

# **MANAGEMENT AND FINANCIAL AUDIT (MFA)**

**School Administration 3 Section**

**16 October 2014**

# BACKGROUND

Policy objectives of the DSS:

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

# BACKGROUND

DSS schools:

- enjoy greater operational flexibility to develop their characteristics
- receive public funding
- greater responsibilities and need for accountability

# BACKGROUND

EDB to:

- safeguard interests of public and parents
- rely on DSS schools' own governance and accountability
- maintain a balance between regulatory oversight and flexibility for DSS schools

# BACKGROUND OF MFA

- MFA is one of the improvement measures to strengthen the governance and internal control of DSS schools
- To assure DSS schools' prudent and proper use of resources while enjoying greater flexibility in various areas, such as resources deployment, staff appointment, fees collection, etc.

# 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
- Set out in EDB Circular No. 7/2012, "Improvement Measures to Strengthen the Governance and Internal Control of DSS Schools" issued on 30 July 2012

# OTHER COMPLEMENTARY MEASURES

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

# MFA - GOAL



- To enhance school governance, accountability and transparency



# MFA – SCHEDULE AND MODE

- 2014/15 School Year:

Try out the MFA process to develop approach best fit DSS schools and identify support needed

- 2015/16 School Year and onwards:

Subject to review based on experiences and feedback gathered

# MFA - PREPARATION AND TRAINING FOR SCHOOLS

- Briefings
- Training for schools
- Pilot MFA in some schools to try out the new process
- Experience sharing by pilot schools
- On-going training for and consultation with DSS schools

# MFA - FOUR SPECIFIC ASPECTS

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

# MFA - 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

# MFA - MANAGEMENT ASPECTS

## Examples of school-based policies:

- Staff recruitment policies and procedures
- Resources allocation, e.g. use of grandfathered reserve
- Procedures on fee remission/ scholarship schemes

# MFA - MANAGEMENT ASPECTS

**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

# MFA - MANAGEMENT ASPECTS

Examples of compliance of policies and requirements:

- Composition and operation of the SMC/IMC (SSB service agreement, Education Ordinance, Cap 279)
- Requirements under the DSS (e.g. 2-month surplus in the Operating Reserve)

# MFA - MANAGEMENT ASPECTS

## Examples of internal control systems:

- SDA Framework: SDP, ASP, SR
- Self-evaluation checklist
- Governance Review Sub-committee
- Essential items for discussion/approval at the SMC/IMC meetings



# ENQUIRIES



School Audit Section

2892 5737

School Administration 3 Section

3509 7459



**THANK YOU**