

Reference Documents

on

Management and Administration

of

Direct Subsidy Scheme Schools



Education Bureau



**Hong Kong
Direct Subsidy Scheme
Schools Council**

(Revised in May 2018)

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Foreword

The Direct Subsidy Scheme (DSS) was introduced in 1991 in response to the recommendations of the Education Commission in its Report No. 3 to foster the development of a vibrant private school sector to inject diversity and choice in the education system. With more flexibility in curriculum design and resource allocation, DSS schools can cater for the different needs of students and operate courses to cope with the workplace requirements and fast-changing demand of our society.

With the concerted efforts of school personnel, DSS schools provide diversity in the education system successfully. In order to facilitate school personnel of DSS schools in operating their schools smoothly and effectively and to provide new DSS schools a quick reference on the actions required in school administration and operation, the Education Bureau (EDB) and the Hong Kong Direct Subsidy Scheme Schools Council (Council) put joint effort in preparing this reference document. EDB circulars / circular memorandums / circular letters and good practices related to school management, personnel management, financial management and daily operation are incorporated in the document for schools' easy reference.

The document is by no means exhaustive. Schools are required to keep abreast of the updates and new developments, which will be announced from time to time through the [EDB circulars or circular memorandums](#). We will continue to refine and update the contents on a regular basis. Please visit the [EDB website](#) and the [Council's website](#) for the latest version.

We have compiled this document and hope that it will provide schools with useful information to facilitate the development of quality DSS schools. Comments on this document can be sent to the following e-mail addresses:

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Council: dsssc2000may@gmail.com

Education Bureau and Hong Kong Direct Subsidy Scheme Schools Council
May 2018

Direct Subsidy Scheme

DSS schools are financed by a system of block subsidy, based on the average unit cost of an aided school place. The amount of the block subsidy that a DSS school receives depends on its enrolment and the level of fees charged. DSS schools enjoy a higher degree of freedom with regard to curriculum design, student admission and collection of fees that is consistent with basic educational standards. They:

- (a) have to principally follow local curriculum but are free to design their own curricula;
- (b) have full discretion to admit students; and
- (c) can make use of the additional income from fees to make improvements.

As at September 2017, there are 73 DSS schools (52 operate classes at secondary level, 12 operate classes at primary level and 9 operate classes at both secondary and primary levels).

Accountability of DSS Schools

In parallel with the flexibility given to DSS schools, schools have to be accountable to the public for proper use of government and the school funds and the quality of educational services. They should adhere to the following guiding principles for the proper and effective operation of schools:

- (a) complying with laws and regulations;
- (b) putting the interest of students as the first priority;
- (c) operating the school in a fair, just and open manner;
- (d) maintaining transparency in school management;
- (e) taking key stakeholders' concerns into consideration in decision-making process;
- (f) deploying resources properly and effectively ; and
- (g) making reflections and improvement through continuous evaluation.

To ensure that DSS schools meet the service and operating standards required, schools will subject to the following control and monitoring mechanism:

- (a) Compliance vetting to check, by way of information collected regularly through available channels such as school inspections, audited accounts, etc., whether there is any breach of admission requirements, in particular in the following major areas:
 - conditions and requirements for admission to the DSS;
 - statutory requirements; and
 - financial management.
- (b) Quality assessment such as comprehensive review, external school review and focus inspection on school performance.

References for School Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	<i>NA</i>	<i>RA</i>	<i>I/R</i>
CM 532/1999 on Direct Subsidy Scheme <i>[Explanatory Notes for DSS Secondary Schools]</i>	●		
CM 533/1999 on Direct Subsidy Scheme <i>[Explanatory Notes for DSS Primary Schools]</i>	●		
EDBC 14/2001 on Commencement of the Code of Practice on Education	●		
EDBC 14/2003 on Acceptance of Advantages and Donations by Schools and their Staff	●		
EDBC 33/2003 on The Principle of Equal Opportunities	●		
EDBC 16/2004 on Insurance in Schools	●		
Circular Letter dated 1.3.2007 on International Baccalaureate Diploma Programme	●		
EDBC 18/2008 on Creating Harmonious School	●		
EDBC 25/2008 on Race Discrimination Ordinance	●		
EDBC 1/2009 on Upholding Students' Right to Education	●		
EDBC 2/2009 on Amendment to the Sex Discrimination Ordinance (Cap. 480)	●		
EDBC 7/2012 on Improvement Measures to Strengthen the Governance and Internal Control of Direct Subsidy Scheme (DSS) Schools	●		
EDBCM 54/2014 on Enhancement Measures for Territory-wide System Assessment effective from 2014	●		

* The document is by no means exhaustive. Circulars will be issued from time to time if situation warrants.

** References are classified into three types:

NA – for necessary action

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References for School Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	<i>NA</i>	<i>RA</i>	<i>I/R</i>
Circular Letter dated 4.4.2014 on Formal Version of Self-evaluation Checklist	●		
Formal Version of Self-evaluation Checklist a. PDF File b. Word File	●		
EDBC 11/2015 on Implementation of the Next Phase of the School Development and Accountability Framework	●		
EDBC 10/2016 on Trading Operations in Schools	●		
Circular Letter dated 22.9.2017 on Governance Review Sub-committee	●		
#EMBC 23/2003 on Enhancing School Development and Accountability through School Self-evaluation and External School Review		●	
#EMBC 237/2005 on Launch of the E-platform for School Development and Accountability		●	
Best Practice Checklist “Governance and Internal Control in Schools” Recommended by Independent Commission Against Corruption for Direct Subsidy Scheme Schools		●	
Guide To Corporate Governance For Subvented Organizations (June 2015 Second Edition)		●	
Guide To Corporate Governance For Subvented Organizations - Executive Summary (June 2015 Second Edition)		●	
The Assessment Program for Affective and Social Outcomes (2nd Version) (APASO-II)		●	

Previous circulars and letters about “Quality Assurance for Schools” are still kept on the EDB website.

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References for School Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	<i>NA</i>	<i>RA</i>	<i>I/R</i>
#Circular Letter dated 9.5.2003 on Enhancing School Development and Accountability through School Self-evaluation and External School Review			●
School Managers' Handbook issued by EDB (2006)			●
EDBC 6/2009 on Fine-tuning the Medium of Instruction for Secondary Schools			●
EDBC 5/2011 on Hire of Accommodation in Aided Schools			●
EDBCM 138/2017 on Block Insurance Policy for Public Liability, Employees' Compensation and Group Personal Accident for 2017/18 and 2018/19 School Years			●
Appendices of this document:			●
Appendix 1: Tips for School Managers (Roles and Responsibilities of School Managers) (P. 17-18)			
Appendix 2: Recommendations on Admission Procedures of Schools under DSS from Independent Commission Against Corruption (P. 19-20)		●	

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References for Personnel Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	NA	RA	I/R
EDBC 31/2002 on Principals' Continuing Professional Development	●		
EDBC 14/2003 on Acceptance of Advantages and Donations by Schools and their Staff	●		
EDBC 1/2005 on Assessment of Non-local Qualifications for Appointment of Teaching Posts in Aided Schools and Registration of Teachers for All Non-government Schools	●		
EDBC 11/2007 on Revised Procedures for Teacher Registration	●		
Circular Letter dated 14.07.2017 on Teacher Registration	●		
EDBCM 179/2011 on Sexual Conviction Record Check Scheme	●		
EDBC 16/2015 on Granting of Paternity Leave to Staff in Aided, Caput and Direct Subsidy Scheme Schools	●		
Circular Letter dated 10.07.2015 on Appointment of Principals in Schools under the Direct Subsidy Scheme a. English version b. Chinese version	●		
Code of Practice on Human Resource Management issued by Office of the Privacy Commissioner for Personal Data (2016)	●		
EDBC 16/2017 on Measures for Strengthening the Protection of Students: Appointment Matters of Schools	●		
EDBC 1/2018 on Certification for Principalship	●		

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References for Personnel Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	NA	RA	I/R
EDBC 2/2018 on Arrangements for Restarting the Certification for Principalship Process	●		
EDBC 3/2018 on Arrangements for Renewing the Certification for Principalship	●		
Teacher Performance Management issued by EDB (2003)		●	
EDBC 5/2005 on Appointment of Staff in Schools		●	
Points to Note in Handling Appointment Matters in Private Schools issued by EDB (2011)		●	
EDBC 10/2017 on Optimising the Use of Teaching Manpower Resources		●	
Best Practice Checklist “Governance and Internal Control in Schools” Recommended by Independent Commission Against Corruption for Direct Subsidy Scheme Schools		●	
Tips for School Managers issued by EDB (2006)			●
EDBC 8/2010 on Implementation of the New Starting Salaries for Staff in Aided Schools			●
Guide to Salary Assessment for Aided Primary Schools by EDB (August 2010)			●
Guide to Salary Assessment for Aided Secondary Schools by EDB (August 2010)			●
EDBCM 194/2017 on Extension of Service of Teachers and Principals in Aided Schools			●
The Selection and Appointment of a School Principal issued by EDB			●

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References for Personnel Management*

*EDB Circulars / Circular Memorandums / Circular Letters /
Reference Materials / Appendices***

Appendices of this document:

Appendix 1: Tips for School Managers (Roles and Responsibilities of School Managers)
(P. 17-18)

Appendix 3: Best Practices in Staff Selection
(P. 21)

Appendix 4: Best Practices in Operation of Selection Panel
(P. 22-23)

Appendix 5: Recommendations on Administration of Teaching Staff in Schools under DSS from Independent Commission Against Corruption
(P. 24-26)

Appendix 6: Handling Conflict of Interest
(P. 27-28)

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References for Financial Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	NA	RA	I/R
EDBC 14/2003 on Acceptance of Advantages and Donations by Schools and their Staff	●		
EDBC 6/2008 on Arrangements for School Fees and Tong Fai	●		
EDBC 10/2012 on Fee Remission / Scholarship Schemes in Direct Subsidy Scheme (DSS) Schools	●		
EDBC 16/2012 on Delineation of Reserves and Reserve Ceiling for the Operating Reserve of Direct Subsidy Scheme (DSS) Schools	●		
EDBC 17/2012 on Use of Government and Non-government Funds in Direct Subsidy Scheme (DSS) Schools	●		
EDBC 5/2014 on Appointment of Auditors and Audit Engagement Letter	●		
EDBC 14/2015 on The Choice of Bank Counterparties in Investment	●		
Circular Letter dated 21.11.2007 on Financial Management in Direct Subsidy Scheme (DSS) Schools		●	
Best Practice Checklist “Governance and Internal Control in Schools” Recommended by Independent Commission Against Corruption for Direct Subsidy Scheme Schools		●	
EDBC 48/2000 on Funding of Retirement Benefits Upon Introduction of the Mandatory Provident Fund Scheme			●
Tips for School Managers issued by EDB (2006)			●
EDBC 8/2010 on Implementation of the New Starting Salaries for Staff in Aided Schools			●

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References for Financial Management*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	NA	RA	I/R
Guide to Salary Assessment for Aided Primary Schools by EDB (August 2010)			●
Guide to Salary Assessment for Aided Secondary Schools by EDB (August 2010)			●
EDBC 4/2013 on Procurement Procedures in Aided Schools			●
Appendices of this document:			
Appendix 1: Tips for School Managers (Roles and Responsibilities of School Managers) (P. 17-18)			●
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Appendix 11: Safekeeping School Assets and Other Valuables (P. 35)		●	
Appendix 12: Tips on Financial Management (P. 36-37)		●	

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References for Daily Operation*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	<i>NA</i>	<i>RA</i>	<i>I/R</i>
EDBC 101/1995 on Inspection and Maintenance of Buried Drainage and Water Services Affecting Slopes	●		
EDBC 25/1998 on Administrative Procedures for Safety of Schools in the Vicinity of Slopes	●		
EDBC 1/1998B on Control of Chemical Wastes in Secondary Schools	●		
EDBC 3/2000B on Safety Precautions in the Teaching of Home Economics in Secondary Schools	●		
EDBC 23/2001 on Safety Nets at Stair Wells in School Premises	●		
EDBC 3/2002 on Safety Measures in Demolition Works at School Premises	●		
EDBC 7/2005 on School Holiday List and Student Learning Time	●		
EDBC 2/2007 on Smoking Ban in Schools	●		
EDBC 14/2007 on Refund of Rates and Government Rent	●		
EDBC 17/2009 on Meal Arrangements in School	●		
Safety in School Workshops (2009)	●		
EDBC 1/2011 on Collection of Fines, Charges and Fees in Schools under the Direct Subsidy Scheme (DSS)	●		
Circular Letter dated 18.12.2013 on Air Quality Health Index	●		
Guidelines on Safety for Visual Arts in Secondary Schools by EDB (2014)	●		
EDBC 9/2015 on Handling Emergency Situations in Schools	●		

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References for Daily Operation*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	NA	RA	I/R
EDBC 17/2015 on Guidelines on Reducing the Weight of School Bags	●		
EDBC 18/2015 on Guidelines on Homework and Tests in Schools – No Drilling, Effective Learning	●		
EDBCM 172/2015 on The Implementation of the Policy of Debundling Textbooks and Teaching/Learning Materials for Pricing	●		
Guidelines on Safety for Visual Arts in Primary Schools by EDB (2015)	●		
EDBC 1/2016 on Handling Child Abuse and Domestic Violence Cases	●		
EDBC 3/2016 on Arrangements for Green Lunch and Reduction of Food Waste in School	●		
EDBC 4/2016 on Tropical Cyclones and Heavy Persistent Rain Arrangements for Kindergartens and Day Schools	●		
Safety Guidelines on Physical Education Key Learning Area for Hong Kong Schools by EDB (Updated online version: July 2016)	●		
EDBC 4/2017 on Environmental Policy and Energy Saving Measures in Schools	●		
EDBC 18/2017 on Entry of Non-local Children and Children Holding a Form of Recognizance to Schools in Hong Kong	●		
EDBCM 44/2018 on Selection of Quality Textbooks and Curriculum Resources for Use in Schools	●		
Fire Service Installation and Equipment	●		
School Safety & Insurance	●		

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References for Daily Operation*

<i>EDB Circulars / Circular Memorandums / Circular Letters / Reference Materials / Appendices**</i>	<i>NA</i>	<i>RA</i>	<i>I/R</i>
Safety of Drinking Water in Schools	●		
EDBC 4/2006 on Measures to Relieve Teachers' Workload		●	
Safety in Science Laboratories (2013)		●	
Works and Maintenance of Green Roofs		●	
EDBC 59/1999 on Admission of Newly Arrived Children from Mainland to Schools			●

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Other Useful References

- **Explanatory Notes for DSS Primary Schools**
(<http://www.edb.gov.hk/attachment/en/edu-system/primary-secondary/applicable-to-primary-secondary/direct-subsidy-scheme/index/ps-e-notes-table.pdf>)
- **Explanatory Notes for DSS Secondary Schools**
(<http://www.edb.gov.hk/attachment/en/edu-system/primary-secondary/applicable-to-primary-secondary/direct-subsidy-scheme/index/ss-e-notes-table.pdf>)
- **School Managers' Handbook**
(http://www.edb.gov.hk/attachment/en/sch-admin/sbm/sbm-forms-references/handbook%20eng_aug%2006.pdf)
- **Tips for School Managers**
(http://www.edb.gov.hk/attachment/en/sch-admin/sbm/sbm-forms-references/tips%20for%20school%20managers_eng.pdf)
- **Information on Declaration and Disclosure of Interests by Managers**
(<http://www.edb.gov.hk/en/sch-admin/sbm/imc-workflow/declaration-disclosure-interest.html>)
- **Best Practice Checklist: Procurement by ICAC**
(http://cpas.icac.hk/UPLoadImages/InfoFile/cate_43/2016/b4e94be0-46d9-4edd-abc8-5b89e431e32b.pdf)
- **Best Practice Checklist: Governance and Internal Control in Schools by ICAC**
(http://cpas.icac.hk/UPLoadImages/InfoFile/cate_43/2016/f8a780b1-ecbe-42c7-b46e-d94c378fd007.pdf)
- **Independent Commission Against Corruption**
(<http://www.icac.org.hk/en/home/index.html>)
- **Comprehensive Review for DSS Schools**
(<http://www.edb.gov.hk/en/sch-admin/sch-quality-assurance/esr-other-insp/cr/index.html>)
- **Circulars and Letters on Enhancing School Development and Accountability through School Self Evaluation and External Review**
(<http://www.edb.gov.hk/en/sch-admin/sch-quality-assurance/circulars-letter/index.html>)
- **Performance Indicators and School Self-evaluation Tools**
(<http://www.edb.gov.hk/en/sch-admin/sch-quality-assurance/performance-indicators/index.html>)
- **External School Review**
(<http://www.edb.gov.hk/en/sch-admin/sch-quality-assurance/esr-other-insp/esr/index.html>)
- **Teacher Performance Management**
(http://www.edb.gov.hk/attachment/en/sch-admin/sbm/corner-imc-sch/teacher%20performance%20management_eng.pdf)
- **Information on Medium of Instruction**
(<http://www.edb.gov.hk/en/edu-system/primary-secondary/applicable-to-secondary/moi/index.html>)
- **Fund-raising Activities in Schools**
(http://www.edb.gov.hk/attachment/en/sch-admin/admin/about-activities/sch-fund-raising/guidelinfundraising_e.pdf)
- **Code of Practice on Human Resource Management issued by Office of the Privacy Commissioner for Personal Data**
(https://www.pcpd.org.hk/english/data_privacy_law/code_of_practices/files/PCPD_HR_Booklet_Eng_AW07_Web.pdf)
- **Guide To Corporate Governance For Subvented Organisations (June 2015 Second Edition)**
(http://www.eu.gov.hk/en/reference/publications/guide_to_cg_for_so_2015.pdf)

- **Guide To Corporate Governance For Subvented Organisations - Executive Summary (June 2015 Second Edition)**
([http://www.eu.gov.hk/en/reference/publications/guide_to_cg_for_so\(summary\)_2015.pdf](http://www.eu.gov.hk/en/reference/publications/guide_to_cg_for_so(summary)_2015.pdf))
- **Labour Department**
(<http://www.labour.gov.hk/eng/news/content.htm>)
- **Education Ordinance**
(https://www.elegislation.gov.hk/hk/cap279!en?INDEX_CS=N)
- **EDB Circular Search**
(<http://applications.edb.gov.hk/circular/circular.aspx?langno=1>)
- **Hong Kong Examinations and Assessment Authority**
(<http://www.hkeaa.edu.hk/en/>)

**Tips for School Managers
(Roles and Responsibilities of School Managers)**

(a) Every school manager should act in his/ her personal capacity for the interests of the students and school development. The roles and responsibilities of school managers include:

- formulating school development strategies with the aim to attain the school vision and education goals and to enhance learning effectiveness;
- drawing up policies and priorities for development projects;
- planning and managing school resources;
- ensuring that the mission of the school is carried out;
- managing financial, personnel and curriculum matters; and
- ensuring that the school's decision-making and management are in compliance with the rules and regulations under the Education Ordinance and Education Regulations as well as the other related ordinances; and instructions as may be issued by EDB from time to time.

(b) For managing financial matters, school managers should:

- set goals and formulate appropriate financial management strategies, taking into account availability of resources and students' needs;
- approve school budgets;
- review school income and expenditure regularly;
- ensure school income is handled and used in accordance with the EDB's requirements;
- formulate financial management criteria and procedures in accordance with relevant laws and regulations to avoid conflict of interest and misuse of government resources;
- put in place adequate budgetary controls and a good accounting and reporting system to monitor the financial situation;
- appoint qualified auditor to audit school accounts; and
- report to the EDB and key stakeholders the use of school funds.

(c) For managing personnel matters, school managers should:

- formulate personnel and remuneration policies;
- set criteria and procedures for staff selection and promotion with reference to the entry requirements for respective posts;
- establish an appropriate staff appraisal system to assess staff performance;
- ensure appointment, promotion, appraisal and disciplinary systems are fair and open;
- approve the remuneration packages to be offered;
- approve the appointment / promotion;
- put in place an appeal mechanism;
- formulate teacher professional development policies taking into account individual needs of teachers, the direction of school development and the learning interests of students;
- prepare succession plans of teaching staff to meet school needs;
- establish effective communication channels, strengthen the sense of belonging among staff and build up a collaborative school culture; and
- develop a set of rational, fair and impartial policies and procedures to handle complaints from staff as well as from people outside the school.

(d) For managing curriculum matters, school managers should:

- set the direction for the development of a school-based curriculum taking consideration of students' needs, school's conditions, overall aims of education and objectives of the school curriculum;
- monitor the progress of school curriculum development and assessing its effectiveness;
- examine the existing projects and their outcomes;
- approve financial budgets that tie in with the needs of long-term curriculum development;
- support professional development of teachers;
- review school policies with reference to the broad direction of curriculum development;
- secure outside resources and support; and
- create an environment conducive to the promotion of a learning culture in schools.

[Source: *Tips for School Managers issued by EDB (2006)*]

**Recommendations on
Student Admission Procedures
from Independent Commission Against Corruption**

- (a) DSS schools should include student admission criteria and procedures in their school development plan.
- (b) DSS schools should remind parents in the application form not to offer any advantages to school staff in connection with their applications.
- (c) To strengthen the monitoring of admission process, DSS school principals should submit to their SMC / IMC a report detailing the number of applications received, interviewed and accepted, the “discretionary” admissions made by the principal, and the complaints received and their investigation outcome, etc. after each admission exercise.
- (d) To uphold the integrity of staff, DSS schools should draw up ethical instructions and their commitment to open and fair practices for staff’s compliance. Staff concerned should be required to declare any conflict of interest when taking part in the assessment / interviews.
- (e) Best practices in Student Admission¹:

Admission Criteria

- draw up fair and objective student admission criteria in accordance with the principles laid down by the EDB (e.g. not to conduct written examinations in secondary / primary one admission);

Publicity

- publicise the school’s admission criteria and application procedures (e.g. through school website or application form) and organize briefing sessions to all interested parents, to enhance transparency;

“Discretionary” Admission

- specify the number / percentage of places allocated for “discretionary” admission of students by the principal, which should be approved by the SMC / IMC before the admission exercise commences;

Shortlisting of Applicants

¹ Schools are recommended to make reference to Chapter 7 “Admission of Students” of the Best Practice Checklist “Governance and Internal Control in Schools” (BPC), which is available for downloading from the ICAC website (http://cpas.icac.hk/UploadImages/InfoFile/cate_43/2016/f8a780b1-ecbe-42c7-b46e-d94c378fd007.pdf).

- if it is impracticable to interview all applicants, formulate a set of criteria and shortlist applicants for interview based on a pre-defined qualifying score or ratio of interviewees and vacancies available;

Interviews

- assign two staff to interview applicants together, as far as practicable, and provide staff involved with detailed guidelines (e.g. discussion topics or sample questions) and conduct briefing sessions to staff to explain the admission criteria to ensure consistent assessment standards;
- require the interviewers to individually record their assessment on a standard form² as far as practicable;
- notify applicants of the result in writing as soon as possible;

Post-Central Allocation Admissions

- in addition to notifying the successful applicants by phone, announce the list of successful applicants and the deadline for registration on the school website and send a confirmation letter to the applicants who have rejected the offer when contacted by phone, to prevent abuse of the notification process;

Record Keeping

- keep proper records of admission exercise (e.g. applications, assessment results, notes of meetings) for a specified period, say one year, to facilitate subsequent monitoring checks; and

Handling of Complaints

- establish formal procedures for handling complaints relating to student admission, drawing reference to the relevant EDB circular, and report the outcome to the SMC / IMC.

² Schools may make reference to the sample interview assessment form at Appendix 15 of the BPC.

Best Practices in Staff Selection

- (a) All vacancies should either be advertised in the press, or circulated by internal circulars (in case of promotion, acting appointment and regrading of serving staff) as appropriate;
- (b) The number of vacant posts for appointment / regrading, acting appointment / promotion should be made known to applicants;
- (c) Information in the advertisement should be gender-neutral and discrimination-free (including race, religion, sex, marital status, pregnancy, disability, family status, etc.);
- (d) Applicants should be assessed according to predetermined criteria and specified procedures;
- (e) A standard form should be used to record assessments made by individual panel members and assessment criteria relevant to the work to be performed, whether for shortlisting applicants or assessment purposes, must be free from bias and discrimination in terms of disability, sex, marital status, pregnancy, etc.;
- (f) The criteria must be documented and made available to all applicants;
- (g) The school should have a well-established appraisal system, and the candidates' performance appraisal reports over a specified period should be taken into account in promotion exercises;
- (h) Selection procedures for appointment, regrading, acting appointment and promotion [such as any arrangement for written assessment, number of interviews and time for the announcement of result(s)], should be clearly understood by applicants and should be made known to parties concerned and any deviation from the specified procedures should be justified and approved by the SMC / IMC;
- (i) An independent selection panel should be appointed to consider all applications; and
- (j) Applicants who meet the stipulated minimum requirements should be given equal opportunity for selection.

Best Practices in Operation of Selection Panel

- (a) To ensure that decisions are made objectively, the shortlisting and interviewing of applicants should not be conducted by one person.
- (b) To facilitate a decision by vote, there should be an odd number of members on the panel.
- (c) For impartiality in decision-making, the selection panel should comprise a good representation of stakeholders. It is also essential to include professionals familiar with the job requirements of the vacant post.
- (d) For recruiting staff other than the school head, it is recommended that the panel should comprise the following members:
 - an SMC / IMC member other than the school head;
 - the school head; and
 - a senior teacher of the respective subject such as the Head of the History Panel for the recruitment of history teachers, or a senior administrative staff, depending on the nature of the post to be filled.
- (e) For recruiting the school head, the SMC / IMC should consider appointing a panel comprising representatives of the following stakeholders:
 - the sponsoring body;
 - the SMC / IMC;
 - parents of students at the school; and
 - independent persons not directly involved in the operation of the sponsoring body or its schools e.g. alumni and academics.
- (f) The membership of all selection panels should be approved by the SMC / IMC and communicated to all parties concerned.
- (g) To safeguard fairness in decisions, all managers and staff including the school head and individuals involved in the selection or approval process should be required to
 - declare conflict of interest if any applicant is his / her family member, relative, friend or a person to whom he / she owes a favour or is obligated in any way; and
 - refrain from taking part in the selection assessment if there is any conflict of interest.

Such declarations should be recorded, e.g. in the standard assessment form used for evaluating candidates or the notes of panel meetings.

- (h) The Chairperson, Secretary and members of the selection panel should understand their roles and responsibilities before conducting the selection exercise.
- (i) Panel members are required to sign all documents, which should include assessment forms in respect of individual candidates and recommendations of the panel. The records should be kept for two years.

**Recommendations on
Administration of Teaching Staff
from Independent Commission Against Corruption**

- (a) It is imperative for DSS schools to put in place an effective staff administration system that is seen to be fair, accountable and transparent, so as to prevent allegations or perception of mismanagement and malpractice.
- (b) To enhance staff's awareness of conflict of interest, DSS schools should draw up proper procedures, with work-related examples, to require SMC / IMC members and staff to avoid and declare conflict of interest arising from their duties.
- (c) Best practices in staff administration³:

Recruitment Procedures

- advertise all vacancies of teaching posts;
- state clearly in the advertisement the job description, entry requirements and other essential information such as application deadline, correspondence address and enquiry telephone number;
- require applicants to declare on the job application form whether they have any friends or relatives working in the school;
- register and keep properly all applications received;
- set up a panel of two or more staff to shortlist and interview candidates;
- devise a standard assessment form⁴ to assess candidates based on pre-defined assessment criteria;
- require individual panel members to individually give marks on a standard assessment form as far as practicable;
- record the combined scores of each candidate after the interview and the comments of the panel members on the form, and prioritize the candidates according to their scores;
- submit a report on the number of applications received, shortlisted and interviewed, the criteria adopted, etc., to facilitate the SMC / IMC's consideration in recommending selected candidates for the SMC / IMC's approval;

³ Schools are recommended to make reference to Chapter 6 "Staff Administration" of the BPC.

⁴ Schools may make reference to the sample interview assessment form at Appendix 12 of the BPC.

- verify the academic qualifications and work experience of the successful candidate(s) before offer of the appointment;
- record all refusals of offer and ensure subsequent offers are made to candidates according to the priority;

Offer of Appointments

- inform all new appointees of the school's staffing structure, pay scale, etc. when making an offer of appointment;

Performance Appraisal

- conduct performance appraisal interviews for all staff concerned, informing them of the management's comments on their performance and, if any, their gradings, in particular any adverse comments which may lead to disciplinary action;
- record performance assessment using a standard appraisal form⁵ which should cover all core competencies to be assessed;
- form a review panel to moderate the performance ratings of the appraisal reports if a large number of staff at the same level are appraised and different appraising staff are involved to ensure consistent appraisal standard and fairness;
- allow the appraisees to acknowledge and respond to the comments made in their appraisal reports;
- make known to all staff the pay adjustment mechanism for schools adopting a performance-based pay structure;

Promotion Procedures

- have an objective system for assessing the candidates and devise an assessment form with pre-defined criteria for use by the selection panel in assessing individual candidates;
- submit a report by the selection panel summarizing the comments and, if applicable, gradings / marks of the recommended candidates, as well as the unsuccessful ones, to the SMC / IMC for its consideration and approval;

Complaint Handling

- have a mechanism to handle complaints relating to staffing matters and draw up complaint handling procedures to ensure that grievances and complaints are dealt with properly;

⁵ Schools may make reference to the sample appraisal form at Appendix 13 of the BPC.

- require the school head to appoint independent staff, where appropriate, to look into the complaint, inform the complainant of the result, and keep proper records for future reference; and

Staffing Policies and Procedures

- lay down clear policies and procedures for various staff administrative functions, incorporating the good practices listed above, and make them known to all staff.

Handling Conflict of Interest

- (a) SMC / IMC members and school staff should be advised to:
- refrain from handling official matters or making a decision or taking part in making a decision in matters which may conflict with their private interest;
 - refrain from acquiring any investment or financial interests which may lead to conflict of interest with their official duties;
 - decline to provide assistance, advice or information on official matters to their relatives, friends, or any club / organization of which they are members, when this may result in the recipients having an unfair advantage over other persons / organizations; and
 - familiarize themselves with the rules and guidelines on conflict of interest.
- (b) A declaration of conflict or perceived conflict of interest should be made in writing, preferably on a standard form⁶, or recorded in the notes of a meeting as appropriate. Records of such declarations should be duly kept. When such a situation arises, the SMC / IMC, or the school head as appropriate, should decide whether the person disclosing an interest shall be required to abstain from the duty assigned.
- (c) The staff member declaring conflict of interest in a matter should refrain from handling the matter or there should be sufficient monitoring by senior staff or a second party to ensure impartiality. As a general rule, any person who or whose family member has an interest in the promotion or acting appointment must not be in the selection board / appeal board.

Examples of conflict of interest:

- (a) A member of the school personnel taking part in the selection of textbooks or reference books which are written or edited by his / her spouse, family, relatives or personal friends, or published by a company in which he / she or his / her spouse, family, relatives or personal friends have a financial interest.
- (b) A member of the school personnel taking part in the vetting / approving of tenders from a number of companies, one of which is operated by his / her spouse, family, relatives or personal friends or in which he / she or any such person has a financial interest, e.g. in the selection of textbook supplier, school uniform supplier, furniture and equipment supplier, school bus operator and tuckshop operator.
- (c) A member of a selection panel considering the recruitment, regrading, acting

⁶ Schools are recommended to make reference to the sample forms in Appendices 4 to 6 of the BPC.

appointment and promotion of staff, and a candidate being his / her family member, relative or personal friend.

- (d) A member of a selection panel who applies for the post himself or any other post being advertised at the same time.
- (e) A member of the school personnel investigating a complaint and persons involved being his / her family member, relatives or personal friends.

Budgeting Process

- (a) Schools should establish formal procedures for preparing the budget, for monitoring the use of resources and for ensuring that all financial and non-financial information is available at appropriate times.
- (b) The key procedures are the following:
- identification of school goals;
 - determination of policies and priorities;
 - identification of programme budgets;
 - estimation of resources needed;
 - estimation of resources available;
 - examination of expenditure trends / past performance;
 - allocation of resources, including provision for contingency;
 - approval of school budget;
 - informing staff with financial responsibilities of their programme budgets approved and any constraints imposed;
 - informing stakeholders of the approved budget;
 - monitoring of the school budget;
 - review and amendment of the budget; and
 - evaluation and report.
- (c) Schools may consider establishing a resource committee to vet the budget and make recommendations for the SMC / IMC's approval. The membership of the committee must be endorsed by the SMC / IMC and views of teachers should be considered in the process. Generally speaking, the school head and the deputy heads should sit on the committee. Other managers and teachers may also be appointed as necessary.
- (d) A summary budget should be prepared which comprises the summaries of all anticipated receipts and payments required for the operation of each programme budget.
- (e) The expenditure should be monitored against the approved budget by the relevant staff member in-charge-of the programme regularly throughout the year. SMC / IMCs may require the submission of a position report comparing the actual income and expenditure with the approved budget at regular intervals for scrutiny and monitoring. Appropriate action should be taken during the year to deal with variations between actual and budgeted income and expenditure.

Accounting Arrangement

- (a) The duties of calculating, checking and recording sums due to or from the school should be separated as completely as possible from the duties of collecting or disbursing those sums.
- (b) Segregation of duties reduces the risk of intentional manipulation or error, e.g. different staff should be assigned to collect cash and update accounting records.
- (c) The checking and reconciliation of any bank account and cash balances relating to all funds should be carried out by employees who are not themselves involved in the day to day administration of those accounts.
- (d) Every transfer of moneys from one employee to another should be evidenced in an appropriate record by the signature of the receiving employee and retained for a period similar to that of cash records.
- (e) All transactions should require authorization or approval by an appropriate responsible person.
- (f) There should be procedures to ensure that personnel have capabilities commensurate with their responsibilities. Schools should have a plan of their organization, defining and allocating responsibilities and identifying lines of reporting for all aspects of the school's operation.
- (g) The staff member responsible for checking should ensure that goods or services have been received or are due for advance payment, approval for payments has been obtained and there is no previous payment on the same invoices. Advance payment should be avoided as far as possible.
- (h) Senior staff should be assigned to carry out random check on purchasing record at least once a year.
- (i) All daily collections and date of banking should be recorded in a daily collection summary.
- (j) All school income should be deposited into bank accounts promptly.

Operating Bank Accounts and Signing Cheques

- (a) Bank accounts should be in the name of the school and one shall be kept solely in respect of moneys received from the Government.
- (b) Bank accounts (include Fixed / Time Deposits and cheques) should be operated by jointly authorised signatories. Cheques should be jointly signed by any two of the registered managers designated for this purpose. In addition, the issue whether the supervisor would be one of the authorised signatories should be discussed and decided by the SMC/IMC. If internet banking is used for managing and operating bank accounts, the procedures for approving payments through internet banking as well as personnel authorizing modification of access control and transaction limits should remain the same as the arrangements for cheque payments, i.e. should be jointly approved by any two of the registered managers.*
- (c) If collection of fees for examinations, activities or services arranged for students is required, the school head may seek approval from the SMC / IMC to open a separate bank account in the name of the school to be jointly operated by the school head and the deputy school head or such other school personnel as authorised by the SMC / IMC.
- (d) Only a reasonable cash balance should be kept from time to time to meet small payments.
- (e) Cheques should not be pre-signed and amount left blank. They should only be signed upon presentation of properly authorised documents. Use of cash cheques should be avoided except for the purpose of replenishing the petty cash float.
- (f) Cheque books received should be recorded in a register and their issue should be controlled by recording the recipient's name, signature and date. Spoiled cheques / official receipts should be marked off.
- (g) Unused cheque books should be kept under lock by the School Supervisor or school head.
- (h) The School Supervisor or school head should handle the inward mail from the bank personally, e.g. bank statements received from the bank should be opened by the School Supervisor or school head. The bank statements should then be examined and initialed before being passed to the staff who is responsible for preparing bank reconciliation statements.
- (i) The school head should review the bank reconciliation statement prepared monthly by the school clerk and investigate any unusual items and cheques which have been outstanding for over one month. The school head should initial and date the bank reconciliation statement after checking.

* Workflow of IMC Establishment and Related Matters (<http://www.edb.gov.hk/en/sch-admin/sbm/imc-workflow/index.html>)

- (j) All sums received by a school from the Government or other sources should be paid into the bank account maintained in the name of the school.
- (k) Payment should be made by crossed cheque as far as possible.

Approved Expenditure Items for DSS Subsidy *

Only expenditure of an educational nature can be charged against the government fund account. The approval expenditure items for the DSS subsidy are listed as follows:

- Advertising
- Audit fee
- Bank charges
- Bank interest and overdraft interest
- Celebrations and entertainment
- Cleaning materials
- Consumable stores
- Curriculum development
- Depreciation
- Expenditure on staff training
- Expenditure on supplementary teaching staff
- Extra-curricular activities
- First-aid facilities
- Fuel, light and power
- Government rates and rent
- Insurance for fire, theft, public liability and employee compensation
- Library books for students
- Long service payment / severance pay (in accordance with the Employment Ordinance)
- Newspaper and magazines
- Non-teaching staff salaries
- Postage and stamp duty
- Printing and stationery
- Prizes
- Professional fees for essential professional advice of a legal, architectural, or similar nature
- Provident fund for teaching and non-teaching staff
- Repairs and maintenance
- 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

* Not for the depreciation, maintenance and running cost of above-standard facilities, such as swimming pool, school bus, etc

- Sports
- Teachers' textbooks, maps, etc.
- Teaching staff salaries
- Telephones
- Transport and travelling expenses wholly incurred on school business, excluding travel between home and school
- Travelling allowances, meals or light refreshments for occasional guest speakers
- Water charges
- Wreaths, flower-baskets and similar tributes on behalf of the school
- Miscellaneous items for educational purposes

[Note: Repayment of loan and interest thereon with previous special approval from the EDB can also be charged to government funds.]

[Source: Explanatory Notes for DSS Schools (Primary / Secondary) issued by EDB]

Safekeeping School Assets and Other Valuables

- (a) Schools should nominate a member of staff to be responsible for the preparation and control of the Fixed Assets Register.
- (b) Physical checking of assets should be conducted at least once a year. The results and records of the checking should be retained. Any discrepancies found should be investigated and reported to the SMC / IMC.
- (c) All cash and other valuables and important documents must be kept under lock. Surprise cash counts should be conducted by the school head to detect and deter loss / misappropriation of cash. The surprise check should be carried out by a staff member at irregular intervals in a year, say at least three times a year. The staff member should sign, date and record the result of the checking in a log book. Any discrepancies found should be reported to the SMC / IMC.
- (d) Any write-off or adjustment to the register of capital assets and other valuables may only be done with the approval of the school head. A report on the write-off or adjustment should be passed to the SMC / IMC for information.
- (e) Schools may consider taking out insurance to protect schools against damage or loss of above-standard or non-standard items caused by theft and burglary and loss of cash (non-government funds) in transit.
- (f) Schools should maintain a Loan Register when equipment is on loan to staff / students.

Tips on Financial Management

- (a) Accepting Donations - In principle, schools should not accept any advantage or donations from suppliers / contractors as this may influence their choice and jeopardize the interests of students. In exceptional circumstance where there are compelling reasons to accept such donations, they should be fully justified, approved by the SMC / IMC in advance and documented. SMC / IMC has the responsibility to decide whether donations / advantages should be accepted.
- (b) Procurement of Goods and Services - SMC / IMC should set out the tendering and purchasing procedures for procurement of goods and services for their staff to follow. Schools should ensure that staff responsible for tendering and purchasing must be familiar with the procedures and follow the procedures strictly.
- (c) Hire of Accommodation - Schools should credit the hire charges levied from accommodation to the non-government fund accounts of the schools. Overhead expenses relevant to the hiring of accommodation should be charged to non-government fund accounts.
- (d) Approved Items of Expenditure - In principle, only expenditure items for educational and school needs should be charged to school funds and only the approved items of expenditure should be charged to government funds.
- (e) Remuneration of Staff - Schools should set out their own system for determining remuneration packages. They should make reference to duties and responsibilities to be held in formulating their remuneration packages.
- (f) Overseas Training / Education Visits for Staff - Schools should put in a place a policy of nomination for courses of training, study trip and education visits. As overseas training and education visit will incur substantial expenses, schools should also formulate policy on provision of overseas training / visits to staff and ensure the incurred expenses are for educational purposes and not for other purposes.
- (g) Collection of Fees and Charges - All charges to students should be subsumed in the inclusive school fee and students should not be asked for any other specific charges. If specific charges are required, schools should submit application for EDB's approval.

- (h) Payment and Receipts - All paid vouchers and invoices should be stamped with the word “PAID” and dated by the paying staff to prevent duplicate payment. Spoiled cheques / official receipts should be immediately marked off as “Cancelled” and attached to cheque / receipt stub to prevent from re-use.

[Source: Circular Letter dated 21.11.2007 on Financial Management in Direct Subsidy Scheme Schools]