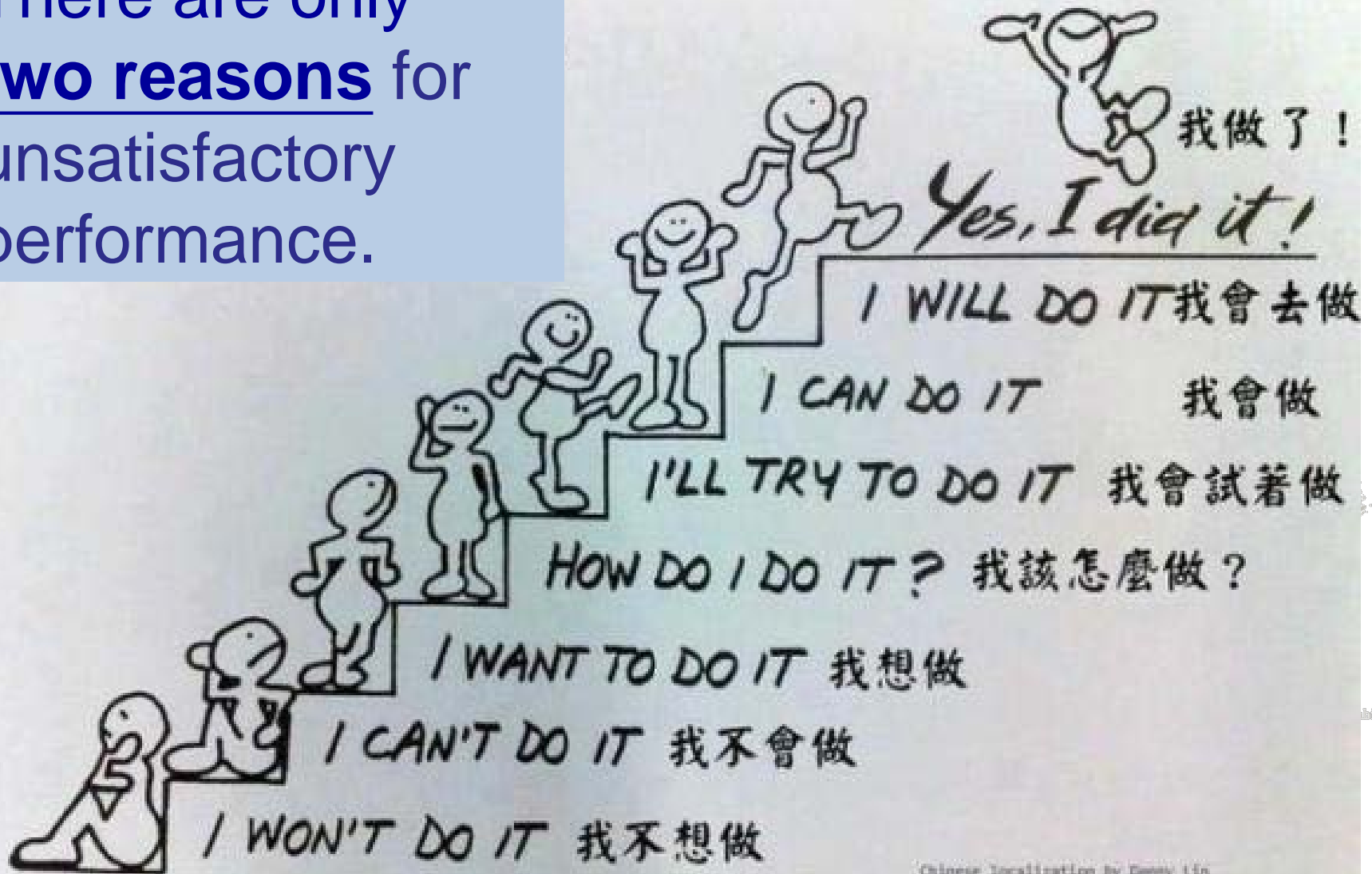
Example on the Application of Fundamental Principles of HRM

Behavior of a teacher	Always coming in late	Always not meeting deadlines
Coherence and integration		
Rationality and systems		
Fairness and Ethics		
Employee participation & commitment		
Continuous improvement & development		

Example on the Application of Fundamental Principles of HRM

Behavior of a teacher	Always coming in late	Always not meeting deadlines
Coherence and integration	How to resolve the case affect whole schools including students	
Rationality and systems	Identify reasons and solutions systematically	
Fairness and Ethics	Punctuality is basic ethics and applied to all	
Employee participation & commitment	Work out solutions with employees	
Continuous improvement & development	Learn from each other in the process of resolving problems	

There are only **two reasons** for unsatisfactory performance.



Chinese Localization by Denny Lin

How to manage?

Don'ts

- Jump to a conclusion
- Personal attacks
- Focus on specific behavior or results
- Ignore problems, snowballing effect
- Responsibility to resolve problems solely on employee

Do's

- More analysis and collection of information before conclusion
- Focus on incident
- Focus on reasons for behavior/results and solutions
- Resolve problems asap
- Being a responsible supervisor, work out solutions with employee

Fundamental Principles of DSS School Human Resources Management

- As DSS schools are publicly funded, schools are accountable to the public and their stakeholders, including parents, for the use of resources on providing quality education.
- Proper use of funding is conducive to school effectiveness, credibility and viability of school operation
- DSS schools are required to draw up policies on various staff administrative matters, which have to be endorsed by the SMC/IMC and properly documented.
- DSS schools are required to be in compliance with the Education Ordinance, the Education Regulations, the School Sponsoring Body (SSB) and School Management Committee (SMC)/Incorporated Management Committees (IMC) Service Agreements signed between the schools and the EDB where applicable, other relevant legislations and such other requirements as specified from time to time by the EDB. (see ppt. 24)

Spending on Human Resources are Major Expenditures of DSS Schools

- Teaching staff salaries (70-80%)
- Transport and travelling expenses wholly incurred on school business, excluding travel between home and school
- Expenditure on staff training
- Expenditure on supplementary teaching staff
- Long service payment/severance pay (in accordance with the Employment Ordinance)
- Non-teaching staff salaries
- Provident fund for teaching and non-teaching staff
- Retirement or death benefits for staff not eligible for any other scheme, provided that such benefits do not exceed those available to similar staff eligible for another scheme, such as provident fund

Examples on Conflict of interests

- A member of the selection committee for recruitment, acting appointment and promotion exercises is involved in considering a candidate who is his/her direct family member, relative or friend
- A member of the selection committee has applied for the position advertised or considered

Fairness

- Free from bias or injustice



Fairness

- Three components:
 - Distributive justice
 - fairness and justice of a decision's result.
 - Procedural justice
 - fairness of the process by which the decision was reached.
 - Interactional (interpersonal) justice
 - manner in which managers conduct their interpersonal dealings with employees.

Exercise: Perceptions of Fair Interpersonal Treatment

- Complete the exercise: Annex M3T1A2

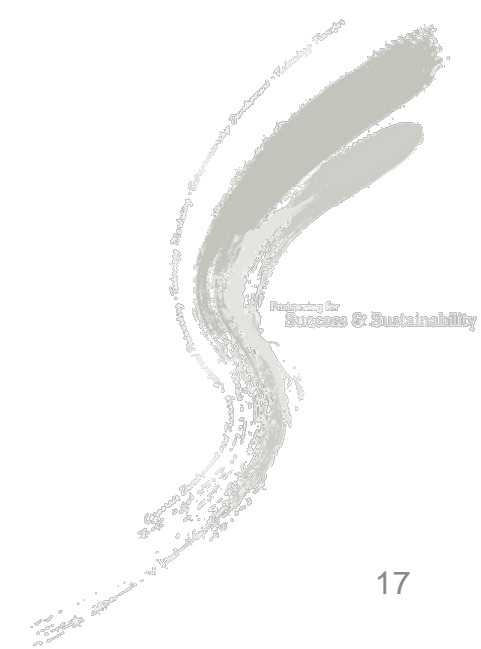


Ethics

- The principles of conduct governing an individual or a group
- Ethical decisions characterized by two factors:
 - normative judgments which imply that something is good or bad, right or wrong
 - involve morality, which is a set of behavior standards accepted by a society

Ethics

- Right
- Wrong
- It depends



Need formal HR policies and procedures

- Communicate values and expectations
- Establish a set of rules or standards and help management to make decisions that are consistent, uniform and predictable
- Motivate team members
- Promote effective management without your constant intervention
- In compliance with legislation
- Devise and implement best practices
- Improve employer branding



Differences between policy and procedures

Policy

- address issues that will affect the organization's mission or operations/decisions
- a formal statement of a principle or rule that members of an organization must follow
- "what"

Procedures

- tell members of the organization how to carry out or implement a policy
- instructions, in logical, numbered steps.
- "how"

How to write HR policies and procedures

- Step 1: Identify a need for establishing a policy
- Step 2: Develop policy content
- Step 3: Draft the policy
- Step 4: Compose the procedures
- Step 5: Review of the policy by key parties
- Step 6: Approve the policy
- Step 7: Implement the policy
- Step 8: Policy review and update
- Step 9: Communication of changes to the policy

Need for establishing a policy

- Identify the important policy issues
- Consider:
 - Current laws
 - Issues that address important concerns and support what your organization represents
 - Past practices in your school
 - Best practices in similar schools

Major HRM policies

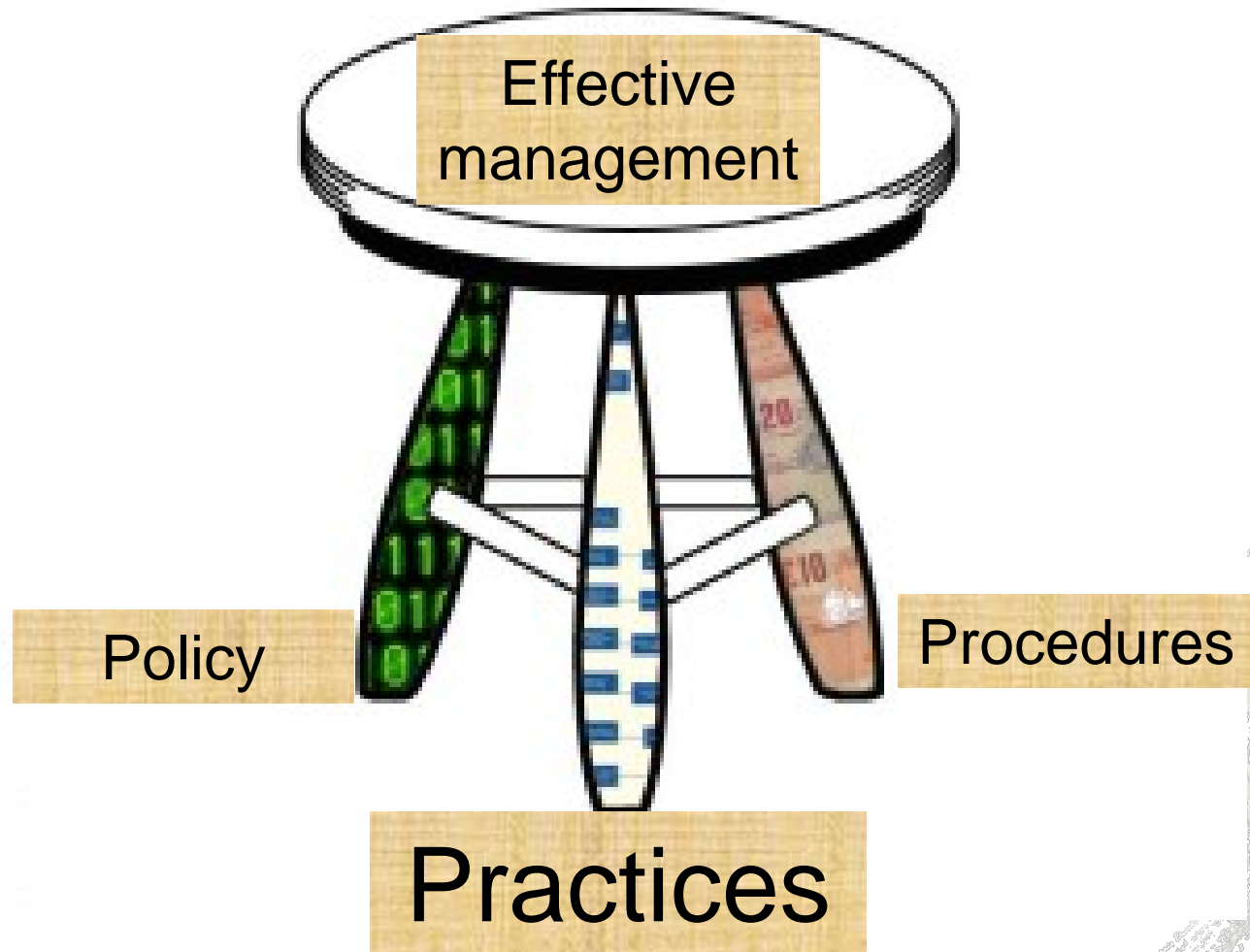
- Recruitment, promotion, dismissal
- Compensation, benefits
- Performance management
- Professional development
- Communication such as grievance procedures



Draft the policy

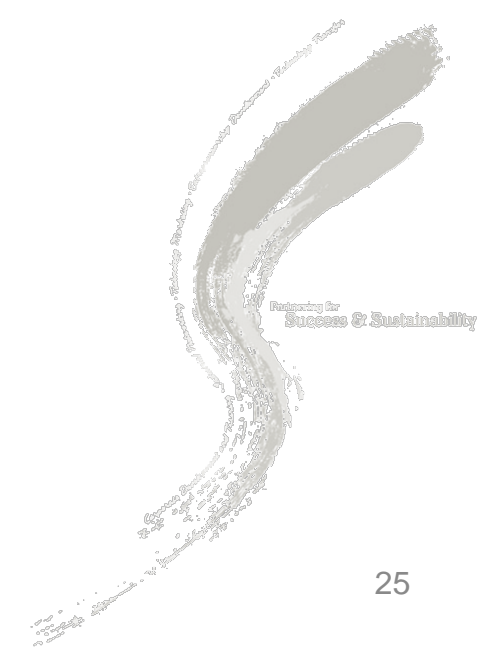
- Policy name
- Effective date of the policy and reviews
- References (related policies and documents)
- Purpose (what to promote or achieve)
- Main policy statement
- Definitions of key concepts or terms used
- Eligibility or scope (employees covered)
- Approval authority
- Implementation and monitoring (who, when, how)

Implement policy and procedures



Example: recruitment policy and procedures

- M3T2A2



References for setting up human resources management policies or procedures

- Education Ordinance and Education Regulations
- Employment Ordinance, Employees' Compensation Ordinance and the Minimum Wage Ordinance
- Personal Data (Privacy) Ordinance and Code of Practice on Human Resource Management
- Regulations on equal opportunities, such as the Sex Discrimination Ordinance
- "Code of Practice" published by Equal Opportunities Commission
- Prevention of Bribery Ordinance, "Recommendations from ICAC to DSS Teaching Staff on Management" and "Best Practice Checklist: School Governance and Internal Control"
- Mandatory Provident Fund Schemes Ordinance (Chapter 485, Laws of Hong Kong)
- Occupational Safety and Health Ordinance and its subsidiary legislation
- Code for the Education Profession of Hong Kong
- Notices, web page and guidelines of Education Bureau

Topic 2

Staff Recruitment, Promotion & Dismissal

Topic 2: Staff Recruitment, Promotion & Dismissal

- Importance of standards, policies and procedures
- How to devise recruitment and promotion policies and procedures
- How to devise dismissal policies and procedures
- Related ordinances



Common problems

- Wrong matching
 - Recruit wrong candidate
 - Promote wrong employee
 - Dismiss employee for wrong reasons
- Perceived unfairness
 - Outcome
 - Procedure



Reasons for these pitfalls

- Lack of standards
- Lack of communication
- Lack of motivators
- Subjectivity



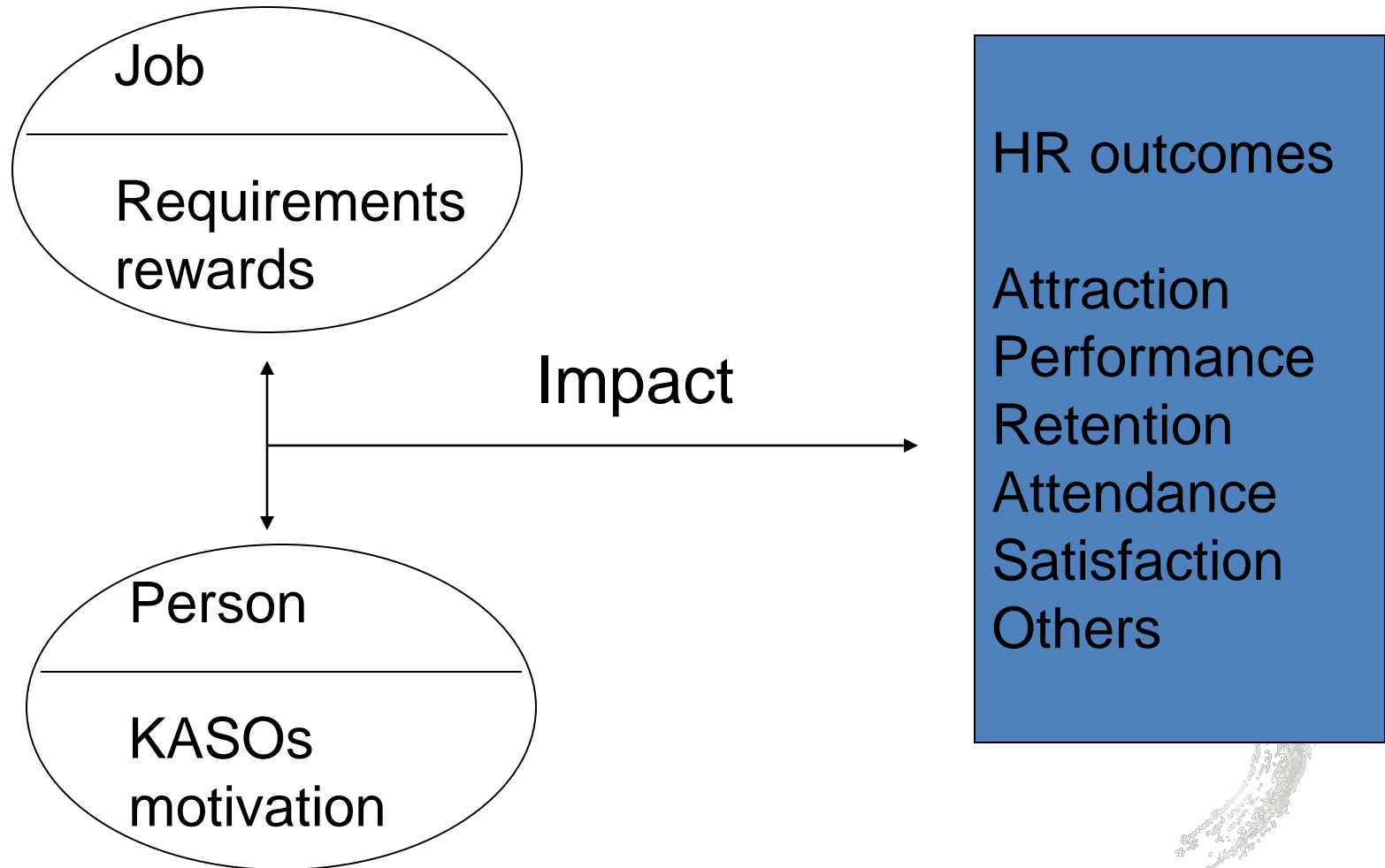
Class Discussion: Please refer to Annex M3T2A2, identify how these procedures help avoid problems in recruitment and promotion

	Provide standards	Reduce subjectivity	Encourage communication
Job descriptions/specifications			
Advertisement			
Selection tests			
Interview assessment form			
Selection committee reports			

Class Discussion: Please refer to Annex M3T2A2, identify how these procedures help avoid problems in recruitment and promotion

	Provide standards	Reduce subjectivity	Encourage communication
Job descriptions/ specifications	Establish standards for each step	Reduce subjectivity in every following step	Employees, selection committee members and applicants
Advertisement	For applicants	Provide standards	Information for applicants
Selection tests	Based on job descriptions	Reduce subjectivity of interviews	Applicants and members of selection committee
Interview assessment form	Standards based on job descriptions	Reduce subjectivity of interviews	Among members of selection committee
Selection committee reports	Standards of selection committee	Review the level of objectivity of selection committee	If necessary, communicate with applicants

Person/Job Match



sustainability

KSAO

- K (knowledge) : Body of information (conceptual, factual, procedural)
- S (skill) : Observable competence for working with or applying knowledge to perform a particular task or closely related set of tasks
- A (ability) : Underlying, enduring trait useful for performing a range of different tasks, less likely to change over time, such as cognitive, psychomotor, physical, sensory
- O (others) : Factors not fitting into other 3 categories such as work requirements, work attitude, personal character or values

Critical success factors for recruitment

- Clear and specific entry requirements
- Contents of advertisement - anti-discriminatory
- Statement of conflict of interests
- Selection criteria
- Selection committee
- Selection assessment form
- Records



Comparison of internal promotion against external recruitment

- Advantages

- Disadvantages



Comparison of internal promotion against external recruitment

Advantages

- Better preparation
- Better understanding of candidates
- Easier to be accepted by team members
- Easier to make correct decision

Disadvantages

- More subjective
- More biased due to relationship
- Good performance at current job = good performance at next level
- Mistakes made difficult to rectify

Conclusion: objective standard, proper procedures

Case study

- A DSS school has three vice-principals, and among the three Betty was recognized as the best and possessed potential for the principal position. Unfortunately, three years ago, due to personality clash with the principal, she resigned and went to another school in the neighborhood. Recently, the principal decides to retire early due to sickness and the school has to find a replacement within three months.
- Among many SMC members and teaching staff (including the other two vice-principals), a simple solution is to invite Betty back to be the principal.
- If you were a SMC member, what will you do? Why?

Will do – see ppt. 9

- Review entry requirements
- Advertise vacancy internally and externally
- Selection criteria
- Selection committee
- Selection assessment form
- Proper records



Why?

- Open, fair and just
- Easiest way is not necessarily the best way
- Entry requirements may be different
- Reasons for personality clash between Betty and principal
- Betty's performance may be different
- Performance of other internal candidates may be different
- Better external candidates

Wrongful dismissal

- Definition:
 - Not comply with the law nor with the contractual arrangement
 - For example, dismissal of a teacher who is employed in the school for a term of not less than six months is approved by the majority of managers of the SMC/IMC at a meeting of the SMC/IMC.
- Possible consequences
 - Litigations
 - Negative feelings among existing employees
 - Discredit to school management

Grounds for dismissal

- Unsatisfactory performance
- Misconduct
- Changed requirements of (or elimination of) the job



Methods to avoid wrongful dismissal

- Draw up employment policies and dispute resolution procedures that make employees feel they are treated fairly
- Have clear written rules about infractions that may require discipline and discharge
- Appraise employees at least annually, in writing and signed by employee



Disciplinary procedures

- Purpose: encourage employees to behave sensibly at work (sensible is defined as adhering to rules and regulations)
- 3 pillars for a fair and just discipline process
 - Clear rules and regulations
 - System of progressive penalties
 - Appeal mechanism



Discussion :

According to the disciplinary procedure in Annex M3T2A3 what actions will you take for the following cases ?

- A complaint received on a teacher favoring a specific supplier in purchasing
- A teacher often fails to complete work assignments on time



Topic 3

Compensation and Benefits Management

Outline

- Importance of remuneration and benefits
- Components of remuneration policy
- How to devise benefits policy



Fundamental principles of compensation and benefits policies of DSS schools

- Accountable to the public and all stakeholders for the proper management of government funds
- Schools should ensure that compensation and benefits policies should be fair and reasonable
- Schools should establish suitable and transparent systems to determine the terms of compensation and benefits of their employees and to ensure that the systems are properly implemented and monitored
- In determining the compensation and benefits of senior levels of employees, schools should benchmark against comparable jobs in civil service/aided schools. Schools should adopt a prudent and conservative approach.

Total rewards

<p>Compensation</p> <ul style="list-style-type: none">• Salary• Paid leave	<p>Benefits</p> <ul style="list-style-type: none">• Medical• Retirement• Other insurances
<p>Training & Development</p> <ul style="list-style-type: none">• Training• Professional development	<p>Work environment</p> <ul style="list-style-type: none">• Work – life balance• Leadership• Performance support• School ambiance

Equity and Its Impact on Pay Rates

- Four forms of equity
 - External (versus market) equity
 - Internal (job versus job) equity
 - Individual equity
 - Procedural equity



Dealing with Equity Issues

- Salary surveys
 - To compare against salaries of comparable vacancies in civil service/ aided schools
- Job analysis and job evaluation
 - To monitor and maintain internal equity,
- Performance appraisal and incentives
 - To maintain individual equity.
- Communications, grievance mechanisms, and employees' participation
 - To help ensure that employees view the pay process as transparent and fair, schools should devise compensation and benefits policies and procedures

Process of setting the appropriate pay

- Job analysis
- Job evaluation
- Market pricing
- Grading and ranges
- Salary increases/progression
- Evaluation of compensation strategies and systems

Example: salary increase

Current market position	Individual performance ratings									
	outstanding		Good		Average		Slightly below average		Unacceptable	
	↑%	No. of staff	↑%	No. of staff	↑%	No. of staff	↑%	No. of staff	↑%	No. of staff
Q4	5%	5%	3%	5%	1%	5%	0%	1%	0%	0%
Q3	7%	7%	5%	7%	3%	7%	0%	1%	0%	0%
Q2	9%	9%	7%	9%	6%	9%	2%	2%	0%	0%
Q1	12%	10%	10%	10%	8%	10%	4%	2%	0%	1%
Total	3%	31%	2%	31%	2%	31%	0%	6%	0%	1%

Total increase for company :6.6%

Class discussion:

Possible internal controls for compensation policy



Answer for class discussion

- Annex M3T3A2



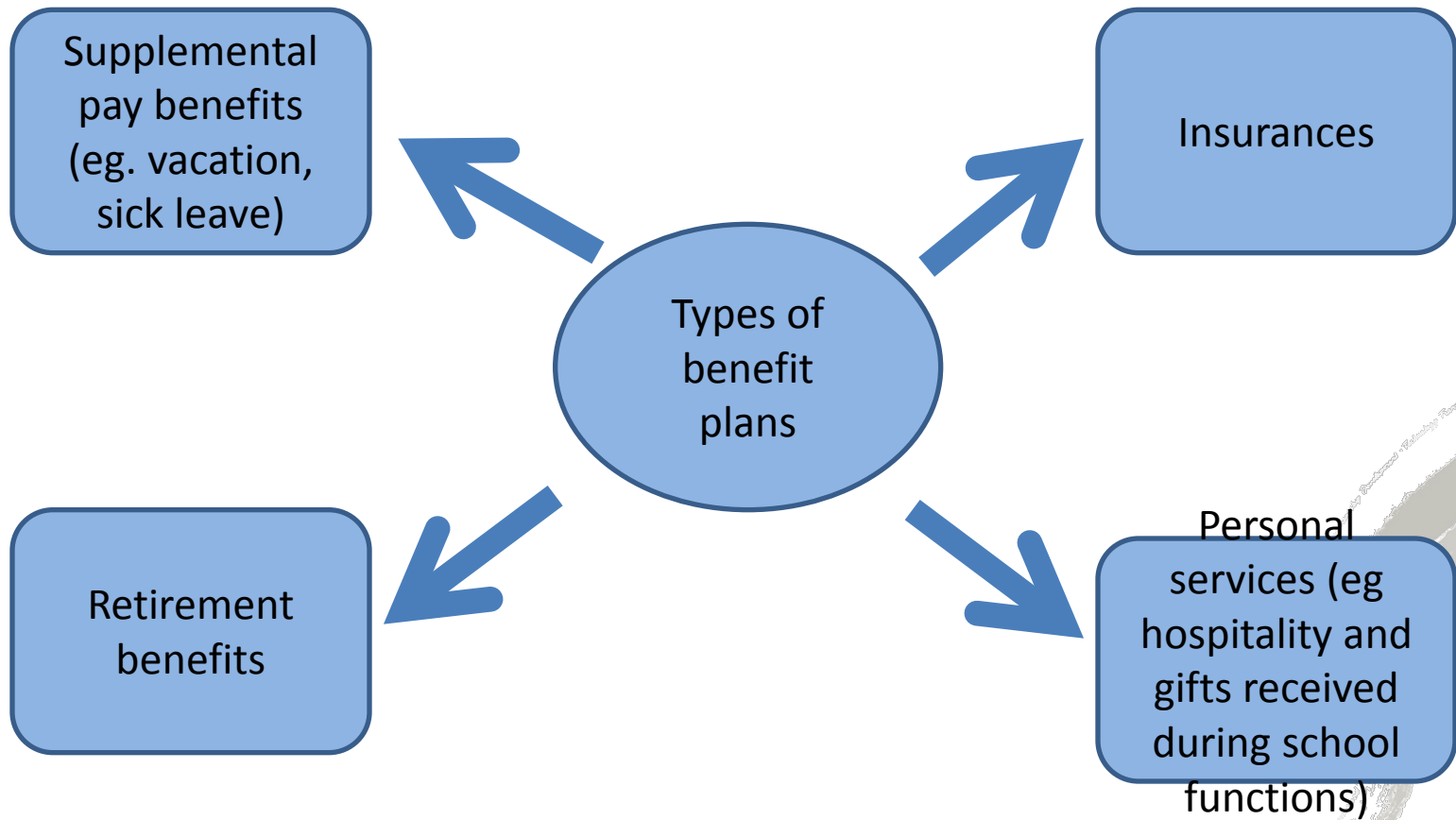
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Definition of Benefits

- Indirect financial and non-financial payments employees receive for continuing their employment with the company.



Components of benefits



Reasons for providing benefits

- Legal requirements
- Protect employees from accidents
- Contribute to company's competitive advantage eg recruitment and retention
- Promote particular employee behaviors that have strategic value e.g. tuition reimbursement could enhance potential of employees
- Benefits are sensitive issues to the public, so DSS schools should take a cautious and appropriate approach to handle benefits expenses

The process of benefit planning

- Determining the goals and objectives
- Assessing and/or selecting benefits
- Designing the benefits Package
 - Who gets what
 - Simplify administrative procedures
- Good communication plan to explain to employees
 - Handbook explaining benefits
 - Year-end statement outlining the value of benefits in \$

The process of benefit planning

- Monitoring the plan
 - Measuring cost
 - Measuring effectiveness
 - How to avoid abuses of the plan



Example: how to devise entertainment policy for DSS schools (Annex M3T3A3)

- Objective
- Who gets what
- Claiming procedures
- How to communicate
- How to monitor



Answer for class discussion

- Annex: M3T3A3



Topic 4

Performance Management and Professional Development

Topic 4: Performance Management and Professional Development

- Basic principles of performance management
- Basic principles of professional development
- Key issues and possible solutions for performance management
- Key issues and possible solutions for professional development



Definition

- Performance appraisal \neq performance management
- Performance appraisal
 - Evaluating an employee's current and/or past performance relative to the performance standards
- Performance management
 - Process that consolidates goal setting, performance appraisal, and development into a single, common system,
 - Aim to ensure that the employee's performance is supporting the school's strategic aims

Performance management cycle



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Importance of performance management

- Behaviour conformity, predictability and consistency.
- Knowledge and skills acquisition
- Personal growth
- Organisational adaptation
- Cultural change
- Motivation



Common problems of performance management

- Policies and procedures not defined
- Untimely feedback
- Improper documentation
- Unclear standards
- Bias: Halo/horn effect
- Difference in standards
 - Central tendency
 - Leniency or Strictness



Solutions

- Proper and formal policy and procedures (sample in Annex M3T4A2)
- Define proper evaluation tools (sample in Annex M3T4A3)
- Objective setting process
- Training of supervisors
 - How to give timely and appropriate feedback
 - How to coach
- Evaluation of supervisors' rating pattern
- Encourage record keeping of critical incidents



Key elements in performance management

- 3 Cs
 - Clarity of goals
 - Common understanding
 - Communication



Case study

- Study the case in Annex M3T4A4, what conflicts you foresee in this appraisal meeting?

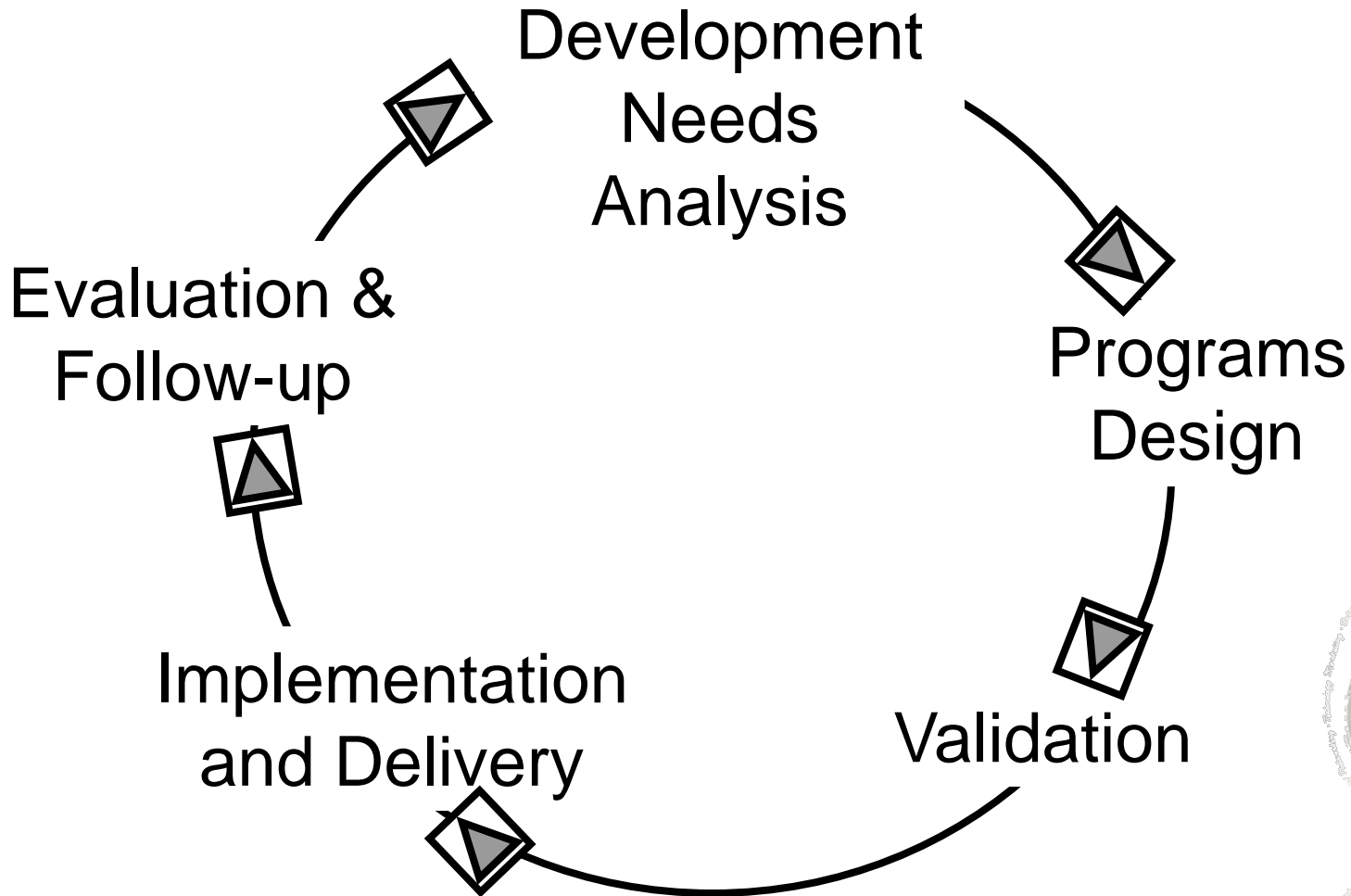
- What could be done to avoid these problems?



Case study

- Study the case in Annex M3T4A4, what conflicts you foresee in this appraisal meeting?
 - Different expectations/standards/focus
- What could be done to avoid these problems?
 - Tom's preparation
 - Specific areas for improvement
 - Problems due to over-confidence
 - Recommendations and support for improvement
 - Focus of discussions: clear specific targets for improvement to help David
 - Tom's communication skills

Development cycle



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Common problems of professional development

- Time constraints – too busy to learn
- Lack of resources
- Lack of support
- No results from development
 - Not aligned with promotions / requirements
 - New skills not transferable
 - No recognition
- Work-life conflicts



Possible solutions

- Recognition of importance of professional development by school management
- Provide resources and support
- External training
- On-the-job training
- Action learning
 - Work full time on projects
 - Analysing and solving problems in areas other than their own
- Sharing of experience and new knowledge
- Coaching/mentoring



Class discussion

- In the case of Tom and David in Annex M3T4A4, what development plans you would suggest for David?



Class discussions (Annex M3T4A5)

- Set up specific targets – SMART
- External training to reduce over-confidence
- Specific projects
 - Focus on David's weaknesses
 - Need more listening and cooperation with others
- Get someone whom David respects to be his mentor
- Other resources
- Follow up and review timetable

How to handle complaints: Grievance procedures

- Grievance: any factor involving conditions of employment that is used as a complaint against the employer
- Sources of grievances:
 - Discipline cases
 - Promotions
 - Work assignments
 - Terms and conditions
 - Bad relationships between supervisors and subordinates
- Usually a symptom of an underlying problem

Do's for handling grievances

- Investigate and handle each case as though it may eventually result in arbitration
- Talk with employee about his or her grievance, give person a full hearing
- Establish time limits for handling grievance
- Visit work area of the employee with grievances
- Determine whether there were any witnesses
- Examine grievant personnel record
- Fully examine prior grievance records
- Hold your grievance discussions privately
- Fully inform the SMC/IMC of grievances received

Topic 5

Flexibility and Compliance

Driving - An Analogy



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Flexibility and Compliance

Compliance

Lawful, reasonable,
sensible

fair, open, just

Flexibility

Curricula, fees, entrance
requirements



Flexibility and Compliance

- With great DSS flexibility, comes great responsibility.



Case Study *[Please see M3T5A2]*

Plan:

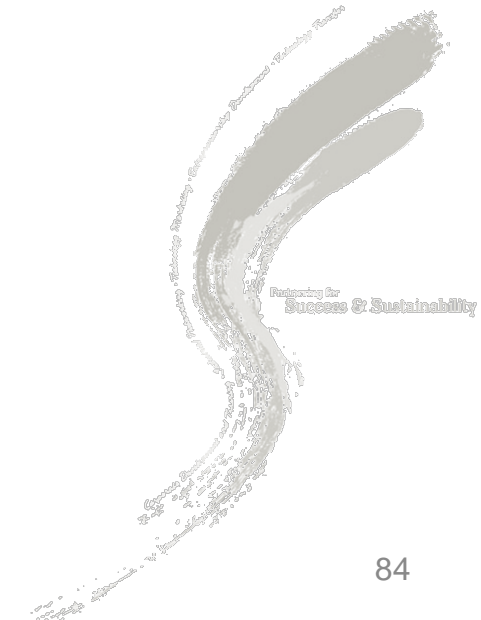
- A DSS school plans to construct a new teaching annex.

Relevant Rules and Regulations:

- XX
- XX

Handling Procedures:

- XX
- XX



Case Study *[Please see M3T5A2]*

Plan :

- A DSS school plans to construct a new teaching annex.

Relevant Rules and Regulations:

- Education Bureau Circular No. 17/2012 on *Use of Government and Non-government Funds in Direct Subsidy Scheme (DSS) Schools* provides that DSS schools may use non-government funds to finance above-standard facilities for the purpose of enhancing the quality of education having regard to the benefits for the students, impact on the school's financial situation and key stakeholders' concerns.
- Section 19(1) of the Education Ordinance provides that "No school shall be operated in any premises other than the premises specified in the certificate of registration or provisional registration of the school."
- Section 20(1)(a) of the Education Ordinance provides that "The management authority of a school may apply in writing to the Permanent Secretary to amend the certificate of registration or provisional registration by specifying in the certificate any additional or alternative premises."

Case Study *[Please see M3T5A2]*

Relevant Rules and Regulations:

- Regulation 10(a) of the Education Regulations provides that “Except with the consent in writing of the Permanent Secretary, there shall not be made any structural alterations to the school premises.”
- Clause 15 of Schedule One - Conditions for Admission of an Aided School to the Direct Subsidy Scheme (DSS) of the SSB Service Agreement provides that “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.”
- Requirements of the relevant government departments, such as Buildings Department, Department of Health, Fire Services Department, Lands Department, etc.

Case Study *[Please see M3T5A2]*

Steps and Procedures:

- The SMC/IMC should initially study if the plan
 - meets the genuine needs of school development;
 - is for educational and school needs; and
 - is for the benefits of the students.
- The school should examine the school's financial situation and draw up a budget for the plan. The school should take into consideration parents' affordability, and adopt appropriate measures, including spreading out of the construction costs to alleviate the pressure on fee increase. The school may also consider raising funds for covering the construction expenses. *(N.B.: DSS schools can only use non-government funds to finance the expenses related to the construction and maintenance of above-standard facilities.)*
- The school should seek key stakeholders' views on the plan. During the course of consultation, the school should provide adequate information for the stakeholders, including the estimated impact of the plan on the school fee level and the school's financial information.

Case Study *[Please see M3T5A2]*

Steps and Procedures:

- The SMC/IMC should conduct in-depth discussion on the plan and the stakeholders' concerns.
- The school submits a formal application to the EDB according to the prevailing procedures.
- The school starts the construction project after obtaining the approval from the EDB.
- The school may operate in the new annex after the application for registration of the additional premises is formally approved.

Procedures of Decision Making *[Please see M3T5A3]*

- Consider the genuine needs of students and school development
- Consult stakeholders
- Make reference to the prevailing rules and regulations
 - General rules and regulations
 - Education Ordinance, Education Regulations, Service Agreement, DSS Explanatory Notes, Prevention of Bribery Ordinance, Disability Discrimination Ordinance, Race Discrimination Ordinance, Personal Data (Privacy) Ordinance
 - Requirements related to school governance and internal control
 - Education Bureau Circular No. 7/2012 on *Improvement Measures to Strengthen the Governance and Internal Control of Direct Subsidy Scheme (DSS) Schools*

Procedures of Decision Making *[Please see M3T5A3]*

- **Make reference to the prevailing rules and regulations**
 - **Requirements related to financial management**
 - **Education Bureau Circular No. 1/2011 on *Collection of Fines, Charges and Fees in Schools under the Direct Subsidy Scheme (DSS)***
 - **Education Bureau Circular No. 10/2012 on *Fee Remission/Scholarship Schemes in Direct Subsidy Scheme (DSS) Schools***
 - **Education Bureau Circular No. 16/2012 on *Delineation of Reserves and Reserve Ceiling for the Operating Reserve of Direct Subsidy Scheme (DSS) Schools***
 - **Education Bureau Circular No. 17/2012 on *Use of Government and Non-government Funds in Direct Subsidy Scheme (DSS) Schools***
 - **Requirements related to human resources management**
 - **Employment Ordinance, Minimum Wage Ordinance, Employees' Compensation Ordinance, Occupational Safety and Health Ordinance**

Procedures of Decision Making *[Please see M3T5A3]*

- **Seek approval from the relevant authorities**
 - **IMC/SMC, Principal**
 - **Education Bureau, Architectural Services Department, Buildings Department, Department of Health.....**
- **Keep relevant records**
- **Properly monitor the implementation of the plan/
project**

Thank you



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Topic 6

Management and Financial Audit

Topic 6: Management and Financial Audit

- Importance of management and financial audit
- Key success factors for management and financial audit
- How to prepare for the management and financial audit



What is Management and Financial Audit

- Current financial audit for DSS schools
 - Random audit
 - Purpose is to evaluate whether there are adequate internal controls of the schools on financial management, purchasing process and salary policy of teaching staff
- With effect from 2014/2015 school year, management and financial audit will be implemented :
 - More comprehensive review
 - Compliance review
 - Ensure DSS schools has proper management of all resources such as human resources

Audit coverage

M&FA audit covers :

- SMC/IMC operation
- HRM and personnel management
- Financial and other resources management
- Fee Remission/ Scholarship Schemes

(For details, please refer to Annex M3T6A2 on *Reference Items on the Administration and Management of DSS Schools*)

Audit Requirements

Management and financial audit requires DSS schools to ensure that all school-based policies and procedures are in accordance with the following rules and regulations:

- **Relevant Regulations**, such as Education Ordinance, Education Regulations, Prevention of Bribery Ordinance, DSS Explanatory Notes
- **Service Agreement**
- **Relevant Notices, Circulars, and Guidelines, such as**
 - Education Bureau Circular No. 1/2011 on *Collection of Fines, Charges and Fees in Schools under the Direct Subsidy Scheme (DSS)*
 - Education Bureau Circular No. 7/2012 on *Improvement Measures to Strengthen the Governance and Internal Control of Direct Subsidy Scheme (DSS) Schools*
 - Education Bureau Circular No. 10/2012 on *Fee Remission/Scholarship Schemes in Direct Subsidy Scheme (DSS) Schools*
 - Education Bureau Circular No. 16/2012 on *Delineation of Reserves and Reserve Ceiling for the Operating Reserve of Direct Subsidy Scheme (DSS) Schools*
 - Education Bureau Circular No. 17/2012 on *Use of Government and Non-government Funds in Direct Subsidy Scheme (DSS) Schools*

Reasons for “audit phobia” or anti-audit attitude

- Auditors are there to get you, that they love to find fault
- Audits hold up normal operations
- Audits are a waste of time - we are here to teach, not preparing documentations
- Management is our internal matter



Truth is:

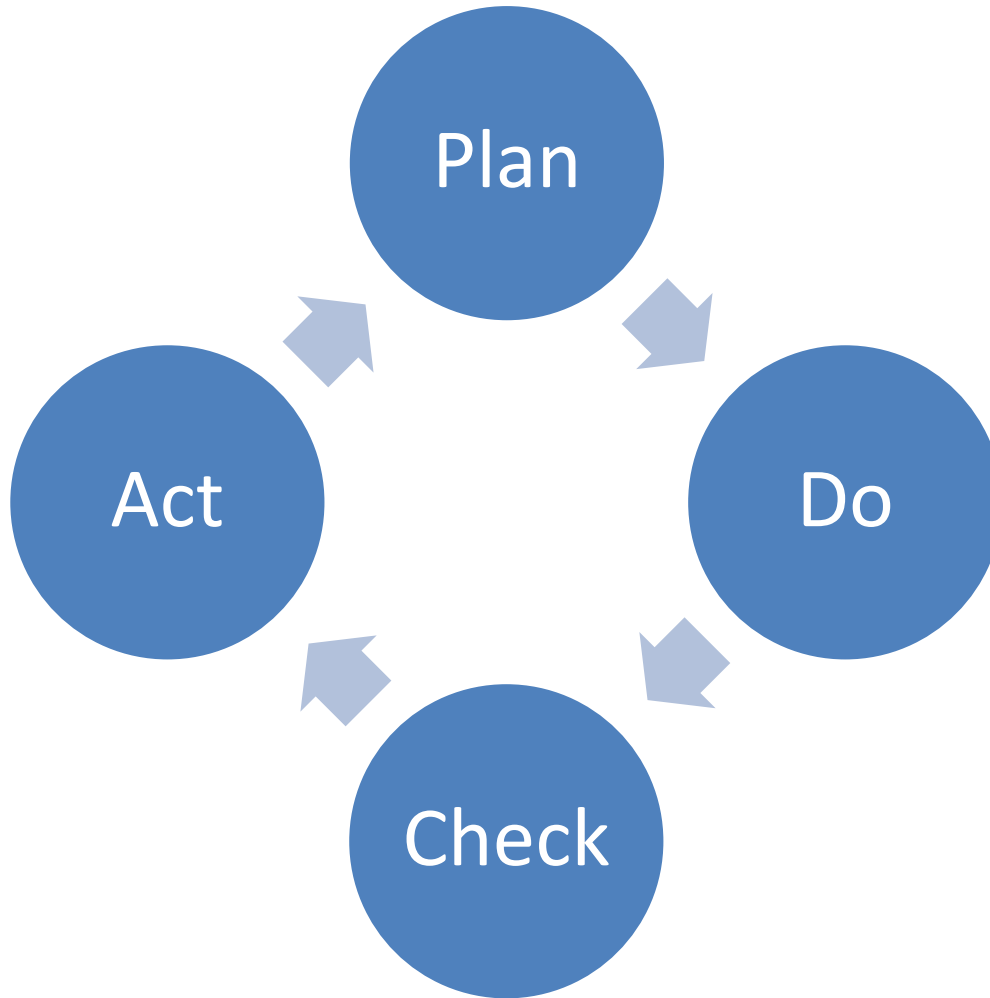
- Audit helps school review its own management to ensure compliance of regulations of EDB and school based procedures.
- Audit helps “clean up the house”
- Audit is for enabling better improvement of the school for the sake of the students
- Audit helps ensure that the management of a school and the use of public funding meet public interests

Importance and contribution of an audit

- Good opportunity to “clean the house”
- Identify opportunities for continuous improvement
- Can help reflect the performance of employees
- Use the results of audit to establish best practices



How to prepare for audit



How to prepare for the audit

- Temporary workspace for the auditor(s) within reasonable proximity to the office staff and records.
- Identify an audit contact person who can act as a liaison person with auditors
- Access to all employees and pertinent records.
- Tell staff about the audit, an open, honest and candid communication with the auditors
- Prepare documents and information
- Internal audit

How to prepare documentation and information

- Prepare background information
- Formal policy and procedures such as financial records and personnel records
- Records of transactions
 - Chronological order
 - Types
 - Compliance vs Non-compliance
- Reasons for non-compliance
- Records of remedial actions
- EDB will prepare a checklist for the management and financial audit

References

The schools may refer to the following to review current school-based policies and procedure, and also to meet the requirements for management and financial audit

- “Best Practice Checklist: Governance and Internal Control in Schools” published by ICAC:

- http://www.icac.org.hk/filemanager/en/Content_1031/school.pdf
- http://www.icac.org.hk/filemanager/tc/Content_1031/school.pdf

- “Best Practice Checklist: Staff Administration” published by ICAC:

- http://www.icac.org.hk/filemanager/en/Content_1031/staff_admin.pdf
- http://www.icac.org.hk/filemanager/tc/Content_1031/staff_admin.pdf

- “Best Practice Checklist: Good Governance and Internal Control in Public Organizations” published by ICAC:

- http://www.icac.org.hk/filemanager/en/Content_1031/governance.pdf
- http://www.icac.org.hk/filemanager/tc/Content_1031/ngo_c.pdf



Structured Training Programme for Direct Subsidy Scheme (DSS) Schools Personnel

Conclusion

**The Hong Kong Polytechnic University
Institute for Entrepreneurship**

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How to sustain the training effect and make it grow?



Follow-up Workshop (half-day)

- Date and Time :
 - About six months after completion of this training course
- Arrangement :
 - Schools to complete post-training questionnaire in the 2nd or 3rd month after completion of this training course
 - Reflection from schools:
 - Uses of different tools or items that schools concern
 - Experiences on setting up or modifying internal mechanism
 - Areas that schools like to enhance learning
 - A 3-hour sharing session to be held six months after completion of this training course

Thank you!



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