

Management and Financial Audit (MFA)

**Sharing on Audit Findings -
Management Aspects
2016/17**

**School Administration 3 Section
29 September 2017**

MFA - Four Specific Aspects

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

Major Observations: Management Aspects

◎ **General Administration of SMC/IMC**



- ▶ Declaration of Conflict of Interests
- ▶ HR Management
- ▶ Quality Assessment and Compliance

◎ HR and Personnel Management

- ▶ Staff Recruitment

◎ Fee Remission/Scholarship Scheme

- ▶ Criteria for Awarding Fee Remission & Publicity

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 endorsed by SMC/IMC
- ▶ Records of declarations not properly kept
- ▶ No proper records of the resolution regarding the declaration made by staff and necessary actions taken to avoid conflict of interest

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 (preferably 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:

- ▶ HR policies were not endorsed by SMC/IMC
- ▶ HR policies did not cover all paid staff (teaching and non-teaching; part-time and full-time)
- ▶ Staffing/grade structure and remuneration policy for staff were not in place

Points to note:
part-time staff ≠
temporary staff

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

HR Management

Recommendations:

- ▶ School-based HR policies, including staff recruitment, remuneration, appraisal, promotion and disciplinary procedures, 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)
- Independent Commission Against Corruption's (ICAC) "Best Practice Checklist: Governance and Internal Control in Schools"

Major Observations - General Administration of SMC/IMC (5)

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 of the Comprehensive Review/ External School Review reports and endorsement of school's reply to the report

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 (6)

Quality Assessment and Compliance – SMC/IMC composition

Major observations:

- ▶ SMC did not comprise all the stakeholders as managers as required in the Service Agreement
- ▶ The SMC was not functioning as expected

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 (7)

Quality Assessment and Compliance – Additions, alterations or improvement works

Major observation:

- ▶ No records of prior EDB's approval for additions, alterations or improvement works in 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

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 submitted its findings together with recommendations to the SMC/IMC for consideration
- ▶ Restricted sessions should be arranged to finalize reports/findings

Example:
Complete the
2016/17 Checklist
by November 2017

Major Observations: Management Aspects

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 - ▶ Quality Assessment and Compliance
- ◎ **HR and Personnel Management** 
 - ▶ Staff Recruitment
- ◎ **Fee Remission/Scholarship Scheme**
 - ▶ Criteria for Awarding Fee Remission & Publicity

Major Observations - HR & Personnel Management (1)

Staff Recruitment

Major observations:

- ▶ No open recruitment
- ▶ No proper records throughout different stages of staff selection process (e.g. final interview, trial teaching, etc.)
- ▶ No records showing the use of pre-set criteria to assess candidates at different stages of staff selection (e.g. screening applications, interview, etc.)

Major Observations - HR & Personnel Management (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

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”

HR & Personnel Management

Other reminder:

- ▶ Check if there is school-based policy/ procedures on handling of staff grievances/ complaints

Reference:

- Item 6.3.9 of ICAC's "Best Practice Checklist: Governance and Internal Control in Schools"

Major Observations on the Management Aspects

- ◎ **General Administration of SMC/IMC**
 - ▶ Declaration of Conflict of Interests
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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
- ▶ Students were not granted fee remission or granted fee remission less favourable than government financial assistance scheme owing to:
 - Miscalculation
 - Income proof provided by applicants (not recipients of Student Finance Office's (SFO) financial assistance schemes) not fully accepted/ not accepted
 - Based on school's discretionary decision

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

Link to SFO's website:

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

Fee Remission/Scholarship Schemes

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 favourable than those of government financial assistance schemes, if required, after seeking SMC/IMC's approval

Major Observations - Fee Remission/Scholarship Schemes (3)

Publicity

Major observation:

- ▶ 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

Reference: EDBC No. 10/2012 (para 5)

Fee Remission/Scholarship Schemes

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 no. 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

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

- ▶ Each staff member was asked to complete an annual declaration form to:
 - confirm if he/she had read and understood the school's policy and procedures on declaration of conflict of interest (attached to the form/ circulated at school intranet)
 - report in particular if he/she and immediate family member had:
 - ◆ any direct or indirect financial interests in any organisation which had business dealings with the school;
 - ◆ any kinship with the students and staff at school

Declaration of Conflict of Interest

Sharing on good practices (Con't)

- ▶ Separate section in the standard declaration form to record school's decision in handling the declared conflict, with options such as:
 - Request the declarant to surrender the interest;
 - Rearrange the employee's post or duty;
 - Others
- ▶ To table a summary of cases of declared interests in the IMC meeting for discussion/decision

Declaration of Conflict of Interest

Case Study 1

A school manager was...

- ▶ appointed as one of the members of the Tender Approving Committee (TAC) in a school year
- ▶ a non-executive director of a travel agency which was one of the bidders in a procurement of overseas study tour service
- ▶ drew other members' attention verbally to his perceived conflict of interest at the start of the TAC meeting

What to do?

Declaration of Conflict of Interest Case Study 1

Points to note: to keep a written record of the disclosure as well as resolution with considerations of action(s) taken to handle the declared conflict even the conflict was **verbally reported** by school personnel.

Declaration of Conflict of Interest

Case Study 2

Policy of a school:

- ▶ Staff should declare in writing to the Principal when they, their family member(s) and close relatives, and personal friends have any direct or indirect interest in any person/company which has business dealings with the school.
- ▶ They should refrain from performing or getting involved in the duty which gives rise to a conflict.

The Panel Head of the English Department...

- ▶ was assigned to be a recruitment board member for an English teaching post
- ▶ one of the candidates was his former colleague in another school
- ▶ reported the perceived conflict of interest in writing to the Principal

Declaration of Conflict of Interest

Case Study 2

Points to note: If it is decided the person with declared conflict should continue to discharge the duties,and, as and when necessary, there should be sufficient monitoring by senior staff or a second party to ensure impartiality (Para 4 of Annex 1 of EDBC No. 17/2012).

HR & Personnel Management

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/ other tests, 1st interview, final interview, etc. based on school background and needs

Fee Remission/Scholarship Schemes

Government financial assistance schemes:

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%	0-37552 (45460 / 41824)	0-40000
50%	37553 -72611	40001 – 78000
Ineligible	>72611	> 78001

Any problem?

Fee Remission/Scholarship Schemes

Case study 1 (Assessment)

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School-based scheme (\$)	Assessment
100%	0-37552 (45460 / 41824)	0-40000 (40000 / 40000)	✓ ✗
50%	37553 -72611	40001 - 78000	✓
Ineligible	>72611	> 78001	✓

Fee Remission/Scholarship Schemes

Case study 2

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School-based scheme (\$) (3/4-member families)
100%	0-37552 (45460 / 41824)	0 - 40000 (45600 / 43000)
75%	/	40001 - 51000
50%	37553 -72611	51001 - 69000
25%	/	69001 - 79000
Ineligible	>72611	> 79001

Any problem?

Fee Remission/Scholarship Schemes

Case study 2 (Assessment)

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School-based scheme (\$) (3/4-member families)	Assessment
100%	0-37552 (45460 / 41824)	0 - 40000 (45600 / 43000)	✓ ✓
75%	/	40001 - 51000	✓
50%	37553 - 72611	51001 - 69000	x
25%	/	69001 - 79000	69001 - 72611
Ineligible	>72611	> 79001	✓

Fee Remission/Scholarship Schemes

Case study 3

Monthly income	Point
\$0-17500	10
\$17501-24500	6
\$24501-30500	4
>\$30501	0

- ▶ Monthly rent/mortgage can be deducted from monthly income
- ▶ Each spouse and depending child (excluding student-applicant) can score 1 point

Family situation:

- ▶ 4 members (with spouse and 2 depending children)
- ▶ Family monthly income (\$16500)
- ▶ Housing expenses (monthly rent: \$2000/month)

Remission Levels	School's point system
100%	>=16
75%	11-15
50%	7-10
25%	4-6
Ineligible	<=3

Fee Remission/Scholarship Schemes

Case study 3 (Assessment)

Points to note:

No factors except the parents' financial situation should be taken into consideration

Family situation:

- ▶ 4 members (with spouse and 2 depending children)
- ▶ Family monthly income (\$16500)
- ▶ Housing expenses (monthly rent: \$2000/ month)

2 points

Monthly income:
 $(\$16500 - \$2000) = \$14500$
 10 points

Monthly income	Point
\$0-17500	10
\$17501-24500	6
\$24501-30500	4
>\$30501	0

Remission Levels	SFO's benchmark (\$) (3/4-member families)	School's point system
100%	0-37552 (45460/ 41824)	≥ 16
75%	/	11-15
50%	37553-72611	7-10
25%	/	4-6
Ineligible	>72611	≤ 3

If calculate by AFI mechanism:
 $\$16500 \times 12 / 4+1$
 AFI=\$39600

Fee Remission/Scholarship Schemes

Case study 4

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)

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



SFO

Contact Us

School Administration 3 Section

Ms Amy CHENG 3509 7490

Ms Isabel WONG 3509 7459

Mr Brian YU 3509 7491

Ms Agatha PAU 3509 8552

THANK YOU