

Management and Financial Audit (MFA)

School Administration 3 Section

20 January 2017

Policy Background

Policy objectives of DSS:

- ◎ enhancing parental choice
- ◎ enriching our education system through increasing diversity in the school system

Policy Background (2)



Background of MFA

- ◎ Put forward by the Working Group on DSS pursuant to the recommendations in the **Director of Audit's Report No. 55** and the **Public Accounts Committee Report No. 55**
- ◎ **EDB Circular No. 7/2012**,
“Improvement Measures to Strengthen the Governance and Internal Control of DSS Schools”
dated 30 July 2012

Background of MFA (2)

- One of the improvement measures to strengthen the **governance and internal control** of DSS schools
- Enhanced version of the existing audit inspections:
 - To cover the Management Aspects
 - Procedures to be similar to existing audit inspections

Other Complementary Measures

- ◎ Completing Self-evaluation Checklist 
- ◎ Setting up Governance Review Subcommittee (GRSC)
- ◎ Putting up essential items to School Management Committee (SMC)/ Incorporated Management Committee (IMC) for discussion and approval

MFA - Four Specific Aspects

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

MFA - Approach

- ◎ Continue to be compliance checking on a test-check basis
 - ✓ *plus an examination and evaluation of the appropriateness, adequacy and implementation of a school's major policy and internal control system*

Management Aspects

- ◎ **Finding out** whether the school has put in place relevant school-based policies in the management aspects with proper deliberation and approval of the SMC/IMC

Management Aspects (2)

Examining whether the school-based policies are:

- ⊙ **in compliance** with the statutory and administrative requirements
- ⊙ **reasonable and acceptable** with reference to relevant regulations, legislations and prevailing Government policies
- ⊙ implemented with **sufficient control systems** in place
- ⊙ **properly implemented** and in consultation with relevant stakeholders

MFA Implementation

2014/15: Piloting in 3 schools

2015/16: Piloting in 7 schools

2016/17: Piloting in 12 schools

2017/18: Full-scale

Workflow of MFA

Stages of MFA:

Stage 1: Pre on-site inspection

Stage 2: On-site inspection

Stage 3: Post on-site inspection

Examples on Major Observations – General Administration of SMC/IMC

Declaration of Conflict of Interest

- ⊙ No proper records of declared conflicts & necessary actions taken to avoid conflict of interest

HR Management

- ⊙ SMC/IMC has not clearly set out criteria and guidelines on approving staff establishment and remuneration

Quality Assessment and Compliance

- ⊙ School manager had not been registered under the Education Ordinance, Cap 279

Examples on Major Observations – HR & Personnel Management

Staff Recruitment – Assessment Methods

- No school-based policy/procedures
- No proper records of the selection process as per school-based policy/procedures

Examples on Major Observations – Fee Remission/ Scholarship Schemes

Criteria for Awarding Fee Remission

- Eligibility benchmarks less favorable than the government financial assistance schemes

Publicity

- Insufficient transparency as required under para. 5 of EDBC No. 10/2012

SFO's website on eligibility benchmarks

Financial Assistance Schemes for Primary & Secondary Students



Home > Primary & Secondary Level > Financial Assistance Schemes for Primary & Secondary Students > General Information > Method of Assessment

Method of Assessment

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:

$$\text{AFI} = \frac{\text{Gross annual income of the family}}{\text{Number of family members} + (1)}$$

- Gross annual income of the family includes the annual income of the applicant and his/her spouse; 30% of the annual income of unmarried child / children residing with the family if applicable; and the contribution from relatives / friends if applicable.
- The members of a family normally refer to the applicant, his/her spouse, unmarried child / children residing with the family and the dependent parent(s) who are supported by the applicant and/or his/her spouse.

Please refer to the "Notes on How to Complete and Return Household Application Form " [\(SFO 75B\(2\)\)](#) for definition of "Dependent Parent".

- For single-parent families of 2 to 3 members, the 'plus 1 factor' in the divisor of the AFI formula will be increased to 2.

Level of Assistance

- The AFI eligibility benchmarks for various levels of assistance in the 2016/17 school year are listed in the table below. **(Please note that the AFI is not the average monthly income of a family.)**

2016 / 17 school year - AFI Groups between (HK\$)	Level of Assistance
0 – 37,552	FULL*
37,553 – 72,611	Half
> 72,611	Ineligible

- * AFI thresholds for full level of assistance for 3-member and 4-member families are \$45,460 and \$41,824 respectively in the 2016/17 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.

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

Checklist on the Operation of the Fee Remission/Scholarship Schemes

No.	Items	Yes/No
1	Has your school adopted eligibility benchmarks no less favorable than the government financial assistance schemes for the fee remission/ scholarship scheme?	
2	If the response to question (1) above is “No”, (a) has your school applied to the Education Bureau (EDB) for exemption from adoption of eligibility benchmarks no less favorable than the government financial assistance schemes as endorsed by School Management Committee/Incorporated Management Committee (SMC/IMC)?	
	(b) has the application been approved by the EDB in accordance with the conditions as set out in EDB Circular No. 10/2012?	
3	If the reserve for the fee remission/ scholarship scheme has reached a cumulative amount that exceeds the school’s half-year total fee income, (a) has your school reviewed the causes of the low utilization of the school fee remission/ scholarship provision?	
	(b) have improvement measures been drawn up to improve the low utilization rate of the school fee remission/ scholarship provision?	
	(c) has the SMC/ IMC endorsed the improvement measures drawn up?	
	(d) has your school submitted a deployment plan to EDB on ways to use the reserve more effectively?	
4	Has your school consulted the SMC/ IMC or parent-teacher association about the operation of the school fee remission/ scholarship schemes and how the related information should be presented to ensure that it can be easily understood by parents and prospective parents of the school?	
5	Has your school indicated in the application form for admission: (a) that needy students, including those from families receiving Comprehensive Social Security Assistance (CSSA) and students receiving financial assistance provided by the Student Finance Office (SFO), could apply for the school fee remission?	
	(b) details* of the school fee remission/ scholarship schemes?	

Checklist on the Operation of the Fee Remission/Scholarship Schemes

No.	Items	Yes/No
	(c) contact information including telephone number for enquiry about the schemes?	
6	Has your school indicated in the School Profile published by the Committee on Home-School Co-operation:	
	(a) that needy students, including those from families receiving CSSA and students receiving financial assistance provided by the SFO, could apply for the school fee remission?	
	(b) an updated hyper-link through which details* of the school fee remission/scholarship schemes can be obtained on the school website?	
7	Has your school included in the school prospectus a statement of fees with details* of any fee remission and scholarship scheme?	
8	Has your school included in the details* of any fee remission and scholarship scheme uploaded to the school website the contact information including telephone number for enquiry?	
9	Has your school enclosed in the letter offering admission details* of the school fee remission/ scholarship schemes?	
10	When notifying students of the application results for financial assistance provided by SFO, has your school provided an application form for the school fee remission/ scholarship schemes to each of the eligible students as well?	

* **Details of fee remission/ scholarship schemes** should include the amounts of **school fee**, the **eligibility criteria**, and the **levels of fee remission**. It should also set out clearly that subject to the availability of funds under the school fee remission/ scholarship schemes, in principle, DSS schools are required to offer fee remission to students from families receiving the CSSA and those receiving assistance from the SFO.

Management Toolkit

Management Toolkit for Direct Subsidy Scheme (DSS) Schools

I. Preamble

This Toolkit aims to facilitate DSS schools in their implementation of the improvement measures as recommended by the Working Group on DSS under the following aspects:

- (i) Fee Remission and Scholarship Schemes;
- (ii) Governance and Internal Control;
- (iii) Financial Management; and
- (iv) Training for School Personnel of DSS Schools.

The major references on DSS, relevant Education Bureau (EDB) circulars and guidelines, procedural checklists, points to note and useful forms/templates under the four aspects as well as the training materials for DSS school personnel are incorporated into this Toolkit for schools' easy reference. It is to supplement the *Reference Documents on Management and Administration of DSS Schools* issued by the Hong Kong DSS Schools Council and EDB. EDB will update and refine its contents regularly based on schools' needs and the implementation progress of the improvement measures.

II. Major References on DSS

[Reference Documents on Management and Administration of DSS Schools](#)
[DSS Explanatory Notes for Primary Schools](#)
[DSS Explanatory Notes for Secondary Schools](#)
[Report of the Working Group on DSS](#)

III. Improvement Measures Recommended by the Working Group on DSS

[Improvement Measures for the Fee Remission / Scholarship Schemes](#)

[Strengthening the Governance and Internal Control of DSS Schools](#)

[Strengthening the Financial Management of DSS Schools](#)

[Training for School Personnel of DSS Schools](#)



Contact Us

School Administration 3 Section

Ms Amy CHENG	3509 7490
Ms Isabel WONG	3509 7459
Mr Brian YU	3509 7491

THANK YOU

Management Aspects

Examples of school-based policies:

- ◎ Declaration of conflict of interest
- ◎ HR and personnel matters, such as staffing structure, staff recruitment, remuneration, promotion, staff appraisal, discipline, etc.
- ◎ Fee remission and scholarship schemes: eligibility benchmarks



Completing Self-evaluation Checklist

Expect to complete the Checklist within three months after **the end of each school year**



Forward the completed Checklist to GRSC for review **annually**

Any variations from the Checklist should be approved by the SMC/IMC and documented

Part 1: To be completed by SMC/IMC

Part 2 to 4: To be completed by Principal/ Heads of functional committees



Letter to school dated 4 April 2014



中華人民共和國香港特別行政區政府總部教育局
Education Bureau
Government Secretariat, Government of the Hong Kong Special Administrative Region
The People's Republic of China
香港添馬添美道 2 號政府總部東翼 5 樓學校行政第三組
School Administration 3 Section, 5/F, East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, HK

本局檔號 Our Ref.: (46) to EDB(SA1)/DSS/POL/23/2(II)/C
來函檔號 Your Ref.:

電話 Telephone: 3509 7490
傳真 Fax Line: 2572 5402

4 April 2014

To: Supervisors/Heads of all schools under the Direct Subsidy Scheme (DSS)

Dear Sir/Madam,

Formal Version of Self-evaluation Checklist

To facilitate DSS schools' internal monitoring, the Education Bureau (EDB) has devised a Self-evaluation Checklist (Checklist) in collaboration with the Hong Kong DSS Schools Council (Council) for trial use by DSS schools in the 2012/13 school year.

Based on the experience gained and the feedback from the Council, we are pleased to inform you that the Checklist has been refined and is now available on the EDB webpage for formal use by DSS schools with effect from the 2013/14 school year. You may visit the EDB webpage at the address below:

<http://www.edb.gov.hk> > Education System and Policy > Primary and Secondary School Education > Applicable to Primary and Secondary School > Direct Subsidy Scheme > Useful/reference Materials for the Implementation of the Improvement Measures Put Forward by the Working Group on Direct Subsidy Scheme > Self-evaluation Checklist for Formal Use

DSS schools may adapt the Checklist to suit their own needs. Nevertheless, any variation from the Checklist should be approved by the SMC/IMC and documented.

To ensure timely review of school-based policies and procedures, DSS schools are expected to complete the Checklist within three months after the end of each school year. In this connection, it is anticipated that DSS schools will have completed the formal version of the Checklist of the 2013/14 school year by the end of November 2014. Please be reminded that all DSS schools will have to forward a completed Checklist of a certain school year to their respective governance review sub-committees for review in the following school year.

For enquiries, please feel free to contact the undersigned on 3509 7490 or Mr Cliff HO on 3509 7459.

Yours sincerely,

(Ms Amy CHENG)
for Permanent Secretary for Education

