

# Points to Note on Transfer of Annual School Fee Income to Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities

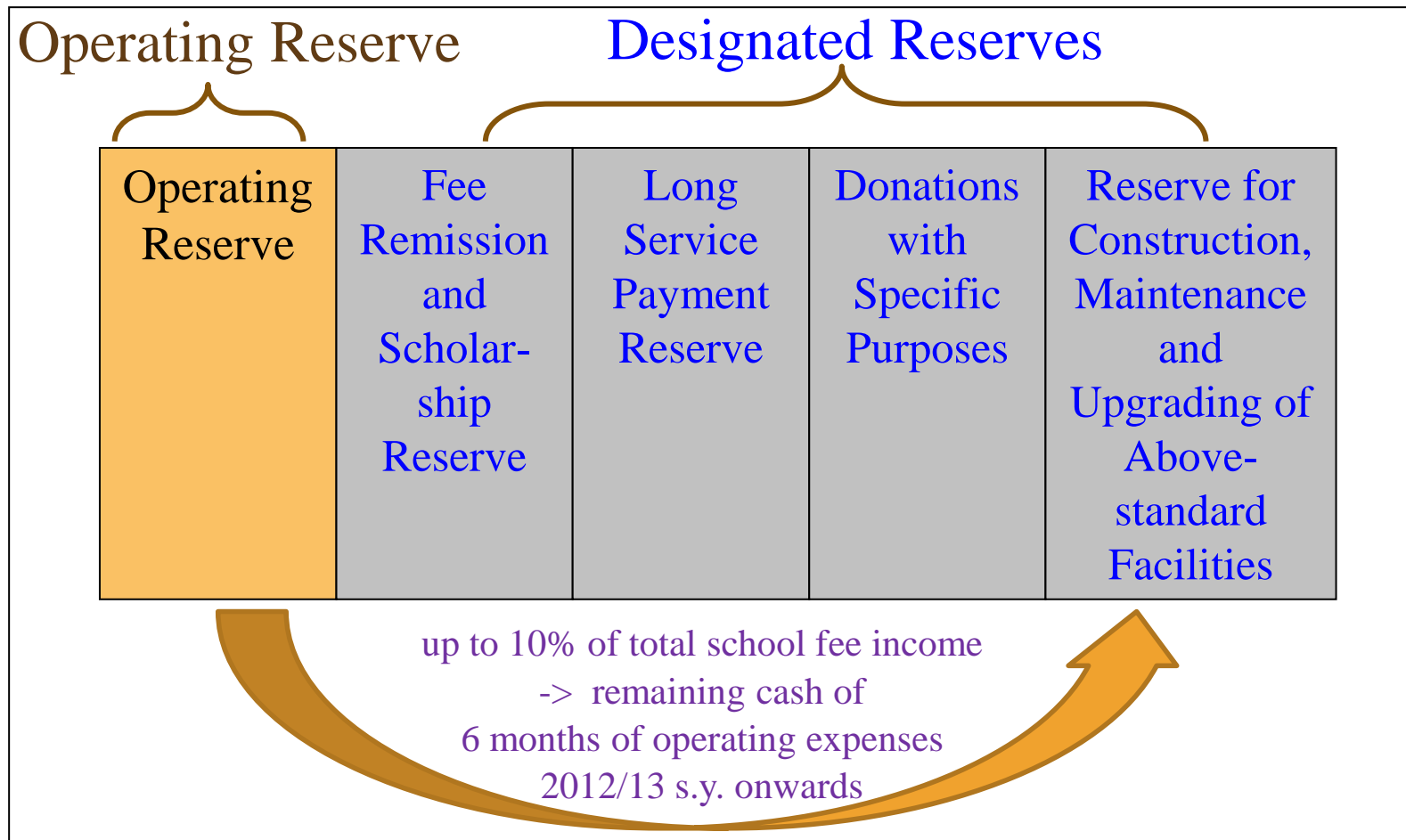
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School Administration 3 Section  
20 November 2015

# Characteristics of DSS Schools

- Publicly funded: may collect school fees
- Have flexibility in the use of funds
- Be accountable to the public and their stakeholders
- Exercise professional judgement to deploy the government and non-government funds flexibly and diligently for educational and school needs
- Non-government funds may be deployed to finance above-standard facilities for enhancing the quality of education and to the benefits of students

# Transfer of Annual School Fee Income



# Transfer of Annual School Fee Income (School's Own Discretion) I

EDBC No. 16/2012:

- From the 2012/13 school year
- Transferring up to 10% of the **school fee income** to the Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities at schools' own discretion
  - % calculated based on the **total school fee income of the same school year** as per audited accounts
- To be indicated in the audited accounts of respective school year

# Transfer of Annual School Fee Income (School's Own Discretion) II

## Requirements:

- Genuine deployment with supporting evidence, endorsed by SMC/ IMC;
- Consultation with PTA/ all parents (for new capital works); and
- Cash in the operating reserve after transfer:  $\geq 6$  months expenses equivalent

# Transfer of Annual School Fee Income (Requiring EDB's Prior Approval) I

- Prior approval required when:
  - Transfer  $\geq$  10% school fee; or
  - Cash in the operating reserve account after transfer is  $\leq$  6 months' expenses equivalent

# Transfer of Annual School Fee Income (Requiring EDB's Prior Approval) II

- Application to REO: 3 months before the deadline for submission of the audited accounts
  - strong justifications
  - deployment plan approved by SMC/IMC
  - results of parent consultation
- Cases NOT considered:
  - remaining cash after transfer < 3 months' expenses
  - transfer of exceptionally high % of fee income

## Transfer of Annual School Fee Income (Requiring EDB's Prior Approval) III

- To seek EDB's fresh consideration and approval if there is change in the deployment plan
- To provide EDB with an update on its utilization, with relevant records, on a needs basis, such as in relation to fee revision application



## Transfer of Annual School Fee Income (Requiring EDB's Prior Approval) IV

To rectify irregular cases of transfer (w/o approval or not meeting requirements) noted in previous audited accounts:

- Seek EDB's covering approval for transfer with justifications and supporting evidence; or
- Make adjustment in the school audited accounts for non-approving cases

# Transfer of Annual School Fee Income - Guiding Principles

- ✓ Advance longer-term financial planning
- ✓ Time-limited funding for above-standard facilities
- ✓ Maintain sound and healthy financial situation
- ✓ Parental consent
- ✓ Not to impose undue pressure on school fee increase

# Enhancing the Transparency of Schools' Financial Management

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# Uploading of Financial Summary (FS) onto School Website

- Para. 32 and 33 of EDBC No. 17/2012
- Included in the School Report
- Uploaded by end-November every year
- Template available at:  
[Home > School Administration and Management > Quality Assurance for Schools > School Development and Accountability \(SDA\) > School Self Evaluation](#)

**Template for Reporting DSS Schools' Annual Financial Position**  
**Financial Summary for the \_\_\_\_/\_\_\_\_ School Year**

	Government Funds	Non-Government Funds
<b>INCOME</b> <i>(in terms of percentages of the annual overall income)</i>		
DSS Subsidy (including government grants not subsumed in the DSS unit rate payable to schools)	%	N.A.
School Fees	N.A.	%
Donations, if any	N.A.	%
Other Income, if any	N.A.	%
<b>Total</b>	%	%
<b>EXPENDITURE</b> <i>(in terms of percentages of the annual overall expenditure)</i>		
Staff Remuneration		%
Operational Expenses (including those for Learning and Teaching)		%
Fee Remission / Scholarship <sup>1</sup>		%
Repairs and Maintenance		%
Depreciation		%
Miscellaneous		%
<b>Total</b>		100%
<b>Surplus/Deficit for the School Year *</b>	XX months of the annual expenditure	
<b>Accumulated Surplus/Deficit in the Operating Reserve as at the End of the School Year *</b>	XX months of the annual expenditure	
<i>* in terms of equivalent months of annual overall expenditure</i>		

Details of expenditure for large-scale capital works, if any:

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<sup>1</sup> The % of expenditure on fee remission/scholarship is calculated on the basis of the annual overall expenditure of the school. This % is different from that of the fee remission/scholarship provision calculated on the basis of the school fee income as required by the Education Bureau, which must be no less than 10%.

It is confirmed that our school has set aside sufficient provision for the fee remission / scholarship scheme according to Education Bureau's requirements (Put a "✓" where appropriate).

# Components of FS

	Operating Reserve		School Fee Remission/ Scholarship Reserve	Reserve for Donations with Specific Purposes	Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities	Other Grants
Annual Audited Accounts	(Statement 1)		(Note 14 of Statement 3)	(Note 7 of Statement 3)	(Note 8 of Statement 3)	Appendices
	Gov't Funds	Non-gov't Funds	Non-gov't Funds	Non-gov't Funds	Non-gov't Funds	Gov't Funds
<b><u>Income</u></b>						
DSS Subsidy (including grants not subsumed in the DSS unit rate)	✓					✓
School Fees (gross)		✓				
Donations		✓		✓		
Other income	✓	✓				
<b>Total</b>	<b>100%</b>					

	Operating Reserve	School Fee Remission/Scholarship Reserve	Reserve for Donations with Specific Purposes	Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities	Other Grants
Annual Audited Accounts	(Statement 1)	(Note 14 of Statement 3)	(Note 7 of Statement 3)	(Note 8 of Statement 3)	Appendices
<u>Expenditure</u>					
Operating Expenses (including those for Learning and Teaching)	✓ After deducting the following items as individual entries:				✓
Staff Remuneration	✓				
Repairs and Maintenance	✓		✓	✓	
Depreciation	✓		✓	✓	
Miscellaneous	✓				
Fee Remission/Scholarship		✓			
<b>Total</b>	<b>100%</b>				

	Operating Reserve	School Fee Remission/Scholarship Reserve	Reserve for Donations with Specific Purposes	Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities	Other Grants
<b>Annual Audited Accounts</b>	(Statement 1)	(Note 14 of Statement 3)	(Note 7 of Statement 3)	(Note 8 of Statement 3)	Appendices
<b>Surplus/ Deficit for the School Year (in months of the annual expenditure)</b>					
<b>Surplus/ Deficit for the School Year</b> ----- x12 <b>Annual Expenditure (Statement 4)</b>	✓		✓	✓	



	Operating Reserve	School Fee Remission/Scholarship Reserve	Reserve for Donations with Specific Purposes	Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities	Other Grants
Annual Audited Accounts	(Statement 1)	(Note 14 of Statement 3)	(Note 7 of Statement 3)	(Note 8 of Statement 3)	Appendices

**Accumulated Surplus/ Deficit in the Operating Reserve as at the End of the School Year (in months of the annual expenditure)**

Accumulated Surplus/Deficit in the Operating Reserve as at the End of the School Year	✓				
----- Annual Expenditure (Statement 4)	✓		✓	✓	

# Points to Note in Completing FS I

- Endorsed by: SMC/IMC
- FS incorporated in: 2014/15 School Report
- Heading of the FS: 2013/14 school year
- All financial figures: based on 2013/14 school audited accounts
- Total Income: government and non-government funds = 100%
- Provision on fee remission/ scholarship scheme:  
Confirming to have set aside sufficient provision with  (No need to include utilization rate)

# Points to Note in Completing FS II

- Surplus/Deficit for the School Year and Accumulated Surplus/Deficit in the Operating Reserve:  
**based on figures in Statement 1 & Statement 4**
- Add remark if accumulated surplus including net book value of fixed assets exceeds 12 months  
**e.g. it includes X months of net book value**
- Add remark if accumulated surplus is less than 2 months but the requirement could be met in subsequent school year

# Enquiries

- Respective School Development Officers
- School Administration 3 Section (3509 7459)