

CHAPTER 1

Education Bureau

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| Administration of the Direct Subsidy Scheme |
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**Audit Commission
Hong Kong
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This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

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Audit Commission
26th floor, Immigration Tower
7 Gloucester Road
Wan Chai
Hong Kong

Tel : (852) 2829 4210
Fax : (852) 2824 2087
E-mail : enquiry@aud.gov.hk

ADMINISTRATION OF THE DIRECT SUBSIDY SCHEME

Contents

| | Paragraph |
|---|-------------|
| PART 1: INTRODUCTION | 1.1 |
| Background | 1.2 – 1.4 |
| Conditions for admission to the Direct Subsidy Scheme | 1.5 – 1.6 |
| Direct Subsidy Scheme subsidy | 1.7 |
| Monitoring of Direct Subsidy Scheme schools | 1.8 – 1.14 |
| Audit review | 1.15 – 1.16 |
| General response from the Administration | 1.17 – 1.18 |
| Acknowledgement | 1.19 |
| PART 2: ADMISSION PROCESS | 2.1 |
| Application for admission to Direct Subsidy Scheme | 2.2 – 2.3 |
| Assessment of track record | 2.4 |
| Audit observations and recommendation | 2.5 – 2.6 |
| Response from the Administration | 2.7 |
| Compliance with admission conditions | 2.8 |
| Audit observations and recommendations | 2.9 – 2.15 |
| Response from the Administration | 2.16 |

| | Paragraph |
|--|------------------|
| PART 3: SERVICE AGREEMENT WITH SCHOOL SPONSORING BODY | 3.1 |
| Requirement to enter into service agreement | 3.2 – 3.4 |
| Audit observations and recommendations | 3.5 – 3.13 |
| Response from the Administration | 3.14 |
| Compliance with service agreement | 3.15 |
| Audit observations and recommendations | 3.16 – 3.29 |
| Response from the Administration | 3.30 |
| Director of Audit's access right to records and accounts | 3.31 |
| Audit observations and recommendation | 3.32 – 3.33 |
| Response from the Administration | 3.34 |
| PART 4: SERVICE AGREEMENT WITH INCORPORATED SCHOOL GOVERNING BODY | 4.1 |
| Service agreement | 4.2 |
| Delays in entering into service agreement | 4.3 |
| Audit observations and recommendations | 4.4 – 4.7 |
| Response from the Administration | 4.8 |
| Composition of incorporated school governing body | 4.9 – 4.11 |
| Audit observations and recommendation | 4.12 – 4.15 |
| Response from the Administration | 4.16 |

| | Paragraph |
|--|------------------|
| Tenancy agreement | 4.17 – 4.18 |
| Audit observations and recommendations | 4.19 – 4.22 |
| Response from the Administration | 4.23 |
| PART 5: MONITORING SCHOOL PERFORMANCE | 5.1 |
| Monitoring mechanism | 5.2 – 5.5 |
| Compliance vetting | 5.6 |
| Audit observations and recommendations | 5.7 – 5.13 |
| Response from the Administration | 5.14 |
| School Development and Accountability framework | 5.15 |
| Audit observations and recommendations | 5.16 – 5.23 |
| Response from the Administration | 5.24 |
| Comprehensive Review | 5.25 – 5.26 |
| Audit observations and recommendations | 5.27 – 5.29 |
| Response from the Administration | 5.30 |
| PART 6: DIRECT SUBSIDY SCHEME SUBSIDY | 6.1 |
| Payment of subsidy | 6.2 |
| Information provided to the Legislative Council | 6.3 |
| Audit observations and recommendation | 6.4 – 6.8 |
| Response from the Administration | 6.9 – 6.10 |

| | Paragraph |
|--|------------------|
| Subsidy for schools with a longer history | 6.11 |
| Audit observations and recommendations | 6.12 – 6.15 |
| Response from the Administration | 6.16 – 6.17 |
| PART 7: INTERNATIONAL SCHOOLS IN DIRECT SUBSIDY SCHEME | 7.1 |
| Inclusion of international schools in Direct Subsidy Scheme | 7.2 |
| Audit observations and recommendations | 7.3 – 7.16 |
| Response from the Administration | 7.17 – 7.18 |
| | Page |
| Appendices | |
| A : Assessment areas for DSS applications | 50 – 51 |
| B : Chronology of key events: Phasing out of international schools from the DSS | 52 |
| C : Acronyms and abbreviations | 53 |

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit scope and objectives.

Background

1.2 In June 1988, the Education Commission (Note 1) published its Report No. 3. The Commission recommended the introduction of a Direct Subsidy Scheme (DSS), under which schools would receive a recurrent subsidy based on the number of students enrolled. The objective of introducing such a Scheme was to inject diversity to the school system through the growth of a strong private school sector so that parents would have greater choice in finding suitable schools for their children. The Government accepted the recommendation, and in May 1990, announced the introduction of the DSS with effect from the 1991/92 school year (Note 2).

1.3 To meet the policy objective of giving more choices to parents, DSS schools are allowed to have greater flexibility in various areas including school management, resources deployment, staff appointment, curriculum design, student admission and fees collection so that they can cater for the diverse needs of their students in a more responsive manner.

1.4 In 1998, the Government reviewed its private school policy with the aim of fostering a more vibrant and diverse private school sector and providing parents with greater choice. To provide expansion in the private school sector, especially DSS schools, the Chief Executive announced in his 1998 Policy Address the following improvement measures:

- (a) to enhance the capital and recurrent assistance for DSS schools; and
- (b) to allocate to sponsoring bodies government-built school premises for the operation of non-profit-making DSS schools.

Note 1: *The Education Commission advises the Secretary for Education on the overall educational objectives and policies, and the priorities for implementation of its recommendations having regard to the resources available.*

Note 2: *Unless otherwise specified, all years mentioned hereinafter refer to school years which start on 1 September of a year and end on 31 August of the following year.*

Conditions for admission to the Direct Subsidy Scheme

- 1.5 At present, schools admitted to the DSS:
- (a) must have self-owned school premises;
 - (b) must be non-profit-making;
 - (c) should be in sound financial situation with accumulated operating reserve sufficient to meet at least two months' operating expenses;
 - (d) are not allowed to operate private classes without prior approval from the Education Bureau (EDB);
 - (e) should issue an annual prospectus and ensure that its contents are updated and factually correct;
 - (f) are required to offer principally a curriculum targeted at local students and prepare them to sit for the relevant local public examinations;
 - (g) are required to enter into a 10-year service agreement with the Government. The objective is to enhance the schools' accountability and to facilitate the development of performance-based school management; and
 - (h) should be prepared to abide by new rules concerning the DSS.

1.6 For 2009/10, there were 72 DSS schools, comprising 11 primary, 52 secondary and 9 primary-cum-secondary schools. The enrolments of DSS secondary and primary schools were 51,123 (11% of secondary students) and 12,589 (4% of primary students) respectively. The budget for recurrent DSS subsidy was \$2,422 million.

Direct Subsidy Scheme subsidy

1.7 DSS subsidy is payable on a per student basis. The amount is derived with reference to the average unit cost of an aided school place, the operating history of the school (Note 3) and the school fees charged by the school. For 2009/10, the DSS subsidy

Note 3: *DSS schools which have been established for 16 years or more will receive additional recurrent subsidy per student per year. For 2009/10, the annual additional recurrent subsidy per student ranged from \$3,135 (for primary schools) to \$6,869 (for sixth form classes of secondary schools).*

ranged from \$28,134 (for Primary One school places) to \$56,371 (for Secondary Seven school places). A DSS school will receive full subsidy until its fee level reaches two and one-third of the average unit cost of an aided school place. Beyond this level, no recurrent subsidy will be provided. To make DSS schools more accessible to students from less well-off families, DSS schools are required to set aside at least 10% of their fee income for a fee remission/scholarship scheme with a set of eligibility benchmarks no less favourable than the student financial assistance schemes offered by the Government.

Monitoring of Direct Subsidy Scheme schools

1.8 DSS schools are accountable to the public for the quality of their education services and the proper use of the government and school funds. They are required to adhere to the following guiding principles issued by the EDB for the proper and effective operation of schools:

- (a) complying with laws and regulations;
- (b) putting the interests 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 the decision making process;
- (f) deploying resources properly and effectively; and
- (g) making reflections and improvement through continuous evaluation.

1.9 To ensure that DSS schools meet the service and operation standards required, the EDB has instituted a control and monitoring mechanism, which comprises both compliance vetting and quality assurance assessment.

Compliance vetting

1.10 The purpose of compliance vetting is to check, by way of information collected regularly through different channels (e.g. annual school plans, school inspections, and audited accounts), whether there is any breach of the school operating requirements, particularly in the following areas:

- (a) admission conditions and requirements;
- (b) statutory requirements; and
- (c) financial management.

1.11 Appropriate actions (including termination of subsidies) could be taken if a DSS school does not pass the compliance vetting. Follow-up reviews by the EDB will be carried out to ensure timely rectification of the situation.

Quality assurance assessment

1.12 The purpose of the quality assurance assessment of a DSS school is to provide an external review on the performance of the school as a whole. The EDB may assess the performance of the school by conducting:

- (a) full inspections along areas such as management and organisation, teaching and learning, support for students and school ethos, and attainment and achievement;
- (b) focus inspections on one of the areas (e.g. discipline, home-school cooperation, medium of instruction, and teaching and learning of a subject);
- (c) external school review; or
- (d) other new performance measures to be introduced in the future.

1.13 Assessment in the form of a Comprehensive Review (CR — see para. 5.25) will be made after the first five-year period of the school's admission into the DSS. After the assessment, the EDB may:

- (a) require the school to draw up and implement an action plan to overcome the identified problems within a reasonable period;
- (b) monitor the progress of implementation of the action plan; and
- (c) conduct follow-up inspections.

1.14 If the EDB considers that the school fails to improve, the EDB may:

- (a) appoint additional school managers to the school for such a period as it thinks fit;

- (b) not renew the School Management Committee (SMC)/Incorporated Management Committee (IMC) Service Agreement by giving the SMC/IMC nine months' notice before that Agreement expires;
- (c) terminate the SMC/IMC Service Agreement at any time before its expiry by giving the SMC/IMC nine months' notice to that effect; or
- (d) take any other measures as it thinks fit.

Audit review

1.15 The Audit Commission (Audit) has recently conducted a value for money audit on the DSS covering the administration of the Scheme and the governance and administrative matters of the DSS schools. Audit reviewed the files and records of the EDB and visited four DSS schools to obtain a better understanding of their operation. The audit findings are contained in two separate reports, as follows:

- (a) administration of the Direct Subsidy Scheme (the subject matter of this report); and
- (b) governance and administration of Direct Subsidy Scheme schools (Chapter 2 of the Director of Audit's Report No. 55).

1.16 Audit's review of the administration of the DSS focused on the following areas:

- (a) admission process (PART 2);
- (b) service agreement with school sponsoring body (PART 3);
- (c) service agreement with incorporated school governing body (PART 4);
- (d) monitoring school performance (PART 5);
- (e) Direct Subsidy Scheme subsidy (PART 6); and
- (f) international schools in Direct Subsidy Scheme (PART 7).

Audit has identified a number of areas where there is room for improvement and has made a number of recommendations to address the issues.

General response from the Administration

1.17 The **Secretary for Education** fully appreciates Audit's efforts in conducting this study and making recommendations to improve the administration of the DSS. He has said that the EDB:

- (a) appreciates the observations and recommendations made by Audit in the study, which evidently point out the areas for improvement for both the EDB and DSS schools;
- (b) is committed to continuing its efforts to improve the administration of the DSS with the aim of promoting quality education delivered by DSS schools;
- (c) will step up the EDB's measures in facilitating DSS schools to strengthen their governance structure as well as their internal control mechanism with a view to enhancing accountability and transparency for proper management and organisation;
- (d) will consider the preventive measures to minimise the possibility of non-compliance, and systematise the intervention measures to ensure timely rectification;
- (e) will strengthen the communication within the EDB by enhancing internal procedures/guidelines to improve the administration of the DSS. By doing so, the EDB will ensure, in a more timely and effective manner, that DSS schools are in compliance with the requirements as set out in different agreements signed between the EDB and DSS schools, the conditions for admission to the DSS and the guidelines/management letters issued by the EDB from time to time;
- (f) will continue to provide comprehensive information to the Legislative Council as and when required; and
- (g) will review the existing mechanisms and measures under the DSS whenever necessary and continue to strive to bring further improvement to the DSS to facilitate DSS schools' delivering quality school education service in an accountable and transparent manner.

1.18 The **Secretary for Education** has also said that:

- (a) DSS schools are allowed to have greater flexibility in managing their schools. Nevertheless, flexibility enjoyed by DSS schools is not boundless. DSS schools have to comply with the Education Ordinance (Cap. 279), Education Regulations, other related legislations and such other requirements as specified from time to time by the Government;

- (b) the EDB considers that autonomy should go hand in hand with accountability. While the EDB has to play an appropriate monitoring role to enhance the governance, accountability and transparency of the operation of DSS schools, the EDB is not involved in the day-to-day operation of DSS schools;
- (c) if non-compliance of requirements is identified or malpractices are substantiated, the EDB would issue advisory or warning letters to the responsible persons demanding rectification within a specified time. Follow-up investigation visits or reviews will be conducted to ensure timely rectification of the situation. If the non-compliance persists or systemic problems have been identified in schools, the EDB will render appropriate intervention to the schools concerned. Depending on the gravity of the problems, the EDB may appoint school managers to the SMC/IMC, take punitive measures such as withholding or withdrawing part of the DSS subsidy where appropriate, and report to the relevant law enforcement agencies should there be suspected illegal and corruption cases; and
- (d) if non-compliance of requirements or malpractices continue even after warning has been given and intervention been administered, the EDB may withdraw the subsidy payable to the school with a resultant loss of DSS status. In exceptional cases, the EDB may terminate the SMC/IMC Service Agreement at any time before the expiry of the Agreement.

Acknowledgement

1.19 Audit would like to acknowledge with gratitude the full cooperation of the staff of the EDB and the four DSS schools during the course of the audit review.

PART 2: ADMISSION PROCESS

2.1 This PART examines the EDB practices in processing applications from schools to join the DSS.

Application for admission to Direct Subsidy Scheme

2.2 In order to be admitted to the DSS, applicant schools must be able to demonstrate their readiness, capability and viability to provide quality education services under the DSS (Note 4). The Task Force on DSS (Note 5), which is chaired by a Deputy Secretary for Education, oversees the assessment of applications from aided schools for admission to the DSS. Upon completion of the assessment of applications, the Task Force will recommend the Permanent Secretary for Education to approve or reject the applications.

2.3 Upon receiving an application, different EDB subject divisions will provide inputs and comments for preparing an assessment report based on the applicant school's proposed plan for joining the DSS. The assessment report covers the track record of the school's performance and the provision of quality education by the school (see Appendix A for the details of the assessment areas). The Task Force on DSS will take into consideration the supply and demand of school places, the assessment report findings and the financial viability of the school in assessing the application.

Assessment of track record

2.4 Assessing an applicant school's track record of performance is one of the areas considered by the Task Force on DSS in processing the application. It is carried out by the Quality Assurance Division (QAD — Note 6) and the School Development Division

Note 4: *New schools may also apply to join the DSS. Their applications will be vetted by the School Allocation Committee, which comprises an equal number of official and non-official members who are familiar with the education system of Hong Kong.*

Note 5: *The Task Force on DSS was set up in 2000. It meets quarterly to review the policies and practices of the DSS, propose criteria for DSS applications, and recommend DSS applications for approval.*

Note 6: *The QAD is responsible for carrying out school inspections to ensure that schools are delivering quality education.*

(SDD — Note 7) of the EDB. The assessment covers four sub-areas (i.e. management and organisation, learning and teaching, student support and school ethos, and student performance). The involvement of both the QAD and the SDD in the assessment is to ensure that relevant information pertinent to the applicant school will be taken into consideration. The QAD's assessment is based on the results of previous External School Review (ESR — see para. 5.15) or quality assurance inspection. The SDD's assessment, on the other hand, is based on its day-to-day working experience with the applicant school.

Audit observations and recommendation

2.5 Audit examination of the records of 10 applications for admission to the DSS in 2008/09 and 2009/10 revealed the following:

- (a) in one case, the score awarded by the QAD was based on a quality assurance inspection carried out in 1998. The QAD had not taken action to verify that the information contained in the quality assurance inspection report of a decade ago was still valid and relevant for the assessment; and
- (b) in four other cases, the applicant schools had not been subject to any ESR or quality assurance inspection, and therefore no score was awarded by the QAD. In this connection, Audit noted that in general, a team of four to five QAD officers would take about five days to complete a school inspection. If the QAD had mobilised its resources to carry out school inspections in these cases, the four applicant schools would have been assessed from the perspectives of both the QAD and the SDD.

Audit recommendation

2.6 **Audit has recommended that the Secretary for Education should consider taking action to ensure that the assessment on DSS applicant schools' track records of performance is based on up-to-date and relevant information. Where necessary, the QAD should carry out a new school inspection for assessment purpose.**

Response from the Administration

2.7 The **Secretary for Education** agrees with the audit recommendation.

Note 7: *The SDD operates regional education offices and is responsible for providing support services to schools.*

Compliance with admission conditions

2.8 The EDB has laid down a set of conditions for admission of schools to the DSS (see para. 1.5). Only schools that have met the laid down conditions will be eligible to join the DSS.

Audit observations and recommendations

Non-profit-making status

2.9 When the DSS was introduced in 1991/92, both profit-making and non-profit-making schools were eligible to join the DSS. Starting from 1999/2000, profit-making schools were no longer eligible to join the Scheme. When the new restriction was introduced, a transitional measure was adopted, whereby a profit-making school which applied for admission to the DSS in 1999/2000 and 2000/01 and had initiated procedures for changing to non-profit-making status would be deemed to have provisionally satisfied the non-profit-making condition. If the school met all the other admission conditions, it would be admitted to the DSS on the condition that it would complete the procedures for acquiring a non-profit-making status within one year after admission.

2.10 Five profit-making schools were admitted to the DSS during this transitional period (four in 1999/2000 and one in 2000/01). They were required to complete the procedures in acquiring a non-profit-making status within one year after admission. However, due to a number of legal issues concerning the titles of school premises of the five schools, they were unable to complete the procedures to acquire the non-profit-making status within one year after admission.

2.11 In December 2005, the EDB, based on the advice of the Lands Department and the Department of Justice, put forward a proposal to the five schools to settle the legal issues. In January 2006, the proposal was accepted by the five schools. However, up to June 2010, the proposal had not yet been implemented. The profit-making status of the five schools remained unchanged.

2.12 In September 2010, the EDB informed Audit that efforts were made during the period January 2006 to June 2010 to sort out the proper procedures to take forward the proposal. Much time was spent on clarifying the implications of the legal documents, and preparing the essential documents in line with the prevailing requirements. Due to the uniqueness, complexity and legal implications of the issues involved, a prudent approach was adopted.

Self-owned school premises

2.13 One of the conditions laid down by the EDB for admission of schools to the DSS is that the schools must have their self-owned school premises. This is to ensure that DSS schools will have a security of tenure as a safeguard against disruption of education services. Schools operating in leased premises will be granted conditional admission if they meet all the other conditions for admission. They will be required to secure their own premises within 10 years after admission, or any other period as specified by the EDB.

2.14 Two schools that were conditionally admitted to the DSS in 1999/2000 were required to secure their own school premises by the end of 2004/05. However, up to June 2010, they had still been operating in leased premises.

Audit recommendations

2.15 **Audit has recommended that the Secretary for Education should:**

- (a) **take further action to facilitate the five schools to complete their procedures to acquire the non-profit-making status as soon as practicable; and**
- (b) **take proactive action to facilitate DSS schools to secure self-owned school premises within the specified period.**

Response from the Administration

2.16 The **Secretary for Education** agrees with the audit recommendations. He has said that:

- (a) regarding the change of the profit-making status of the schools reported in paragraphs 2.9 to 2.12, the EDB has sorted out the major issues relating to the proper procedures and preparation of legal documents, such as change of operation right;
- (b) the EDB will continue to sort out the remaining issues, such as amendments to the Memorandum and Articles of Association of the school sponsoring body, to meet the latest requirement for the change of the profit-making status and facilitate the schools to complete the procedures to acquire the non-profit-making status as soon as practicable; and
- (c) regarding the issue of securing self-owned school premises, the EDB's prime objective is to ensure that DSS schools would have a security of tenure as a safeguard against disruption of education services. It will discuss with the schools concerned various possible ways they may take forward, such as bidding of school premises under the established mechanism, or drawing up a long term tenancy agreement as soon as practicable. They will be required to submit proposals to deal with the issue, which will be proactively considered by the EDB.

PART 3: SERVICE AGREEMENT WITH SCHOOL SPONSORING BODY

3.1 This PART examines issues relating to the service agreements between the EDB and the school sponsoring bodies (SSBs) of DSS schools (SSB Service Agreements).

Requirement to enter into service agreement

3.2 After a review in 1999 on the policy and arrangements for the DSS, the EDB introduced the concept of a time-limited service agreement to enhance the DSS schools' accountability in delivering quality education and to facilitate the development of performance-based school management. From 2000/01 onwards, the SSB of a school joining the DSS is required to enter into an SSB Service Agreement with the EDB upon admission to the DSS.

3.3 In addition, the SSBs of schools (including DSS schools) are required to enter into an SSB Service Agreement upon:

- (a) being allocated with school premises; or
- (b) receiving capital subvention exceeding \$21 million for improving the existing school premises.

3.4 Of the 72 DSS schools, 57 were required to enter into an SSB Service Agreement with the EDB. The remaining 15 schools were not required to do so because they joined the DSS before 2000/01, and were not provided with school premises or capital subvention exceeding \$21 million. However, they were still bound by the terms and conditions for admission to the DSS promulgated by the EDB at the time of their admission.

Audit observations and recommendations

DSS schools not yet entered into service agreements

3.5 Up to 30 June 2010, 5 (9%) of the 57 schools still had not entered into an SSB Service Agreement with the EDB. Counting from the year of their commencement of operation under the DSS or from the operation of the new school premises which were funded by capital subvention from the Government, the signing of the SSB Service Agreement had been overdue for about 18 months to 8 years. A brief description of these five cases is given in paragraphs 3.6 to 3.10.

3.6 **School A.** In June 2001, the SSB of an aided school was allocated with new school premises for relocation. Approval was given for the SSB, after the relocation, to operate a new DSS school (School A) from the old school premises which were built on private land owned by the SSB.

3.7 In September 2003, School A commenced operation under the DSS. In April 2006, the EDB requested the SSB to execute an SSB Service Agreement. In January 2007, a reminder was sent to the SSB. In response to Audit enquiry, in June 2010, the EDB informed Audit that the signing of the SSB Service Agreement by the SSB was voluntary, because no funding support for infrastructure had been provided to it to operate School A. Up to June 2010, the signing of the SSB Service Agreement had still been outstanding.

3.8 As the SSB commenced operating School A in September 2003, it should be required to enter into an SSB Service Agreement in accordance with the EDB's policy (see para. 3.2). Despite the fact that allowing the SSB to sign the SSB Service Agreement voluntarily was not consistent with this policy, no record was available showing that the matter was discussed and approved by the Task Force on DSS or the EDB senior management.

3.9 **School B.** School B was admitted to the DSS in 1998/99. In 2003, approval for a capital subvention of \$30.4 million was given for the school to upgrade its premises (including the construction of a new block). The project was completed in 2008, and the school commenced its operation in the upgraded school premises in January 2009. As the amount of the capital subvention was more than \$21 million, the school was required to enter into an SSB Service Agreement with the EDB. However, no action was taken by the EDB to request the school to do so until December 2008. In July 2009, the EDB sent a draft SSB Service Agreement to the school. The school did not accept the draft Agreement. In June 2010, a revised draft Agreement was sent to the school.

3.10 **Schools C, D and E.** Schools C, D and E were aided schools with their own incorporation ordinances. They were admitted to the DSS in 2002/03 to 2004/05. Up to June 2010, no SSB Service Agreement had been signed by the three schools. Audit examination of EDB records showed that in all these three cases:

- (a) the draft SSB Service Agreements were not sent to the schools upon receiving their applications for admission to the DSS. Instead, the draft Agreements were sent several years after the schools' admission. For example, School C was admitted to the DSS in 2002/03, but the draft SSB Service Agreement was not sent to the school until June 2005;

- (b) the schools did not accept the terms and conditions of the draft SSB Service Agreements. In particular, the schools considered that the school governance structure required under the draft Agreement was not consistent with that in their incorporation ordinances. They did not agree that they should modify their governance structure following their admission to the DSS. Eventually, the EDB revised the draft Agreements. Under the revised draft Agreements sent to the schools in February and April 2006, the schools would continue to be managed and operated by their existing school governing bodies; and
- (c) although the draft Agreements were revised by the EDB, the schools still did not agree to sign them. In July 2010, School D informed the EDB that it was deliberating on the terms and conditions of the revised draft and was unable to commit to a definite date on which it could come to a decision. Schools C and E informed the EDB that they were not satisfied with some of the terms and conditions of the SMC Service Agreement (see para. 4.2). They indicated that upon agreeing on the terms and conditions of the SMC Service Agreement, they would sign the SSB Service Agreement.

Delays in entering into service agreements

3.11 Audit examination of the EDB records revealed that, of the 52 schools which had entered into the SSB Service Agreements, only 26 (50%) schools had entered into the Agreements upon their admission to the DSS. For the remaining 26 (50%) schools, there were delays in entering into the Agreements (see Table 1).

Table 1
Delays in entering into SSB Service Agreements
(30.6.2010)

| Delay | Number of schools |
|------------------------------|-------------------|
| Within 1 year | 7 |
| Exceeding 1 year to 3 years | 10 |
| Exceeding 3 years to 5 years | 5 |
| Exceeding 5 years to 7 years | 3 |
| Exceeding 7 years (Note) | 1 |
| Total | 26 |

Source: Audit analysis of EDB records

Note: The school entered into the SSB Service Agreement 8.5 years after it was admitted to the DSS.

3.12 Audit considers that the delays in these 26 cases and the 5 outstanding cases reported in paragraphs 3.6 to 3.10 might have been avoided, if the EDB had:

- (a) reminded the schools of the requirement for them to enter into an SSB Service Agreement upon receiving their applications for joining the DSS, or for the provision of school premises or capital subvention of more than \$21 million;
- (b) taken early action to agree with the schools on the terms and conditions of the SSB Service Agreement as soon as they had submitted applications to join the DSS, or for the provision of school premises or capital subvention of more than \$21 million; and
- (c) withheld the approvals to admit the schools to the DSS or the provision of school premises or capital subvention of more than \$21 million until the SSB Service Agreement was entered into.

Audit recommendations

3.13 **Audit has recommended that the Secretary for Education should:**

- (a) **take effective measures to expedite the entering into an SSB Service Agreement with each of the SSBs of the five DSS schools that are required to enter into such an agreement;**
- (b) **ensure that proper documentation of the justifications and approvals is kept for those exceptional cases where the SSBs of DSS schools are allowed to sign the SSB Service Agreements voluntarily; and**
- (c) **in future, ensure that SSB Service Agreements are entered into with the SSBs of all DSS schools immediately upon:**
 - (i) **their admission to the DSS;**
 - (ii) **allocation of school premises; or**
 - (iii) **approval of capital subvention of more than \$21 million.**

Response from the Administration

3.14 The **Secretary for Education** agrees with the audit recommendations. He has said that:

- (a) while the execution of the SSB Service Agreement for School A is not compulsory, the EDB will continue to engage the SSB with a view to completing the process;
- (b) the SSB of School B signed the SSB Service Agreement on 3 September 2010;
- (c) the SSB of School D has agreed to sign the SSB Service Agreement subject to some minor revisions. Legal advice on the proposed revisions is being sought;
- (d) Schools C and E have indicated that upon agreeing on the terms and conditions of the SMC Service Agreements, they would sign the SSB Service Agreements;
- (e) the EDB will enhance its in-house documentation mechanism, especially on the justifications and approvals for those exceptional cases in the context of signing the SSB Service Agreements;
- (f) the EDB will work closely with the SSBs to make sure that the SSB Service Agreements are formulated and executed in a timely manner; and
- (g) the requirement of entering into an SSB Service Agreement will be set out clearly in the relevant documents and correspondences issued to the SSBs as in the existing practice.

Compliance with service agreement

3.15 Audit examined the EDB records of the 52 DSS schools that had entered into SSB Service Agreements. The examination revealed the following non-compliances with the terms of the Agreements.

Audit observations and recommendations

Incorporation of school governing body

3.16 According to the SSB Service Agreement, the SSB of a DSS school is required to ensure that the school governing body shall be incorporated under:

- (a) the Companies Ordinance (Cap. 32) as an SMC before the school commences operation;
- (b) the Education Ordinance as an IMC; or
- (c) its own incorporation ordinance (or such other legislation as may be prescribed by the EDB) before the school commences operation.

3.17 Up to 30 June 2010, Audit noted that of the 52 DSS schools that had entered into SSB Service Agreements with the EDB:

- (a) the SMCs of 18 schools were incorporated after the schools had commenced operation. The delays ranged from two days to about nine years, with an average of three years; and
- (b) three DSS schools, which commenced operation in 2004/05 to 2008/09, had not incorporated their school governing bodies.

Tax exemption status of SMC/IMC

3.18 According to the SSB Service Agreement, the SSB should ensure that the SMC/IMC will acquire a tax exemption status under the Inland Revenue Ordinance (Cap. 112).

3.19 Up to 30 June 2010, the SMCs/IMCs of three DSS schools that commenced operation in 2004/05 to 2008/09 had not yet acquired the tax exemption status under the Inland Revenue Ordinance.

Donation by SSB to SMC/IMC

3.20 Under the SSB Service Agreement, the SSB is required to:

- (a) donate to the SMC/IMC a sum equivalent to the costs of furnishing and equipping the school to the standard not lower than that of an aided school as recommended by the EDB; and
- (b) make available at least half of the donation to the SMC/IMC at least two months before the commencement of school operation. The balance should be made within 18 months after the commencement of school operation.

3.21 Audit examined the 2008/09 audited accounts of 15 DSS schools and noted that for 4 (27%) schools (2 commenced operations in 2004/05 and 2 commenced operations in 2006/07), the donations made by the SSBs were less than those required. The shortfalls ranged from about \$0.7 million (9%) to \$2.4 million (35%), with an average of \$1.3 million.

Establishment of parent-teacher association

3.22 Under the SSB Service Agreement, the SSB is required to ensure that the SMC/IMC will establish a parent-teacher association (PTA) within three years after school operation has commenced. Audit examination of the EDB records revealed that up to 30 June 2010, of the 52 DSS schools that had signed an SSB Service Agreement, 2 schools, which commenced operation in 2004/05 and 2006/07 respectively, had not yet established the PTA.

Service agreement between SSB and SMC/IMC

3.23 Under the SSB Service Agreement, the SSB shall, within a reasonable time after school operation has commenced, enter into a service agreement with the SMC/IMC to ensure that the latter is accountable for the management and performance of the school. The agreement between the SSB and the SMC/IMC should specify the procedures to be followed by the SMC/IMC if the performance of the school is found unsatisfactory. Audit noted that:

- (a) no record was kept by the EDB on the signing of service agreements between the SSBs and the SMCs/IMCs. Therefore, it was not able to ascertain if this requirement had been satisfactorily complied with; and
- (b) in three of the four DSS schools visited by Audit, no service agreement was signed between the SSBs and the SMCs although they commenced operation in 2002/03 to 2006/07.

Submission of school development plan

3.24 Under the SSB Service Agreement, the SMC/IMC is required to submit a school development plan to the EDB within six months after the school commenced operation. After endorsement by the EDB, the plan will be attached to and become part of the first SMC/IMC Service Agreement.

3.25 Audit examined the EDB records of 15 DSS schools and noted that, up to June 2010:

- (a) one of the schools, which commenced operation under the DSS in 2003/04, had not yet submitted its school development plan to the EDB;
- (b) the submission of the school development plans by 11 other schools had been delayed. The longest delay was about eight years. All these plans had been endorsed by the EDB;

- (c) the submission of the school development plans by two other schools had also been delayed. The two schools commenced operation under the DSS in 2002/03 and 2008/09 respectively. They submitted their school development plans to the EDB in November 2009. The plans had not been endorsed by the EDB and were being revised by the two schools; and
- (d) the school development plan submitted by the remaining school was being reviewed by the EDB.

Information provided in the school development plan

3.26 According to the EDB guidelines, school development plans submitted by schools should contain the following information:

- (a) academic and non-academic goals for students;
- (b) annual targets and long term goals;
- (c) indicators and success criteria for measuring performance;
- (d) evaluation mechanism, including tools, areas covered, targets and timeframe;
- (e) school budget; and
- (f) criteria for admission of students.

3.27 Audit examination of the school development plans submitted by 10 DSS schools revealed that, in their development plans:

- (a) 3 schools did not set the academic goals for students;
- (b) 2 schools did not set the annual targets;
- (c) 1 school did not include the evaluation mechanism;
- (d) 6 schools did not include the school budget; and
- (e) 2 schools did not disclose the criteria adopted for admission of students.

School improvement works

3.28 Under the SSB Service Agreement, the SSBs are required to obtain the EDB's prior approval for any additions, alterations or improvements to the school premises. Audit

noted that two schools had not obtained the EDB's prior approval for the improvement works carried out at their school premises.

Audit recommendations

3.29 **Audit has recommended** that the Secretary for Education should ensure that all the requirements stipulated in the SSB Service Agreement are complied with by the DSS schools. Such requirements include:

- (a) the governing body of a school should be incorporated as an SMC before the school commences operation under the DSS;
- (b) the SMC/IMC of a DSS school should acquire a tax exemption status under the Inland Revenue Ordinance in a timely manner;
- (c) the SSB should donate to the SMC/IMC according to the time schedule specified in the agreement a sum equivalent to the costs of furnishing and equipping the school to the standard not lower than that of an aided school as recommended by the EDB;
- (d) the SMC/IMC should establish a PTA within three years after commencement of school operation;
- (e) the SSB should enter into a service agreement with the SMC/IMC within a reasonable time after school operation has commenced;
- (f) the SMC/IMC should submit the school development plan in a timely manner;
- (g) the SMC/IMC should provide all the required information in the school development plan; and
- (h) the SSB should obtain prior approval from the EDB for any additions, alterations or improvement works to be carried out at the school premises.

Response from the Administration

3.30 The **Secretary for Education** agrees with the audit recommendations. He has said that:

- (a) experience shows that it may not be feasible for a new school to follow the required timeframe as the new school premises are sometimes handed over to the SSB a few months before the school starts operation;
- (b) the EDB has therefore revised the timeframe in the relevant clause of the SSB Service Agreement for the governing body of a new school to get incorporated and to acquire a tax exemption status;

- (c) for existing aided schools joining the DSS, the EDB has taken the following effective measures to ensure that the requirements are complied with:
 - (i) once the application for joining the DSS has been approved, the EDB will immediately remind the school to incorporate the governing body as soon as possible; and
 - (ii) the EDB will provide advice to the school on the incorporation of its governing body; and
- (d) the EDB will request DSS schools to establish a mechanism to enhance their self-compliance in these aspects.

Director of Audit's access right to records and accounts

3.31 DSS schools receive substantial funding from the public purse. They should be accountable to both the Government and the community. It is important that the Director of Audit is provided with the right of access to their records and accounts, similar to the arrangements for government and aided schools.

Audit observations and recommendation

3.32 Audit noted that the **current** standard SSB Service Agreement included a clause to provide the Director of Audit with the right of access to the records and accounts of the DSS schools. Of the 52 SSB Service Agreements signed between the SSBs and the EDB, only 34 included such a clause. Audit considers that the EDB should take action to request the other DSS schools (including the 15 schools which were not required to sign an SSB Service Agreement) to provide the Director of Audit with the right of access to their records and accounts.

Audit recommendation

3.33 **Audit has recommended that the Secretary for Education should ensure that the Director of Audit is provided with the right of access to the records and accounts of all the DSS schools.**

Response from the Administration

3.34 The **Secretary for Education** agrees with the audit recommendation. He has said that the EDB will explore the most appropriate way to provide the Director of Audit with the right of access to the records and accounts of those DSS schools that the Director does not have such right for the time being.

PART 4: SERVICE AGREEMENT WITH INCORPORATED SCHOOL GOVERNING BODY

4.1 This PART examines issues relating to the Service Agreements between the EDB and the incorporated school governing body (i.e. the SMC/IMC) of DSS schools.

Service agreement

4.2 Under the DSS, the SSB of a DSS school should ensure that the SMC/IMC of the school will enter into a 10-year renewable service agreement (SMC/IMC Service Agreement) with the EDB within one year after the school commenced operation. Through the SMC/IMC Service Agreement, the EDB and the SMC/IMC agreed to perform the duties and obligations on the terms and conditions contained therein. An SMC/IMC Service Agreement contains clauses that stipulate the following:

- (a) the SMC/IMC's duties to implement the school development plan as approved by the EDB;
- (b) the SMC/IMC's responsibility to implement the prevailing education policy applicable to DSS schools;
- (c) the key performance targets agreed between the EDB and the SMC/IMC;
- (d) the procedures to be followed by the SMC/IMC in the event of unsatisfactory performance of the school; and
- (e) the EDB's right to terminate DSS subsidy, if the SMC/IMC fails to comply with the agreement.

Delays in entering into service agreement

4.3 Under the DSS, the SMC/IMC of a DSS school should enter into an SMC/IMC Service Agreement with the EDB within one year after the school has commenced operation. Audit noted that some schools had not yet entered into the agreement with the EDB after the due date and there were also delays in entering into the agreement in some cases.

Audit observations and recommendations

4.4 Of the 72 DSS schools, 53 schools were required to enter into an SMC/IMC Service Agreement with the EDB by June 2010 (Note 8). Audit noted that, as at 30 June 2010:

- (a) 40 schools had signed the SMC/IMC Service Agreements;
- (b) 5 schools had not yet signed the SSB Service Agreements with the EDB (see paras. 3.6 to 3.10);
- (c) 3 schools had not yet incorporated their governing bodies;
- (d) 2 schools were negotiating with the EDB on the terms and conditions of the SMC/IMC Service Agreements; and
- (e) 3 schools had agreed to enter into the SMC/IMC Service Agreements with the EDB, pending the arrangement to sign the Agreements.

4.5 Up to 30 June 2010, the SMC/IMC Service Agreements of eight schools (see para. 4.4(c) to (e)) had been overdue for about ten months to seven years. In September 2010, the EDB informed Audit that the three schools mentioned in paragraph 4.4(e) had signed their SMC/IMC Service Agreements in July and August 2010.

4.6 Audit noted that of the 40 schools which had entered into SMC/IMC Service Agreements with the EDB, only 4 (10%) entered into the agreements within one year after the schools had commenced operation. For the remaining 36 (90%) schools, there were delays, ranging from about two months to nine years (see Table 2).

Note 8: *Nineteen DSS schools were not required to enter into an SMC/IMC Service Agreement with the EDB by June 2010, including 15 schools that were admitted prior to 2000/01 and were not required to sign the SMC/IMC Service Agreement with the EDB, and 4 schools for which the signing of the SMC/IMC Service Agreement was not yet due as of June 2010.*

Table 2
Delays in entering into SMC/IMC Service Agreements
(30.6.2010)

| Delays | Number of schools |
|------------------------------|--------------------------|
| Within 1 year | 8 |
| Exceeding 1 year to 3 years | 14 |
| Exceeding 3 years to 5 years | 6 |
| Exceeding 5 years to 7 years | 5 |
| Exceeding 7 years (Note) | 3 |
| Total | 36 |

Source: Audit analysis of EDB records

Note: The longest delay was about nine years.

Audit recommendations

4.7 **Audit has recommended that the Secretary for Education should take effective action to:**

- (a) expedite the entering into an SMC/IMC Service Agreement with each of the school governing bodies of the 10 DSS schools (see para. 4.4(b) to (d)) that are required to enter into such an agreement; and
- (b) in future, ensure that SMC/IMC Service Agreements are entered into with the school governing bodies within one year after the schools have commenced operation under the DSS.

Response from the Administration

4.8 The **Secretary for Education** agrees with the audit recommendations. He has said that:

- (a) the EDB has all along been putting effort to expedite the entering into SMC/IMC Service Agreements with school governing bodies;

- (b) for schools which have not shown good progress in entering into SMC/IMC Service Agreements, the EDB will urge them through various means to ensure that the SMC/IMC Service Agreements will be concluded without further delay;
- (c) the EDB has already put in place the following measures:
 - (i) once an application for joining the DSS has been received, the applicant school will be informed that it has to sign an SMC/IMC Service Agreement and advised to download the standard Service Agreement from the EDB website for reference/legal advice where required; and
 - (ii) in the approval-in-principle letter for the applicant school to join the DSS, it has been stated explicitly that the terms and conditions of the standard SMC/IMC Service Agreement will not be subject to change unless under very special circumstances; and
- (d) the EDB will continue to require operating aided schools to incorporate their SMCs before they are admitted to the DSS. In the case of allocated new school premises for the operation of a DSS school, the EDB will require the SSB to submit a draft Memorandum and Articles of Association of the proposed SMC for approval no later than six months before the scheduled opening date of the school.

Composition of incorporated school governing body

4.9 According to the SMC Service Agreement, the composition of the SMC shall comprise the principal, representatives from the SSB, parents, teachers, other community members/professionals and, where appropriate, alumni.

4.10 The Education Ordinance prescribes that an IMC should compose of:

- (a) SSB managers (the number of SSB managers should not exceed 60% of the maximum number of managers in the IMC);
- (b) the principal (as ex-officio manager);
- (c) not less than one teacher manager;
- (d) not less than one parent manager;
- (e) one or more alumni managers;
- (f) not less than one independent manager;

- (g) not more than one alternate SSB manager;
- (h) one alternate teacher manager (where the constitution allows the nomination of not more than one teacher manager); and
- (i) one alternate parent manager (where the constitution allows the nomination of not more than one parent manager).

4.11 It is also prescribed in the Education Ordinance that if an IMC fails to maintain its full composition, the IMC shall, within three months from the date on which the failure arises, ensure that a person qualified to fill the vacancy is nominated for registration as a manager.

Audit observations and recommendation

Composition of SMC

4.12 Audit reviewed the composition of the SMCs of 10 DSS schools, which had signed the SMC Service Agreements, as at 30 June 2010 and noted that:

- (a) 1 SMC did not have the principal;
- (b) 7 SMCs did not have teacher representative;
- (c) 9 SMCs did not have parent representative;
- (d) 4 SMCs did not have community/professional representative; and
- (e) 3 SMCs did not have alumni representative.

Composition of IMC

4.13 Audit examined the composition of the IMCs of 16 DSS schools as at 30 June 2010 and noted that:

- (a) vacancies existed in the following IMCs for more than three months:
 - (i) 2 IMCs did not have the principal;
 - (ii) 3 IMCs did not have teacher manager and alternate teacher manager;
 - (iii) 2 IMCs did not have parent manager;

- (iv) 1 IMC did not have alternate parent manager; and
 - (v) 14 IMCs did not have alumni manager; and
 - (b) the number of SSB managers in 12 IMCs exceeded 60% of the maximum number of managers in the IMCs.
- 4.14 In September 2010, the EDB informed Audit that:
- (a) for the 2 IMCs mentioned in paragraph 4.13(a)(i), the principals of the schools were appointed on an acting basis pending completion of their Certification for Principalship;
 - (b) for the 6 IMCs that did not have teacher/parent/alternate parent managers, some were due to the change of tenure and for some, the registration procedure was underway; and
 - (c) for the 14 IMCs that did not have alumni manager, the history of the schools was relatively short and hence either their alumni associations had not been formed or their graduates were too young to serve as managers.

Audit recommendation

4.15 **Audit has recommended that the Secretary for Education should follow up with the schools to ensure that the compositions of the IMCs and SMCs comply with the requirements stipulated in the Education Ordinance and the SMC Service Agreements respectively.**

Response from the Administration

4.16 The **Secretary for Education** agrees with the audit recommendation. He has said that the EDB will follow up with the schools concerned.

Tenancy agreement

4.17 Schools occupying premises which are built on government land are required to sign a tenancy agreement with the EDB. The agreement should be signed by the governing body of the school before the handover of the school premises. If the incorporation of the school governing body is not yet completed, the SSB would be responsible to sign the agreement and take action to ensure that the school governing body would also sign it within the period specified in the SSB Service Agreements.

4.18 The tenancy agreement sets out the terms and conditions of using the school premises. It sets out the Government's right to repossess the premises if the premises ceased to be used for the purposes specified in the tenancy agreement.

Audit observations and recommendations

Delays in signing tenancy agreement

4.19 As at 30 June 2010, 37 DSS schools were required to sign a tenancy agreement with the EDB. Audit noted that:

- (a) 8 schools had not signed the tenancy agreements. These 8 cases had been outstanding for about 4 to 10 years;
- (b) 7 tenancy agreements were signed by the SSBs instead of the school governing bodies. In 4 of these 7 cases, the governing bodies had been incorporated. However, they did not sign the tenancy agreement within the period specified in the SSB Service Agreement. Up to 30 June 2010, the delays ranged from less than a month to about 3 years; and
- (c) 22 tenancy agreements were signed by the school governing bodies, but none were signed within the period specified in the SSB Service Agreement. The delays ranged from about 2 months to 9 years.

4.20 In September 2010, the EDB informed Audit that tenancy agreements were signed in July 2010 by the school governing body of:

- (a) 1 of the 8 schools mentioned in paragraph 4.19(a); and
- (b) 1 of the 4 schools mentioned in paragraph 4.19(b).

School premises used for activity other than school operation

4.21 Under the tenancy agreement signed between the EDB and the SMC, the SMC undertook not to carry out, or permit anyone to carry out, any activity other than school operation in the school premises without the EDB's prior approval. Audit noted that without obtaining prior approval from the EDB, the SSB of a school had arranged with a church to allow part of the school premises to be used for religious services for the period 2003/04 to 2010/11. Under the arrangement, the SSB and the school would receive a monthly donation of \$50,000 and \$10,000 respectively from the church.

Audit recommendations

4.22 **Audit has recommended that the Secretary for Education should:**

- (a) **ensure that tenancy agreements are signed in a timely manner;**
- (b) **take effective measures to expedite the signing of the outstanding tenancy agreements; and**
- (c) **ensure that the schools comply with the terms of the tenancy agreements and obtain prior approval from the EDB before carrying out, or permitting anyone to carry out, activity other than school operation in the school premises.**

Response from the Administration

4.23 The **Secretary for Education** agrees with the audit recommendations. He has said that the EDB will:

- (a) require the schools to enter into the tenancy agreements with the EDB in a timely manner. This will be set out clearly in the relevant documents and correspondences issued to the schools as in the existing practice;
- (b) follow up with the schools concerned with a view to expediting the signing of the outstanding tenancy agreements; and
- (c) enhance its internal communication and ensure that schools comply with the requirements set out in the tenancy agreements and that prior approvals are obtained from the EDB where necessary.

PART 5: MONITORING SCHOOL PERFORMANCE

5.1 This PART examines issues relating to the EDB's monitoring of the performance of DSS schools.

Monitoring mechanism

5.2 The EDB monitors the performance of DSS schools through two mechanisms, namely compliance vetting and quality assurance.

Compliance vetting

5.3 The EDB carries out compliance vetting on the DSS schools through school audits. The purpose of compliance vetting is to ensure that they are using government and school funds properly.

Quality assurance

5.4 The quality assurance aims to provide an external review on the performance of a school as a whole. It informs the EDB on whether the quality of education provided by the DSS schools meets the required standards. It also enables the schools to evaluate their performance in the focus development area and to identify strengths and areas for sustainable development.

5.5 If a DSS school has breached a requirement or failed to meet the required standards, and repeatedly refused the EDB's advice to make improvement, the EDB may withdraw the DSS subsidy, with the schools' resultant loss of DSS status. Quality assurance is mainly conducted through the School Development and Accountability (SDA) framework and the CR.

Compliance vetting

5.6 Although DSS schools are allowed to have greater flexibility in their operation, they are required to comply with the Education Ordinance, Education Regulations and other related legislations, and the requirements specified from time to time by the EDB. In January 2004, the Task Force on DSS decided that DSS schools should be subject to school audit. The EDB's School Audit Section is responsible for carrying out school audits of DSS schools. The objective of the school audits is to ascertain whether the financial and accounting operations of the schools comply with the relevant legislations and requirements, and the schools' internal policy and guidelines governing their operation. Up to 30 June 2010, the EDB had completed school audits on 28 (39%) of the 72 DSS schools.

Audit observations and recommendations

Selection of schools for school audits

5.7 The EDB's selection of schools for audit was based on the operational or management risks identified in:

- (a) the examination of the DSS schools' audited accounts;
- (b) the information obtained from other EDB subject divisions; or
- (c) the complaints received.

As the EDB can only audit a limited number of DSS schools each year, Audit considers that it is important for the EDB to establish a systematic risk analysis mechanism for the selection of schools for audits. Under such a mechanism, different aspects of the risk profile of each DSS school should be regularly analysed with a view to selecting schools with higher risk for audit.

Issue of school audit reports

5.8 It is important that the school audit report is issued to the management of the school audited as soon as possible after completing the audit. This will enable the school to take early action to deal with the audit findings.

5.9 The EDB set a time target of three months for the issue of school audit reports. Audit examination of the EDB records of 20 DSS school audits revealed that there were delays in issuing audit reports to 11 (55%) schools, ranging from 6 to 240 days (see Table 3).

Table 3**Delays in issue of school audit reports**

| Delay (Day) | Number of reports |
|------------------------|--------------------------|
| 1 to 50 | 1 |
| 51 to 100 | 5 |
| 101 to 150 | 3 |
| 151 to 200 | — |
| Over 200 | 2 |
| Total | 11 |

Source: Audit analysis of EDB records

5.10 In September 2010, the EDB informed Audit that, with effect from August 2010, an improvement measure was introduced to issue interim management letters (excluding outstanding issues) to the DSS schools in three months' time after completing the audit. The objective was to enable the schools to take early action to deal with the audit findings.

Follow-up audits

5.11 For aided schools, follow-up school audits would be carried out if glaring practices (Note 9) were identified during the school audits. However, no such audit was carried out on DSS schools.

5.12 Audit visited four DSS schools in May and June 2010. All of them had been audited by the EDB in the period 2007 to 2009. During Audit's visits to the schools, Audit noted that some issues identified as glaring practices by the EDB in three schools had not yet been rectified (see Table 4).

Note 9: *The EDB considers it a glaring practice if the practice has a significant effect on the internal control and operation systems of the school, or a significant amount of government funds is incorrectly used.*

Table 4

Glaring practices identified by the EDB not rectified

| School | Glaring practices | |
|--------|---|--|
| | Identified during school audits (2007 to 2009) | Observed during Audit's visit (2010) |
| F | Improper use of government funds (e.g. meal expenses incurred by staff met by government funds) | Improper use of government funds (e.g. staff welfare expenses met by government funds) |
| | No procurement policy and procedures were laid down | Formal procurement policy and procedures were not found. The school informed Audit that it had followed the procedures promulgated in EDB Circular No. 15/2007 |
| G | The trust arrangement used to hold one of the two properties purchased using school funds was not approved by the SMC | The same trust arrangement used to hold a third property was also not approved by the SMC |
| H | Improper use of school funds (loan to a third-party company) | Part of the loan had been repaid by the company. However, up to June 2010, no agreement was reached between the school and the company on the settlement of the outstanding loan balance |
| | No tender or quotation exercises for procurement of goods and services involving significant amounts | No tender exercise for a procurement involving a substantial amount |

Source: *Audit analysis of EDB records and Audit's visits to schools*

Audit recommendations

5.13 **Audit has recommended that the Secretary for Education should:**

- (a) **establish a systematic risk analysis mechanism for selecting DSS schools for school audits;**

- (b) ensure that the time target for the issue of school audit reports to DSS schools is met. For cases where there is a long delay, the reasons of the delay and the remedial action taken should be documented; and
- (c) monitor closely the follow-up action taken by schools where any glaring practice is found during school audits. If necessary, a follow-up school audit should be carried out.

Response from the Administration

5.14 The **Secretary for Education** agrees with the audit recommendations. He has said that the EDB will:

- (a) strengthen the existing risk-based approach in the selection of DSS schools for audit by establishing a more systematic risk analysis mechanism whereby different risk aspects of schools would be analysed;
- (b) endeavour to issue school audit reports to DSS schools within three months and where this time target cannot be met, document the reasons for the delay and the remedial action taken; and
- (c) step up measures to monitor closely the follow-up action taken by schools where glaring practice is found during school audits, including conveying the findings to the SMC/IMC, withholding payment of subsidy, as well as carrying out follow-up audit, if necessary.

School Development and Accountability framework

5.15 In 2003, the EDB introduced the SDA framework as a mechanism for quality assurance. All public sector schools, including DSS schools, are accountable for their performance and are monitored under the SDA framework. The SDA framework comprises two key elements, namely School Self-evaluation (SSE) and ESR. The SSE is based on strategic planning and includes an annual school plan and an annual school report based on evidence and data. The EDB conducts the ESRs to validate the SSEs. It aims to validate the SSEs of all schools within a period of five to six years (Note 10). Under the SDA framework, schools are required to:

Note 10: *The first SDA cycle covered a five-year period 2003/04 to 2007/08. The current SDA cycle covers a six-year period 2008/09 to 2013/14.*

- (a) compile a strategic plan in their school development plans to cover a period of, say, three years;
- (b) devise the corresponding action in the annual school plans to map out the implementation details;
- (c) report on the progress made and effectiveness of the annual plans in a school report; and
- (d) release information on ESR findings to school governing bodies and key stakeholders (e.g. parents and teachers).

Audit observations and recommendations

Uploading information to school website

5.16 According to EDB Circular No. 23/2003, the school development plan, annual school plan and school report should be endorsed by the school governing body and made available to the stakeholders for information and feedback. These documents should be uploaded to the website of the school by the following timetable:

- (a) the school development plan: by end of October of the first year of the period covered by the plan;
- (b) the annual school plan: by end of October of the year covered by the plan; and
- (c) the school report: by end of November of the following year.

5.17 In May 2010, Audit browsed the websites of 20 DSS schools and noted that only 5 (25%) schools had uploaded their school development plans, annual school plans and school reports to their websites. In June 2010, after the EDB was informed of the audit observations, Audit browsed the 20 websites again and found that some schools still had not rectified the omissions (see Table 5).

Table 5

**Schools not yet uploaded required documents to their websites
(May and June 2010)**

| Document | Number of schools | |
|-------------------------|-------------------|-----------|
| | May 2010 | June 2010 |
| School development plan | 9 | 5 |
| Annual school plan | 12 | 5 |
| School report | 11 | 4 |

Source: Audit analysis of schools' records

Accessibility of documents uploaded to school website

5.18 Audit noted that in some cases, although the schools had uploaded the required documents to the school websites, the documents were not easily accessible by the users, as illustrated by the following examples:

- (a) the documents uploaded by a school could only be accessed in the school's Chinese version of the website. Users browsing the English version of the website could not access the documents; and
- (b) in the website of another school, no direct link was provided for the annual school plan and the school report. Users had to scroll to the bottom of the webpage on "news", and click on "past news" to access the list of school documents.

Contents of school report

5.19 Under the SDA framework, a DSS school is required to upload its school report to its website. The school report should include a financial summary and information on:

- (a) achievements and reflection on the school's major concerns;
- (b) learning and teaching;
- (c) support for student development;

- (d) student performance; and
- (e) feedback on future planning.

5.20 Audit reviewed 20 school reports uploaded by DSS schools to their websites and found that some school reports did not provide the required information (see Table 6).

Table 6
Required information not provided in school reports
(2008/09)

| Required information | Number of school reports |
|--|--------------------------|
| Financial summary | 17 |
| Achievements and reflection on the school's major concerns | 2 |
| Learning and teaching | — |
| Support for student development | — |
| Student performance | 4 |
| Feedback on future planning | 4 |

Source: Audit analysis of school reports

Schools excluded from the ESR

5.21 Under the SDA framework, the ESR should be carried out by the EDB to validate the SSEs. Audit noted that 2 of the 72 DSS schools were excluded from the ESR. In July 2010, the EDB informed Audit that the existing ESR was primarily designed for schools offering full local primary or secondary curriculum. The two schools were either offering a non-local curriculum or only sixth form classes. Therefore, up to July 2010, the schools had not been subject to the ESR.

5.22 All DSS schools are monitored under the SDA framework. As such, they are subject to the ESR (see para. 5.15). It is a matter of concern that the two DSS schools were excluded from the ESR simply because they were either offering a non-local curriculum or only sixth form classes. Audit considers that the EDB should take action to ensure that all DSS schools are subject to the ESR.

Audit recommendations

5.23 **Audit has recommended that the Secretary for Education should:**

- (a) **request DSS schools to establish a mechanism to:**
 - (i) **monitor their compliance on uploading school documents to the schools' websites in a timely manner; and**
 - (ii) **ensure that school documents uploaded to their websites are easily accessible and contain all the information that is required under the SDA framework; and**
- (b) **ensure that all DSS schools are subject to the ESRs, including schools which offer non-local curriculum or only sixth form classes.**

Response from the Administration

5.24 The **Secretary for Education** agrees with the audit recommendations. He has said that the EDB will:

- (a) request DSS schools to establish a mechanism to enhance their self-compliance in the aspects mentioned in paragraph 5.23(a); and
- (b) arrange for ESRs to be conducted for all DSS schools.

Comprehensive Review

5.25 For a DSS school that has entered into an SSB Service Agreement with the EDB, a CR will be conducted after the school has joined the DSS for five years. In the CR, the school will be assessed in four major areas:

- (a) management and organisation;
- (b) learning and teaching;
- (c) student support and school ethos; and
- (d) student performance.

5.26 A CR can be carried out either by the EDB or by an external consultant appointed by the school at its own cost. Upon completion, a report should be prepared and uploaded to the EDB website. Up to 30 June 2010, the EDB had completed 35 CRs.

Audit observations and recommendations

Submission and uploading of CR documents

5.27 According to the EDB's guidelines, schools should:

- (a) submit CR proposals to the EDB for approval by the end of September of the school year in which the CR is to be carried out; and
- (b) if the CR is carried out by a consultant, submit the CR final report to the EDB within three months after the completion of the CR.

When the CR reports are available, the EDB should upload the reports to its website by end of October of the following school year.

5.28 Audit examined the records of the 19 CRs (9 of them carried out by the EDB and the other 10 by consultants) carried out in 2007/08 and 2008/09 and noted that the above-mentioned timetable was not always followed (see Table 7).

Table 7

Delays in submission and uploading of CR documents (2007/08 and 2008/09)

| | Number of CRs carried out by | | Delay |
|---|------------------------------|-------------|--------------------------------|
| | EDB | Consultants | |
| School's submission of CR proposals to the EDB | 1 | 8 | 4 days to 2 months |
| School's submission of CR final reports to the EDB (for CR conducted by consultants) | NA | 9 | 2 weeks to 7 months |
| EDB's uploading of CR report to its website (Note) | 2 | 3 | 1 to 6 months |

Source: Audit analysis of EDB records

Note: These cases did not include those cases where the delays were due to late submission of CR reports by schools.

Audit recommendations

5.29 **Audit has recommended** that the Secretary for Education should take action to ensure that:

- (a) **CR proposals and final reports (for CRs carried out by consultants) are submitted to the EDB in a timely manner; and**
- (b) **CR final reports are uploaded to the EDB website in a timely manner.**

Response from the Administration

5.30 The **Secretary for Education** agrees with the audit recommendations. He has said that the EDB:

- (a) will revisit the existing arrangements to facilitate timely submission of CR proposals and CR final reports by schools; and
- (b) has started to upload CR final reports to the EDB website on a monthly basis.

PART 6: DIRECT SUBSIDY SCHEME SUBSIDY

6.1 This PART examines matters relating to the DSS subsidy.

Payment of subsidy

6.2 DSS subsidy is payable on a per student basis. Under the EDB's current practice, the number of students enrolled on 30 September and 30 March each year would be used for calculating the DSS subsidy payable to a DSS school.

Information provided to the Legislative Council

6.3 Since the introduction of the DSS in 1991/92, a number of changes on payment of DSS subsidy have been made to the Scheme. Audit noted that the Legislative Council was not always provided with full and accurate information of the changes.

Audit observations and recommendation

Information provided to the Legislative Council Panel on Education in 1999

6.4 In November 1999, the Legislative Council Panel on Education was briefed on the measures introduced to the DSS. The Panel was informed that:

- (a) with effect from 2000/01, DSS schools which charged a fee exceeding one-third of the DSS subsidy rate would start to have the subsidy reduced. For every additional dollar charged, the DSS subsidy would be reduced by 50 cents; and
- (b) the annual school fees then charged by local non-profit-making DSS schools ranged from \$170 to \$11,000 (i.e. all below one-third of the DSS subsidy rate).

6.5 However, the Panel was not informed that:

- (a) in October 1999, the then Education Department (ED — Note 11) decided to treat an international DSS school as a local non-profit-making DSS school with regard to DSS subsidy; and

Note 11: *In February 2003, the ED was merged with the then Education and Manpower Bureau. In July 2007, the Bureau was renamed the EDB upon the reorganisation of the Government Secretariat.*

- (b) the school fee charged by the school for 2000/01 was about \$93,000, which exceeded one-third of the DSS subsidy rate.

Information provided to the Finance Committee in 2001

6.6 In June 2001, the Finance Committee (FC) of the Legislative Council was informed of the implementation of a new DSS subsidy formula with effect from 2001/02. The FC was also informed that:

- (a) the school fees charged by all DSS schools were at a level which entitled them to full DSS subsidy; and
- (b) therefore, the Government would not have to grant additional recurrent subsidies for introducing the new formula.

6.7 However, the FC was not informed that:

- (a) at that time, one of the DSS schools was not receiving full DSS subsidy (Note 12) because of its high school fees (about \$98,000 for 2001/02); and
- (b) introducing the new formula would entitle the school to full DSS subsidy. Additional recurrent DSS subsidy would have to be granted by the Government.

Audit recommendation

6.8 **Audit has recommended that the Secretary for Education should ensure that accurate and complete information is always provided to the Legislative Council.**

Response from the Administration

6.9 The **Secretary for Education** agrees with the audit recommendation.

6.10 The **Secretary for Financial Services and the Treasury** agrees with the audit recommendation.

Note 12: *Before the introduction of the new formula, the school received only 25% of the full DSS subsidy.*

Subsidy for schools with a longer history

6.11 In January 1999, the EDB announced that it would implement a two-tier system for calculating DSS subsidy for 1999/2000 and onwards. Under the system, the full recurrent subsidy for a DSS school with a history of 16 years or more was pitched at the average unit cost of a place in aided schools with a comparable history. Those established for less than 16 years were benchmarked against the average unit cost of a place in aided schools with less than 16 years' history. According to the estimates made by the EDB in June 2001, comparing to DSS primary and secondary schools with operating history of less than 16 years, those with a history of 16 years or longer would receive, on average, additional recurrent subsidy of \$1,100 and \$1,600 per student per year respectively.

Audit observations and recommendations

Approval from the FC

6.12 Audit noted that when the two-tier system was introduced in 1999/2000, all except one DSS school had been established for 16 years or more. They would be given additional recurrent subsidy per student per year. Therefore, the introduction of the two-tier system had financial implication to the Government. However, the EDB did not seek approval from the FC. The FC was informed of the two-tier system only in June 2001 (i.e. about two years after introducing the system).

School exempted from the two-tier system

6.13 Before 1999/2000, the DSS subsidy rates were based on the average unit cost of a place in aided schools of all ages. Under the two-tier system, whilst the subsidy rates for DSS schools with a history of 16 years or more would be increased, those for DSS schools with a history of less than 16 years would be reduced. At the time when the two-tier system was introduced, a school which was registered in May 1993 had a history of less than 16 years. Therefore, the DSS subsidy to be provided to the school should have been reduced. However, the EDB considered that, following the conventional practice, the school should not suffer upon the introduction of the new system. A special approval was therefore granted for the school to continue to receive the DSS subsidy based on the old rate until such a time that it could benefit from the two-tier system.

6.14 Audit noted that when the FC was informed of the two-tier system in June 2001 (see para. 6.12), the EDB had not informed the FC that exception had been given to the school to ensure that it would continue to receive the old DSS subsidy rate.

Audit recommendations

- 6.15 **Audit has recommended that the Secretary for Education should ensure that:**
- (a) **approval from the FC is obtained for new measures under the DSS where there is financial implication to the Government; and**
 - (b) **full information is provided to the FC when seeking approval for new measures introduced under the DSS.**

Response from the Administration

- 6.16 The **Secretary for Education** has said that:
- (a) both the then Education and Manpower Bureau (EMB) and the then Finance Bureau (FB) were of the view that the FC's approval was not required for the change in the calculation of subsidy rate under the two-tier system because the two-tier system did not deviate from the funding principle approved by the FC (Note 13). The FC's approval was therefore not sought for the introduction of the two-tier system;
 - (b) the FC was informed of the two-tier system in June 2001 as the justification to support the adoption of the new DSS subsidy formula (see para. 6.6). The information was used to show that even with the two-tier system, some aided schools would still receive less subsidy if they joined the DSS, and thus the new formula was required; and
 - (c) the special approval given to a school to continue to receive the DSS subsidy at the old rate when the two-tier system was introduced, was in fact not relevant to the justification for the new measure. It was an internal administrative arrangement within the policy purview and authority of the then ED.
- 6.17 The **Secretary for Financial Services and the Treasury** has said that the Financial Services and the Treasury Bureau:
- (a) agrees with the general principles in the audit recommendations; and
 - (b) affirms the agreement between the EMB and the FB that the two-tier system did not require a separate FC submission as it did not go beyond the FC's approved parameters of the DSS.

Note 13: *Under the funding principle approved by the FC, DSS subsidies for schools of all ages were calculated at the same rate. The introduction of the two-tier system changed the funding principle whereby a higher rate was used to calculate the DSS subsidies for schools with a longer history. Audit considers that approval from the FC should have been sought for such a change in the funding principle which had financial implication to the Government (see Note 3 to para. 1.7).*

PART 7: INTERNATIONAL SCHOOLS IN DIRECT SUBSIDY SCHEME

7.1 This PART examines issues relating to international schools in the DSS.

Inclusion of international schools in Direct Subsidy Scheme

7.2 When the DSS was introduced in 1991/92, international schools were eligible to join the Scheme. By September 1994, five international schools were admitted to the DSS. In October 1995, the Government decided to gradually phase out international schools from the Scheme. Up to 2009/10, one international school (School I — Note 14) remained in the DSS.

Audit observations and recommendations

Admission of School I to DSS

7.3 In June 1991, the FC approved a one-off grant for building and equipping the new school premises for School I. In seeking the approval, the Administration informed the FC that School I had agreed to meet its full operating cost and no recurrent subsidy would be provided to it.

7.4 In October 1992, School I applied to join the DSS. At the meeting held in November 1992, the then Private Schools Review Committee (PSRC — Note 15) agreed that the school should be recommended for joining the DSS since it had met all the requirements physically. However, in view of the strings attached when the school was granted funds for building and equipping its existing premises, the PSRC advised that if School I was allowed to receive recurrent DSS subsidy, approval from the FC should be sought again. In the event, School I's application for admission to the DSS was not accepted.

7.5 In October 1993, School I applied again to join the DSS. At the meeting held in May 1994, the ED informed the PSRC that approval from the FC to allow School I to join the DSS was being sought.

Note 14: *School I offers a non-local curriculum and about half of its students are not normally residents of Hong Kong.*

Note 15: *The PSRC was set up in 1989 to advise the then Director of Education on all matters relating to the Bought Place Scheme and the DSS. It was dissolved in 1998.*

7.6 Subsequent to the PSRC meeting in May 1994, the then Education and Manpower Branch (EMB — Note 16) and the then Finance Branch exchanged views on whether approval from the FC was needed for School I to receive recurrent DSS subsidy. In June 1994, the Finance Branch advised the EMB that:

- (a) there was no need to seek the FC's approval for admitting School I to the DSS, because the assertions in the June 1991 FC paper that School I was self-funded and that it agreed to meet its full operating costs were not conditions imposed by the FC for the one-off grant (see para. 7.3); and
- (b) however, as School I would receive recurrent subsidy after its admission to the DSS, the original assertions in the FC paper were no longer valid. It was necessary for the EMB to submit an information note to the FC to inform Members of the changes.

7.7 In September 1994, School I was admitted to the DSS. No information note was submitted to the FC to inform Members that recurrent subsidy would be given to School I upon its admission to the DSS.

Phasing out of international schools from DSS

7.8 In July 1995, the ED completed a review on the provision of international school places. The review recommended that:

- (a) as the DSS was intended to encourage the growth of a strong private school sector to provide alternative types of schooling to local children, international schools should no longer be eligible for admission into the DSS; and
- (b) international schools admitted to the Scheme should be gradually phased out.

In October 1995, the Executive Council endorsed the recommendations of the review and the Legislative Council was informed of the Executive Council's decision.

7.9 When the Executive Council's decision was sought in October 1995 to phase out international schools from the DSS, the ED's records showed that there were five international DSS schools. In the Memorandum submitted by the Administration, the Council was informed that:

Note 16: *In July 1997, the Education and Manpower Branch was renamed the Education and Manpower Bureau.*

- (a) international schools were defined as schools that followed non-local curriculum and whose students did not sit for local examination; and
- (b) four international schools, which were admitted to the DSS, were to be phased out.

By 2003/04, the four international DSS schools had been phased out.

7.10 Audit noted that in the Memorandum submitted to the Executive Council, School I was not included in the list of the four international schools to be phased out. No record was available showing the justifications for excluding School I from the list. Up to 2009/10, School I remained in the DSS (see the chronology of key events at Appendix B).

School I was allowed to remain in the DSS

7.11 At a meeting held in January 1996, the PSRC was informed that the four international schools approved to be phased out by the Executive Council had been informed of the phasing out arrangements, and that School I would be approached at a later stage after the matter was cleared with the policy branch. After the PSRC meeting, the EMB informed the ED that if School I was recommended to be phased out at a future date, clearance from the EMB was needed.

7.12 In September 1998, the ED sought the EMB's advice on phasing out of School I from the DSS. The ED informed the EMB that pursuant to the existing policy, School I should be phased out. At the EMB/ED Liaison Meeting held in September 1999, the phasing out of School I was discussed again. The relevant meeting minutes recorded that after the discussion, the then Secretary for Education and Manpower agreed to allow School I to remain in the DSS but any future application for capital assistance should be carefully considered.

7.13 In October 1999, the ED decided to treat School I as a special local school with regard to DSS subsidy. The ED wrote to School I to advise it that it would remain in the DSS.

7.14 In June 2002, the matter of allowing School I to remain in the DSS was raised again in an internal discussion at the ED. The then Director of Education instructed that reasons should be placed on record why School I was not considered as an international school and was allowed to remain in the DSS. The justifications subsequently recorded by the ED were as follows:

- (a) when approval was sought from the Executive Council to phase out international schools from the DSS, School I was not on the list of such schools set out in the Executive Council Memorandum;
- (b) School I was offering the International Baccalaureate Diploma Programme which was recognised by universities both in Hong Kong and overseas for admission purpose; and
- (c) about 40% of School I's enrolment were local students (Note 17).

7.15 Audit considers that the above justifications did not explain why the policy to phase out international schools from the DSS had not been applied to School I. This is because:

- (a) the justifications simply pointed out the fact that School I was not included in the list of international schools set out in the Memorandum submitted to the Executive Council (see para. 7.9);
- (b) School I should have been classified as an international school as it followed a non-local curriculum (see para. 7.9(a)). It is noted that when the Executive Council decision was sought in October 1995, two of the four international schools included in the list set out in the Executive Council Memorandum were also offering the International Baccalaureate Diploma Programme; and
- (c) the percentage of local students enrolled in School I was not a relevant consideration for retaining School I in the DSS. It is noted that most of the students of the four international schools were local students.

Audit recommendations

7.16 **Audit has recommended that the Secretary for Education should:**

- (a) **ensure that the Legislative Council is informed when there are major changes in the information previously provided to it;**
- (b) **ensure that the Executive Council is provided with full information when seeking its advice; and**
- (c) **critically review the justifications for continuing to allow School I to remain in the DSS and take action to address the matter, if necessary.**

Note 17: *Under the existing government policy, only local students are eligible for recurrent subsidy. Non-local students, i.e. persons entering Hong Kong for the purpose of education with a student visa/entry permit, are not eligible for government subsidy.*

Response from the Administration

7.17 The **Secretary for Education** agrees with the audit recommendations. He has said that:

- (a) the EMB had made a conscious decision of not submitting an information note to the FC on admitting School I to the DSS based on the following considerations:
 - (i) the Director of Education had the authority to approve an application for joining the DSS. He should not be required to report to the FC about his exercise of the authority for approving the application of School I;
 - (ii) no information note had ever been submitted to the FC regarding admission of schools to the DSS. On par with other schools, there was no need for submitting an information note to the FC in respect of the approval for School I that had met all the criteria for joining the DSS; and
 - (iii) the EMB was of the view that the submission of an information note to the FC was only considered desirable by the Finance Branch and it was up to the policy bureau to decide whether there was such a need;
- (b) the purpose of the Memorandum submitted to the Executive Council (see para. 7.9) was to seek its approval to, among others, phase out international schools from the DSS. It was prepared based on the review report on the provision of international school places (see para. 7.8). School I was excluded from the discussion of the review because it was defined as a DSS school offering non-local curriculum, and most of its students were not normally residents of Hong Kong, making it unfit for the scope of the study on the provision of international school places. The presentation of the Memorandum to the Executive Council was based on a conscious decision. The Administration had prudent considerations of the contextual circumstances with due regard to the intent of the policies being submitted to the Executive Council for approval;
- (c) the decision to allow School I to remain in the DSS was made after careful deliberation in 1999. The ED and the EMB held the view that the School was unique in its nature and was different from other international schools. The case was revisited by the ED in 2002 and a status quo was ruled; and
- (d) the EDB has no objection to the recommendation that it should critically review the justifications for continuing to allow School I to remain in the DSS.

7.18 The **Secretary for Financial Services and the Treasury** agrees with the audit recommendations.

Assessment areas for DSS applications

| Assessment area | Assessment Division | Maximum score |
|--|---|---------------|
| <i>Part I: Track record of school performance</i> | | |
| Management and organisation | School Development Division (SDD) | 5 |
| | Quality Assurance Division (QAD) | 5 |
| Learning and teaching | SDD | 5 |
| | QAD | 5 |
| Student support and school ethos | SDD | 5 |
| | QAD | 5 |
| Student performance | SDD | 5 |
| | QAD | 5 |
| Total | | 40 |
| <i>Part II: Provision of quality education</i> | | |
| <i>A. Proposed class structure</i> | | |
| Class structure | School Administration and Support Division (SASD) | 4 |
| Demand of DSS school places | SASD | 4 |
| Popularity | SASD | 4 |
| <i>B. Proposed prospectus</i> | | |
| Prospectus | SASD | 4 |
| <i>C. Proposed governance structure</i> | | |
| Governance structure | SDD | 4 |
| <i>D. Proposed facilities</i> | | |
| Teaching and learning facilities | SDD | 4 |

Appendix A
(Cont'd)
(para. 2.3 refers)

| Assessment area | Assessment Division | Maximum score |
|---|--|---------------|
| <i>E. Staffing</i> | | |
| Principalship | SDD | 8 |
| Existing staff profile | SDD | 4 |
| Proposed staff situation | SDD | 8 |
| <i>F. Proposed learning and teaching</i> | | |
| Curriculum organisation and framework | Curriculum Development Institute (CDI) | 4 |
| Teaching and learning strategies | CDI | 4 |
| Educational programmes for the diverse learning needs of students including special education needs | CDI | 2 |
| | SASD | 2 |
| Proposed medium of instruction policy | CDI | 2 |
| | Education Commission and Planning Division | 2 |
| Total | | 60 |

Source: EDB records

Chronology of key events
Phasing out of international schools from the DSS

| | |
|----------------|--|
| July 1995 | Review on the provision of international school places completed. |
| October 1995 | <p>The Executive Council endorsed the review's recommendation to phase out four international schools from the DSS.</p> <p>The Legislative Council was informed of the Executive Council's decision.</p> |
| September 1996 | Phasing out of four international schools from the DSS commenced. |
| September 1998 | The ED informed the EMB that pursuant to the existing policy, all international schools, including School I, should be phased out from the DSS. |
| September 1999 | The EMB/ED Liaison Meeting agreed to allow School I to remain in the DSS. |
| October 1999 | <p>The ED decided to treat School I as a special local school with regard to DSS subsidy.</p> <p>The ED informed School I that it would remain in the DSS.</p> |
| June 2002 | The ED placed on record the justifications for not considering School I as an international school when it came to DSS subsidy. |
| August 2002 | Three international schools were phased out from the DSS. |
| August 2004 | The fourth international school was phased out from the DSS. |

Acronyms and abbreviations

| | |
|-------|--|
| Audit | Audit Commission |
| CDI | Curriculum Development Institute |
| CR | Comprehensive Review |
| DSS | Direct Subsidy Scheme |
| ED | Education Department |
| EDB | Education Bureau |
| EMB | Education and Manpower Branch/Bureau |
| ESR | External School Review |
| FB | Finance Bureau |
| FC | Finance Committee |
| IMC | Incorporated Management Committee |
| PSRC | Private Schools Review Committee |
| PTA | Parent-teacher association |
| QAD | Quality Assurance Division |
| SASD | School Administration and Support Division |
| SDA | School Development and Accountability |
| SDD | School Development Division |
| SMC | School Management Committee |
| SSB | School sponsoring body |
| SSE | School Self-evaluation |