

# **SHARING ON AUDIT FINDINGS - MANAGEMENT ASPECTS 2022/23**

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**School Administration 3 Section, EDB  
12 October 2023**

# Management and Financial Audit (MFA)

**Other  
Success  
Factors**

**Enhanced  
Governance  
Framework**



# MFA - Four Specific Aspects

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

# 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 endorsed** by SMC/IMC
- **Incomplete records of declaration and / or the deliberation / resolution made by the IMC / SMC for the declared cases**
- **No withdrawal of remunerated managers** over discussion of relevant school matters which incurred conflict of interest e.g. remuneration

# General Administration of SMC/IMC (2)

## Declaration of Conflict of Interest

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

### *Recommendations:*

- Endorse the **school-based policies/procedures** that require SMC/IMC members and/or staff to declare conflict of interest
- **Keep proper records** of
  - all declarations in writing (using a standard form)
  - the necessary actions taken together with considerations to all the declared conflicts
- Observe the stipulation of the SMC/IMC Constitution/Memorandum and Articles of Association, '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'

# Resources provided by the ICAC (1)

- **Sample Declaration  
of Conflict of Interest  
by Managers**

## **ICAC Best Practice Checklist: Governance and Internal Control in Schools**



## **Declaration of Conflict of Interest by Managers**

### **Part A – Declaration** *(To be completed by Declaring Manager)*

To : (Management Committee/Incorporated Management Committee (IMC)\*)

I would like to report the following existing/perceived\* conflict of interest situation in relation to the discussion item:

<b>(i) Matter to be discussed by the Management Committee/IMC*</b>
<b>(ii) Brief description of my connection with the matter in (i) above (e.g. directorship in a company which is connected with the matter)</b>

\_\_\_\_\_  
(Name of Declaring Manager)

\_\_\_\_\_  
(Date)

### **Part B – Approval** *(To be completed by Management Committee/IMC\*)*

To : (Declaring Manager)

(a) The information contained in your declaration form of \_\_\_\_ (Date) \_\_\_\_ is noted. It has been decided that:

- You may continue to speak and vote on the matter as described in Part A, provided there is no change in the information declared above.
- You may continue to speak but should not vote on the matter as described in Part A, provided that there is no change in the information declared above.
- You may remain in the meeting as an observer (but not to speak or vote) on the matter as described in Part A, provided that there is no change in the information declared above.
- You should withdraw from the meeting and immediately return any documents regarding the matter sent to you earlier.
- Others (please specify): \_\_\_\_\_

(b) The justification(s) for the measure(s) as described in Part B(a) above is/are:

\_\_\_\_\_

\_\_\_\_\_  
(Chairperson (or the Management Committee/ IMC)\*)

\_\_\_\_\_  
(Date)

\* Please delete as appropriate.

# Resources provided by the ICAC (2)

- Sample Declaration of Conflict of Interest by Staff

## ICAC Best Practice Checklist: Governance and Internal Control in Schools



### Declaration of Conflict of Interest by Staff

#### Part A – Declaration *(To be completed by Declaring Principal/Staff Member\*)*

To : (Management Committee/Incorporated Management Committee (IMC)/Supervisor/Principal\*)

I would like to report the following existing/perceived\* conflict of interest situation arising during the discharge of my official duties:

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our School (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of quotation/tender exercise, processing student admission)

\_\_\_\_\_  
(Name of Declaring Principal/Staff Member\*)  
(Date)

#### Part B – Approval *To be completed by Management Committee/IMC/ Supervisor/Principal\*)*

To : (Declaring Principal/Staff Member\*)

(a) The information contained in your declaration form of \_\_\_\_\_ (Date) is noted. It has been decided that:

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the School's interest without being influenced by your private interest.
- Others# (please specify): \_\_\_\_\_

(b) The justification(s) for the measure(s) as described in Part B(a) above is/are:

\_\_\_\_\_

\_\_\_\_\_  
(Chairperson (or the Management Committee/IMC)/Supervisor/Principal\*)  
(Date)

\* Please delete as appropriate.

# Examples of other measures: (i) relinquish the personal/private interest (e.g. divest of the investment involved); (ii) continue to handle the work but an independent officer would be assigned to participate in, oversee or review part or all of the decision-making process

*(For specific duties such as procurement and recruitment)*

# Resources provided by the ICAC (3)

- Sample Declaration of Conflict of Interest for Specific Duties

## ICAC Best Practice Checklist: Governance and Internal Control in Schools



**Part A – Declaration** *(To be completed by Declaring Staff)*

To : *(Approving Authority) via (supervisor of the Declaring Staff)*

I would like to report the following existing/potential\* conflict of interest situation arising during the discharge of my official duties :-

<b>Persons/companies with whom/which I have official dealings</b>
<b>My relationship with the persons/companies (e.g. relative)</b>
<b>Relationship of the persons/companies with our school (e.g. supplier, job applicant)</b>
<b>Brief description of my duties which involved the persons/companies (e.g. handling of tender or recruitment exercise)</b>

(Date) \_\_\_\_\_ (Name of Declaring Staff)  
 \_\_\_\_\_ (Title/Department)

**Part B – Acknowledgement** *(To be completed by Approving Authority)*

To : *(Declaring Staff) via (supervisor of the Declaring Staff)*

**Acknowledgement of Declaration**

The information contained in your declaration form of     (Date)     is noted. It has been decided that :-

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Company's interest without being influenced by your private interest.
- Others (please specify) : \_\_\_\_\_

(Date) \_\_\_\_\_ (Name of Approving Authority)  
 \_\_\_\_\_ (Title/Department)

\* Please delete as appropriate

# General Administration of SMC/IMC (3)

## 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 / Memorandum and Articles of Association
- Managers **not registered** in accordance with the EDB's requirements
- **Did not inform** the EDB within one month after **cessation** of school manager

# General Administration of SMC/IMC (3)

## Quality Assessment and Compliance – SMC/IMC composition

### *Recommendation:*

- Fulfil the requirement in accordance with the SMC/IMC's Memorandum & Article of Association, Constitution and/or Service Agreement, Education Ordinance

### **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)”

# General Administration of SMC/IMC (4)

## 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 EDB's prior 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 (5)

## Advice on the Operation of Governance Review Sub-committee (GRSC):

### **Example:**

Complete the 2022/23 Checklist by November 2023

- School to complete the Self-evaluation Checklist (ALL four parts) by end-November and forward to GRSC annually
- GRSC to review the completed checklist and submit its findings together with recommendations to the SMC/IMC for consideration
- Official members of GRSC to finalize reports/ findings in restricted sessions
- SMC/IMC to endorse GRSC review schedule, review reports including findings on the checklist
- Inform the EDB the change of membership within 14 days

# Sample Notification for Change Membership of GRSC (P.1)



## Sample Notification of Change in Membership of Governance Review Sub-committee

To : School Administration 3 Section  
Education Bureau  
3/F, 14 Taikoo Wan Road, Hong Kong

[Attn: Education Officer (School Administration)32]  
[Fax: 3188 9865]

### Notification of Change in Membership of Governance Review Sub-committee

I write to inform you of the recent change in membership of my school's Governance Review Sub-committee (GRSC) in accordance with the Education Bureau Circular No. 7/2012 on *Improvement Measures to Strengthen the Governance and Internal Control of Direct Subsidy Scheme (DSS) Schools*.

Please kindly note the cessation of service of the following GRSC member(s):

	Name		Position in the GRSC	Effective Date (DD/MM/YYYY)
	English	Chinese		
1.			Chairperson / Member*	
2.			Chairperson / Member*	
3.			Chairperson / Member*	

The updated membership list of the GRSC is as below:

Chairperson of the GRSC			
English Name:			
Chinese Name:		Title:	
Category <sup>#</sup> : <input type="checkbox"/> Supervisor <input type="checkbox"/> Manager <input type="checkbox"/> Independent member <sup>@</sup>			
With experience and qualification in accounting/financial management <sup>#</sup> : <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date of assumption of office (DD/MM/YYYY):			

Member of the GRSC			
English Name:			
Chinese Name:		Title:	
Category <sup>#</sup> : <input type="checkbox"/> Supervisor <input type="checkbox"/> Manager <input type="checkbox"/> Independent member <sup>@</sup>			
With experience and qualification in accounting/financial management <sup>#</sup> : <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date of assumption of office (DD/MM/YYYY):			

# Sample Notification for Change Membership of GRSC (P.2)



Member of the GRSC			
English Name:			
Chinese Name:		Title:	
Category <sup>#</sup> : <input type="checkbox"/> Supervisor <input type="checkbox"/> Manager <input type="checkbox"/> Independent member <sup>@</sup>			
With experience and qualification in accounting/financial management <sup>#</sup> : <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date of assumption of office (DD/MM/YYYY):			

Member of the GRSC			
English Name:			
Chinese Name:		Title:	
Category <sup>#</sup> : <input type="checkbox"/> Supervisor <input type="checkbox"/> Manager <input type="checkbox"/> Independent member <sup>@</sup>			
With experience and qualification in accounting/financial management <sup>#</sup> : <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date of assumption of office (DD/MM/YYYY):			

\* Please delete as appropriate

# Please put a "✓" in the box as appropriate

@ The independent manager of the School Management Committee/Incorporated Management Committee is also regarded as an independent member

For correspondence with the GRSC, please contact \_\_\_\_\_ (name):

Telephone number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Signature of Supervisor : \_\_\_\_\_

Name of Supervisor : \_\_\_\_\_

Date : \_\_\_\_\_

Name of School : \_\_\_\_\_

c.c. respective Senior School Development Officer

# Human Resources and Personnel Matters (1)

## HR Policies

*Major observations:*

- **Not endorsed** by SMC/IMC
- **Not cover non-teaching staff**
- **Not cover major aspects** such as recruitment, promotion, appraisal
- **Implementation not in place**
- **Incomplete/ improper records of various HR process(es)**
- **Not promulgated** to all staff

# Human Resources and Personnel Matters (2)

## HR Policies

### *Recommendations:*

- School-based HR policies, including staff recruitment, appraisal, promotion, disciplinary procedures and staff complaint, should:
  - ✓ cover all paid staff
  - ✓ have the procedures laid out as clearly as possible for staff to follow
  - ✓ be endorsed by SMC/IMC with proper documentation
  - ✓ be implemented accordingly
  - ✓ be reviewed regularly, if necessary, 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"

# Human Resources and Personnel Matters (3)

## Staff Recruitment

*Major observations:*

- **No** open recruitment
- **Improper records of staff recruitment process(es)** (e.g. lack of records on the use of pre-set assessment criteria)
- **No** individual assessment by selection panel

# Human Resources and Personnel Matters (4)

## 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**
- Use Individual assessment form
- Keep proper records throughout the selection process

### **Reference:**

- “Recommendations on Administration of Teaching Staff in Schools under DSS” from ICAC in the EDB’s circular letter dated 21.5.2007
- Item 6.3.9 of ICAC’s “Best Practice Checklist: Governance and Internal Control in Schools”

# Resources provide by the ICAC

- **Sample Individual Interview Assessment Form**

## **ICAC Best Practice Checklist: Governance and Internal Control in Schools**



### Sample of Assessment Form on Staff Recruitment

*Extracted from Best Practice Checklist: Governance and Internal Control in Schools*

Name of candidate :

Date and time of interview:

Aspect of assessment	Score
1. Common sense (10%)	
2. Interpersonal skills (10%)	
3. Communication skills (10%)	
4. Motivation (10%)	
5. Self-confidence (10%)	
6. Supervisory ability (10%)	
7. Work knowledge (10%)	
8. Special skills (10%)	
9. Integrity (10%)	
10. Language proficiency (10%)	
<b>Total score (100%):</b>	

**Additional Remarks:**

**Recommendation:**

- Suitable for appointment
- Not suitable for appointment

\_\_\_\_\_  
(Signature & Name of Assessment Panel Member)

# Human Resources and Personnel Matters (6)

## Staff Complaint

*Major observations:*

- **No school-based policy**
- **No endorsement** of SMC/IMC on the policy

*Recommendation:*

- Draw up **school-based policies/procedures** on staff complaint, which should be deliberated and endorsed by SMC/IMC

### **Reference:**

- Guidelines for Handling School Complaints (Revised in October 2023)
- Item 4.4.1 of School Administration Guide

# Fee Remission/Scholarship Schemes (1)

## Criteria for Awarding Fee Remission

### *Major observations:*

- 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
  - 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
  - Composition of income including items outside the list set out by SFO e.g. Provident Fund/ MPF, gratuity, retraining allowance

# Fee Remission/Scholarship Schemes (2)

## 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
  - student applicants' attendance performance
  - inclusion of MPF/Provident Fund
- Strict requirement of the submission of SFO's eligibility certificates upon application for school-based fee remission scheme

# Fee Remission/Scholarship Schemes (3)

## Criteria for Awarding Fee Remission (cont'd)

### *Major observations:*

- No endorsement of SMC/IMC on the school-based fee remission policies/ schemes and the summary of operation/ application of the scheme

### *Recommendations:*

- The set of eligibility criteria should be **no less favorable** than the government financial assistance schemes across all levels of remission
- Enhance internal control to ensure that fee remission is offered in accordance with the school-based eligibility criteria

SFO's website:



# Fee Remission/Scholarship Schemes (4)

*Further 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 CSSA and SFO result – to uphold the no less favorable principle

# Fee Remission/Scholarship Schemes (5)

## Publicity

*Major observations:*

- **Insufficient transparency / accessibility to the information** as required under para. 5 of EDBC No. 10/2012

*Recommendations:*

- (1) Application form for admission, (2) letter offering admission, (3) school website, (4) school profile and (5) prospectus should include:
  - ✓ **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 (6)

## *Further advice on publicity:*

- If for environmental reasons, the SMC/IMC and PTA find it will suffice to provide a hyperlink through which details of the schemes can be obtained from the school website,
  - ✓ state clearly that information sheet containing details of the schemes is available upon request
- 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 (7)

*Further 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

## Reference:

Checklist on the Operation of the Fee Remission/ Scholarship Schemes in the [Management Toolkit](#)





## SHARING OF GOOD PRACTICES IN THE 2022/23 SCHOOL YEAR

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- Declaration of Conflict of Interest
- Human Resources and Personnel Matters: Recruitment
- Human Resources and Personnel Matters: Promotion
- Fee Remission/ Scholarship Schemes

# Sharing of good practices

## Declaration of Conflict of Interest

- A sound mechanism on declaration of conflict of interest which covered **ALL** of the following was established:
  - general annual declaration
  - procurement
  - staff recruitment
  - promotion
  - textbook selection
  - student admission
  - outside services/ part-time jobs
- Any participants in attendance of the SMC/ IMC meetings who had actual or perceived conflict of interest was required to make declaration



# Sharing of good practices

## Human Resources and Personnel Matters(1)

- HR policies endorsed by the SMC/IMC were properly promulgated to all staff concerned

### ***Staff Recruitment:***

- Job postings were uploaded onto the school's website
- Recruitment procedures and designated staff serving as interviewers for different posts were clearly laid down in school administration guide
- Objective assessment methods with pre-set criteria were devised at different stages of staff selection



# Sharing of good practices

## Human Resources and Personnel Matters (2)

### ***Staff Promotion:***

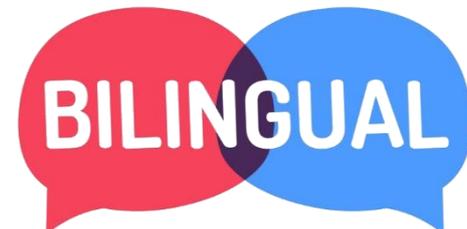
- Procedures for staff promotion were well-established
  - Announcing the promotional exercise to all staff for application via emails/ notices
  - Describing clearly the eligibility criteria of the promotional posts
  - Appointing promotion board which assesses with the use of standard forms with justifiable pre-set criteria
  - Announcing the promotion results to all staff via emails/ notices
  - Setting up of an appeal board for unsuccessful candidates



# Sharing of good practices

## **Fee Remission/ Scholarship Schemes**

- A mechanism was set up to check against the results of school-based assessment with students' eligibility for CSSA and SFO result
- An online income simulator/ fee remission self-assessment platform was provided for prospective parents to estimate the level of fee remission to be granted before they could make an informed choice of schools
- Bilingual versions of the scheme details were offered on the school website to cater for the different language needs of parents



# CASE STUDY

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## Case Study A

# Declaration of Conflict of Interest (1)

Extract of the policy about Declaration of Conflict of Interest in a school's Staff Handbook:

*“School staff are required to sign an undertaking on procurement to the School indicating any perceived / actual conflict of interest they and / or their families might have with suppliers or contractors. The staff members concerned may be requested to refrain from participating in the quotation and / or tender exercise(s), subject to the resolution of the School.”*



**Any problem(s)?**

# Case Study A

## Declaration of Conflict of Interest (2)

### *Recommendations:*

- A standard declaration form, in addition to the annual undertaking form, should be designed for staff members who need to disclose their conflict of interest with suppliers and / or contractors.
- Staff members should be required to notify the school any updates in their status in relation to suppliers and / or contractors by submitting a revised declaration form .
- The mechanism of declaration of conflict of interest should be included in other school's daily operations (e.g. staff recruitment, staff promotion, student admission).



# Case Study A

## Declaration of Conflict of Interest (3)

### Reference:

- EDBC No. 17/2012 (para 4, Annex 1)
- For IMC Schools: 40BF1(a)(b) of the EO, Cap 279 -
  - *“A manager of a school shall, at least once in every 12 months, make to the incorporated management committee of the school a written declaration which (a) states the particulars of any pecuniary or other personal interest, direct or indirect, that he has in any matter that raises or may raise a conflict with his duties as a manager of the school; or (b) states that he has no such interest.”*
- For IMC Schools: 40BF2 of the EO, Cap 279 -
  - *“Within one month after a change occurs in any matter stated in a declaration, the manager who made the declaration shall make to the incorporated management committee another written declaration which states the change.”*

## Case Study B

# Human Resources and Personnel Matters: Staff Recruitment (1)

1. The staff member had been hired as a teaching assistant in the previous year and was offered a full-time post without going through an interview in the current year
2. Due to a high turnover rate of staff e.g. janitor, only temporary short contract was offered and recruitment procedures were skipped
3. There was only one candidate left after shortlisting as all other applicants did not fit the job requirements. The school found the candidate suitable for appointment after interview without keeping any assessment records

Any problems?



## Case Study B

# Human Resources and Personnel Matters: Staff Recruitment (2)

4. An applicant who applied for a teaching post was appointed as a teaching assistant after undergoing the interview for the former post
5. A retired teacher was re-appointed directly without undergoing recruitment procedures

Any problems?



# Case Study B

## Human Resources and Personnel Matters: Staff Recruitment (3)



*Recommendations:*

Schools should

- ensure that staff recruitment is, and is seen to be, conducted in a transparent, fair and open manner, and there should be proper staff recruitment procedures in place with SMC/IMC's endorsement
- advertise all job vacancies publicly
- properly document assessment of even one candidate throughout the whole selection process

**Reference: ICAC Best Practice Checklist Chapter 6.3.2**

# Case Study C

## Human Resources and Personnel Matters : Staff Promotion (1)

Any problem(s)?



1. Only a short brief for the recommendation of promotion of a teacher was recorded as a result of the sudden change of manpower of the school
2. Applicants for promotion did not receive any written notification from the management regarding their application result

# Case Study C

## Human Resources and Personnel Matters : Staff Promotion (2)



### *Recommendations:*

Schools should

- review and/ or revise the school-based policy as appropriate to handle similar emergency situations
- design and prepare a standard promotion assessment form with objective selection criteria to select the suitable candidate(s) for promotion
- formally inform the applicants of their application result, regardless of whether their application is successful or not

**Reference: ICAC Best Practice Checklist Chapter 6.3.7**

# Case Study D

## Fee Remission Scheme (1)

Extract of “the Items to be Reported for Application for the Fee Remission Scheme” 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)”

Any problem(s)?



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

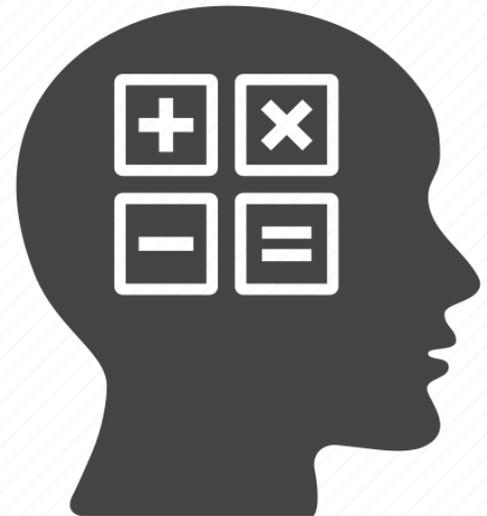
Items need to be reported		
1	Salary (including the salary of applicant, applicant’s spouse and student-applicant’s unmarried sibling(s) residing with the applicant for full-time, part-time or temporary jobs <u>excluding Mandatory Provident Fund (MPF) / Provident Fund contribution by employee</u> )	1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

# Case Study D

## Fee Remission Scheme (2)

### Reference and Recommendation

- EDB Circular No. 10/2012
- To ensure that the school-based eligibility benchmarks are no less favourable than the government financial assistance schemes across all levels of remission



THANK  
YOU

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