CHAPTER 2

Education Bureau
Working Family and Student Financial Assistance Agency

Financial assistance schemes for post-secondary and tertiary students

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FINANCIAL ASSISTANCE SCHEMES FOR POST-SECONDARY AND TERTIARY STUDENTS

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FINANCIAL ASSISTANCE SCHEMES FOR POST-SECONDARY AND TERTIARY STUDENTS

Executive Summary

1. The Government's policy on student finance is to ensure that no student is denied access to education due to a lack of means. The Working Family and Student Financial Assistance Agency (WFSFAA) under the Education Bureau administers six financial assistance schemes to provide support to eligible post-secondary and tertiary students. The six financial assistance schemes include three means-tested financial assistance schemes (i.e. Tertiary Student Finance Scheme — Publicly-funded Programmes (TSFS), Financial Assistance Scheme for Post-secondary Students (FASP) and Student Travel Subsidy (STS) for Tertiary or Post-secondary Students) and three non-means-tested loan schemes (i.e. Non-means-tested Loan Scheme for Full-time Tertiary Students (NLSFT), Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) and Extended Non-means-tested Loan Scheme (ENLS)). In the 2025/26 academic year (all years mentioned hereinafter refer to academic years), WFSFAA approved 80,784 applications and provided financial assistance of about $3.5 billion under the six financial assistance schemes. The Audit Commission (Audit) has recently conducted a review of WFSFAA's work in administering the financial assistance schemes for post-secondary and tertiary students.

Processing of applications

2. ***Need to include all processed applications upon receipt of complete supporting documents in calculation of achievement of target processing time for applications.*** Audit examined the supporting documents for the calculation of the achievement of target processing time for applications as reported in WFSFAA's Controlling Officer's Report (COR) and on the performance pledge webpages of WFSFAA's website in the period from 2021/22 to 2024/25 and noted that: (a) for four schemes (i.e. TSFS, FASP, NLSFT and NLSPS), a large number of processed applications with incomplete information upon submission of the application forms (i.e. 82% to 85% of TSFS applications processed, 88% to 90% of FASP applications

processed, 20% to 41% of NLSFT applications processed and 28% to 50% of NLSPS applications processed) were excluded from the calculation of the achievement of target processing time for applications each year in the period; and (b) according to WFSFAA, supplementary information was required for these processed applications with incomplete information upon submission of the application forms and complete supporting documents were subsequently received. However, even after receiving complete supporting documents and processing these applications, WFSFAA still excluded applications with incomplete information upon submission of the application forms from the calculation of the achievement of target processing time for applications (para. 2.6).

3. ***Need to enhance monitoring of the processing time of applications with supplementary information subsequently required.*** For those applications with incomplete information upon submission of the application forms, WFSFAA will require supplementary information from applicants to process the applications. Audit noted that for four financial assistance schemes (i.e. TSFS, FASP, NLSFT and NLSPS), WFSFAA had not maintained the dates of receipt of complete supporting documents on its computer system, namely the Integrated Student Financial Assistance System (ISFAST), for applications with supplementary information subsequently required in the period from 2021/22 to 2025/26. Therefore, WFSFAA could not solely rely on ISFAST but had to rely on offline records to monitor the processing time for those applications with supplementary information subsequently required (i.e. the time taken to obtain complete supporting documents after receipt of applications and the time taken to complete the processing of those applications upon receipt of complete supporting documents). Audit examined the case files of 20 processed applications of the four financial assistance schemes with incomplete information upon submission of the application forms and supplementary information subsequently required in the period from 2021/22 to 2025/26 and found that: (a) for 3 (15%) applications, a long time was taken to obtain complete supporting documents after receipt of applications (i.e. more than 300 days). The time elapsed between the date of receipt of applications and the date of receipt of complete supporting documents ranged from 308 to 403 days (averaging 360 days); and (b) for 5 (25%) applications, target processing time was not met upon receipt of complete supporting documents, with processing time of 71 days for a TSFS application and 118 to 265 days (averaging 194 days) for 4 NLSFT/NLSPS applications (paras. 2.12 and 2.14).

4. ***Need to strengthen measures to minimise the recurrence of processing errors and incorrect assessments of assistance.*** TSFS/FASP applications are subject

to monthly counter-checks before payment of financial assistance. After payment of financial assistance, successful TSFS/FASP applications are subject to year-end counter-checks. Audit examination of the results of the monthly counter-checks for 27,986 TSFS/FASP applications and the year-end counter-checks for 14,225 TSFS/FASP applications in the period from 2021/22 to 2025/26 revealed that: (a) as identified in monthly counter-checks, 151 (0.5%) applications had processing errors and 3 (0.01%) applications had incorrectly assessed amount of assistance; and (b) as identified in year-end counter-checks, 241 (1.7%) applications had processing errors and 16 (0.1%) applications had incorrectly assessed amount of assistance. Of the 392 (151 + 241) applications identified with processing errors in the monthly counter-checks and the year-end counter-checks in the period from 2021/22 to 2025/26: (a) for 114 (29%) applications, there were miscalculations in the family members' income received; and (b) for 101 (26%) applications, there were miscalculations in the bank balance/cash value of insurance. Besides, while WFSFAA had compiled management reports on the results of the year-end counter-checks for each academic year for review by senior management, Audit noted that the management reports on the results of the monthly counter-checks were not compiled for review by senior management (paras. 2.30 to 2.33).

5. ***Need to enhance understanding of the applicants on the family income and assets required to be disclosed in the applications.*** Successful TSFS/FASP applications are subject to authentication. For the period from 2021/22 to 2023/24, 5,125 TSFS/FASP applications were authenticated by home visits and 3,648 TSFS/FASP applications were authenticated by bank searches. In the period from 2021/22 to 2023/24: (a) 525 (10.2%) of 5,125 TSFS/FASP applications had discrepancies identified in authentication by home visits and 313 (8.6%) of 3,648 TSFS/FASP applications had discrepancies identified in authentication by bank searches. The discrepancy rate identified in authentication by home visits in each year ranged from 10.0% to 10.5% and that identified in authentication by bank searches in each year ranged from 7.7% to 9.3%; and (b) the total amount of overpaid financial assistance identified in authentication by home visits was $16.1 million and that identified in authentication by bank searches was $18.9 million. The amount of overpaid financial assistance identified in authentication by home visits in each year ranged from $4.9 million to $6.3 million and that identified in authentication by bank searches in each year ranged from $5.2 million to $7.6 million. According to WFSFAA, most discrepancies identified in home visit exercises were due to omissions of income (e.g. employment income) whereas discrepancies identified in bank search exercises were mainly due to omission of assets (e.g. bank deposits, insurance policies and e-wallet balances) (paras. 2.30, 2.35 and 2.36).

6. ***Need to expedite the reporting of authentication exercises to senior management.*** Audit reviewed the records of the authentication exercises for the period from 2021/22 to 2023/24 and found that a long time was taken to conclude the results and observations of the authentication exercises in the reports to the senior management for review. The management reports were only available about 1.3 years after the end of the respective academic year. For example, for 2023/24, the authentication exercises by bank searches and home visits commenced in July 2023 and in September 2023 respectively, and the results of the authentication were available in December 2025 (i.e. about 1.3 years after the end of 2023/24). As of August 2026, the management reports on the results of the authentication for 2024/25 were being compiled and are expected to be available in the fourth quarter of 2026 (para. 2.38).

7. ***Room for improvement in processing cases of authentication by home visits.*** Audit analysed the records of 5,125 cases of authentication by home visits in the period from 2021/22 to 2023/24 and noted that: (a) for 215 (4%) authentication cases, home visits were not conducted within the specified timeframe (i.e. 2 months from the dates of assignment). The home visits were conducted 1 day to 103 days after the specified timeframe (averaging 15 days); (b) for 1,753 (34%) authentication cases, Investigation Reports were not completed within the specified timeframe (i.e. 3 months from the dates of home visit). The Investigation Reports were completed 1 day to 509 days after the specified timeframe (averaging 39 days); and (c) for 139 (3%) authentication cases, countersigning of the Investigation Reports was not completed within the specified timeframe (i.e. 3 months after receipt of the report). The Investigation Reports were countersigned 1 day to 21 days after the specified timeframe (averaging 5 days) (para. 2.42).

8. ***Need to ensure that the cases of authentication by bank searches are processed within specified timeframe.*** Audit analysed the records of 1,755 cases of authentication by bank searches that required follow-up investigations in the period from 2021/22 to 2023/24 and noted that: (a) for 161 (9%) authentication cases, the time target on completing the Investigation Report within 3 months after the date of assignment was not met. The Investigation Reports were completed 1 day to 328 days after the specified timeframe (averaging 45 days); and (b) for 13 (0.7%) authentication cases, the time target on completing countersigning of the Investigation Report within 3 months after receipt of the report was not met. The Investigation Reports were countersigned 1 day to 121 days after the specified timeframe (averaging 29 days) (para. 2.46).

9. ***Need to expedite the recovery/offsetting of overpayment.*** The total amount of overpaid financial assistance identified in authentication by home visits and bank searches in the period from 2021/22 to 2023/24 was $35 million. Recovery/offsetting of overpayment was required according to WFSFAA's guidelines. Up to September 2026, of the total amount of overpaid financial assistance of $35 million, $32 million (91%) (involving 528 cases) had been recovered/offset or with agreed repayment plans, with the remaining cases filed to the Official Receiver's Office (ORO) or referred to the Department of Justice (DoJ) for recovery actions, or closed as recovery actions were no longer required (e.g. successful appeal cases). Audit analysed the time elapsed between the date of completion of authentication work and the date of recovering/offsetting the overpayment or agreeing the repayment plans for the 528 cases. Audit found that the time elapsed ranged from 8 days to 4 years (averaging 3 months). For 19 (3.6%) cases, a long time was taken (i.e. more than one year) to recover/offset the overpayment or agree the repayment plans (para. 2.50).

10. ***Need to report suspected fraud cases to the Hong Kong Police Force in a timely manner.*** According to WFSFAA's guidelines, for suspected fraud cases identified in authentication, full recovery of financial assistance and referral of case to the Hong Kong Police Force for further investigation will be taken, if necessary. In the period from 2021/22 to 2024/25, 125 cases of suspected fraud were identified in authentication by home visits and bank searches, and WFSFAA reported the suspected fraud cases to the Hong Kong Police Force. Audit analysed the time elapsed between the deadlines of submitting applications for review against rejection (if applications for review against rejection were not submitted) or the date of notification of results of applications for review against rejection (if applications for review against rejection were submitted) and the dates of reporting to the Hong Kong Police Force for 20 cases of suspected fraud in the period from 2021/22 to 2024/25. Audit found that the time elapsed ranged from 17 to 378 days (averaging 64 days). For 2 (10%) cases, a long time was taken (i.e. more than three months) to report the suspected fraud cases to the Hong Kong Police Force (paras. 2.53 and 2.54).

Loan repayment

11. Loan borrowers under the five financial assistance schemes involving loans (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) are required to repay their loans, which normally commence on 1 December of the year of graduation or when the course has officially ended, until the loan and interest accrued thereon are fully repaid. According to WFSFAA, cases with two or more consecutive overdue quarterly

instalments, or six or more consecutive overdue monthly instalments are regarded as default cases. To alleviate the financial burden of loan borrowers amidst the coronavirus disease (COVID-19) epidemic, the Government provided interest-free deferral of loan repayment arrangement (i.e. "deferral arrangement") for a 5-year period from 1 April 2020 to 31 March 2025 (i.e. the suspension period). Loan borrowers (except those who had chosen to opt out of the deferral arrangement) only resumed loan repayment from 1 April 2025. As at 30 September 2026: (a) the number of cumulative default cases was 9,515; (b) the default rate in terms of number of loan repayment accounts was 4.1%; (c) the amount in default was $131.3 million; (d) the amount of undemanded principal and arrears in defaulted accounts was $695.1 million; and (e) the default rate in terms of loan amount was 4.2% (paras. 3.2 to 3.4).

12. ***Need to strengthen measures to minimise defaulted loans.*** Audit analysed the number of cumulative default cases, the default rates, the amount in default and the amount of undemanded principal and arrears in defaulted accounts for each of the five financial assistance schemes involving loans (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) as at 31 July 2026. Audit noted that, of the five financial assistance schemes, ENLS had the highest number of cumulative default cases, the largest amount in default and the highest default rates in terms of number of loan repayment accounts and in terms of loan amount, while NLSPS had the largest amount of undemanded principal and arrears in defaulted accounts (para. 3.6).

13. ***Need to expedite actions in initiating legal recovery actions for default cases.*** If both the defaulter and his indemnifier(s) have failed to settle the arrears, displaying an uncooperative or irresponsive attitude, or if attempts to locate the defaulter are in vain, WFSFAA will consider taking legal actions by either referring the case to DoJ (for debt more than $75,000), or filing a claim directly to the Small Claims Tribunal (for debt not more than $75,000) against the defaulter and/or his indemnifier(s) to recover the full amount of the outstanding loan together with interest(s), surcharge/administrative fee (if any) and recovery costs in one lump sum. As at 31 July 2026, there were a total of 10,278 default cases under the five financial assistance schemes involving loans. For 4,598 (45%) of the 10,278 default cases, legal recovery actions had not been initiated or they were not processed under bankruptcy, individual voluntary arrangement and deferment application. WFSFAA compiles ageing analysis to analyse the length of period without receiving positive response from loan borrowers/indemnifiers (including loan repayment or any response to WFSFAA's contact regarding the loans) for the default cases where legal recovery actions have not been initiated against the defaulters/indemnifiers or they

were not processed under bankruptcy, individual voluntary arrangement and deferment application. Audit examined the ageing analysis of the 4,598 default cases where legal recovery actions had not been initiated or they were not processed under bankruptcy, individual voluntary arrangement and deferment application as at 31 July 2026 and noted that for 1,456 (32%) cases, there had been no positive response from loan borrowers/indemnifiers for more than 1 year. For 257 (6%) cases, there had been no positive response from loan borrowers/indemnifiers for more than 5 years (paras. 3.15 and 3.16).

14. ***Room for improvement in referral of default cases to DoJ.*** According to WFSFAA's guidelines, for cases selected for referral to DoJ, depending on the case nature, the time target for a WFSFAA case officer to refer a case to DoJ is 124 to 164 days counting from the date on which the case was assigned to the officer for preparing the required documentation. According to WFSFAA, those cases where legal recovery actions had not commenced would not be referred to DoJ during the 5-year suspension period (i.e. from April 2020 to March 2025). Audit examined 20 cases referred to DoJ in the period from 2021/22 to 2025/26 and noted that a long time was taken to refer the cases to DoJ after the resumption of repayment arrangement in April 2025 for 4 (20%) cases: (a) for 3 cases assigned to the WFSFAA case officers right before the 5-year suspension period (i.e. March 2020), the time elapsed between the date of resumption of repayment arrangement and the date of referring the case to DoJ ranged from 339 to 492 days (averaging 417 days); and (b) for another case assigned to the WFSFAA case officer during the 5-year suspension period (i.e. July 2020), the time elapsed between the date of resumption of repayment arrangement and the date of referring the case to DoJ was 454 days (paras. 3.18 and 3.19).

15. ***Delays in filing proof of debt for bankruptcy cases.*** WFSFAA will be informed of the bankruptcy status of loan borrowers and their indemnifiers through checking bi-weekly gazetted notice of bankruptcy orders from ORO on individuals who have been declared bankrupt in the past two weeks, ad-hoc bankruptcy petitions received from loan borrowers or indemnifiers, or ad-hoc notices or letters from solicitors or nominees, and conducting bankruptcy order search where necessary. According to WFSFAA's guidelines on handling of bankruptcy cases, a proof of debt is expected to be filed to ORO within an estimated timeframe of 74 working days (or 44 working days prior to 21 March 2024) after confirmation of bankruptcy status from ORO through bankruptcy order search with ORO. Audit examined 20 cases involving handling of bankruptcy in the period from 2021/22 to 2025/26 and noted that for 17 (85%) cases, there were delays in filing proof of debt after confirmation

of bankruptcy status from ORO through bankruptcy order search, ranging from 71 to 164 working days (averaging 117 working days) (paras. 3.22 and 3.23).

16. ***Scope for improving the computer system for management of defaulted loans.*** Audit notes that there is scope for improving ISFAST to facilitate management of defaulted loans: (a) ISFAST cannot compile the ageing analysis of the default cases to analyse the length of period without receiving positive response from loan borrowers/indemnifiers for the default cases where legal recovery actions have not been initiated against the defaulters/indemnifiers or they were not processed under bankruptcy, individual voluntary arrangement and deferment application; (b) ISFAST cannot compile analysis of the timeliness of referring cases to DoJ for taking legal recovery actions and the progress of legal recovery actions; and (c) ISFAST does not feature an automated alert function to prompt WFSFAA case officers to take necessary loan recovery actions in a timely manner (para. 3.29).

Other issues

17. ***Need to ensure that responses of the Review Sub-Committee (RSC) members on cases of review against rejection are provided within stipulated deadline.*** Applicants of TSFS and FASP may apply for review against rejection. Under the prevailing processing mechanism, these cases are processed and considered by RSC (including RSC Secretariat) through meetings or circulation of papers. For review cases considered through circulation of papers, RSC members are required to inform WFSFAA of their decisions within the stipulated deadline (usually within 2 to 3 weeks). In the period from 2021/22 to 2025/26, 19 papers (involving a total of 590 cases of review against rejection) were circulated to RSC members for consideration. Audit examined the records of the RSC members' responses to the 19 papers and found that: (a) for 1 (5%) paper, a member did not inform WFSFAA of the decision and 4 other members had delays in informing WFSFAA of their decisions. The delays ranged from 1 to 5 days (averaging 3 days); and (b) for another 17 (90%) papers, 1 to 8 members in each circulation (involving a total of 15 members) had delays in informing WFSFAA of their decisions. The delays ranged from 1 to 41 days (averaging 6 days) (paras. 4.6 and 4.7).

18. ***Need to review the effectiveness of promotional videos.*** Audit examination of the number of views of the 274 promotional videos that had been published on WFSFAA's website and a social media platform in the period from 2021/22 to 2025/26 revealed that 90 (33%) promotional videos recorded number of views of less

than 100, of which the contents were mainly related to the application process. While social media platforms are popular for use by post-secondary and tertiary students, Audit noted that promotional videos had only been disseminated through one social media platform (para. 4.21).

19. ***Need to improve response rate of opinion surveys.*** In order to collect feedback on the application process, applicants for five financial assistance schemes (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) are invited to complete an online opinion survey upon submission of their applications. Audit analysed the response rates of the opinion surveys for the period from 2021/22 to 2025/26 and found that: (a) the overall response rate ranged from 30% to 42%. For 2024/25 and 2025/26, the response rates for TSFS and FASP were the lowest among the five financial assistance schemes; and (b) the response rates for TSFS and FASP both decreased from 42% for 2021/22 to 28% for 2025/26, while the response rate for ENLS also decreased from 60% for 2021/22 to 51% for 2025/26 (paras. 4.25 and 4.26).

20. ***Room for improvement in the chatbot of WFSFAA.*** In March 2023, WFSFAA launched a chatbot namely "S. Buddy" on its website to provide prompt replies and round-the-clock enquiry services about its financial assistance schemes for the users. Audit noted that: (a) on the starting interface of the chatbot, a list of various financial assistance schemes administered by WFSFAA will be displayed. Upon selecting a scheme, relevant information of the scheme will be shown by the chatbot and free-text input is available for users to raise further enquiries. However, as at July 2026, free-text input was not available on the starting interface and a scheme (i.e. STS for Tertiary or Post-secondary Students) was not included in the list of the schemes shown on the starting interface. Users might have difficulties in raising enquiries related to STS for Tertiary or Post-secondary Students; and (b) there was no evaluation survey for users to rate the chatbot's performance upon closing their chat sessions (paras. 4.34 and 4.36).

Audit recommendations

21. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

Processing of applications

(a) **include all processed applications for financial assistance schemes upon receipt of complete supporting documents in the calculation of achievement of target processing time for applications as reported in COR and on the performance pledge webpages of WFSFAA's website with a view to holistically reflecting the achievement (para. 2.28(a));**

(b) **maintain the information on the processing of applications (e.g. dates of receipt of complete supporting documents for applications under all financial assistance schemes) on ISFAST and enhance the monitoring of the processing time of applications with supplementary information subsequently required (para. 2.28(c) and (d));**

(c) **take measures to expedite the processing of applications with supplementary information subsequently required and ensure that the target processing time for applications is met upon receipt of complete supporting documents (para. 2.28(e) and (f));**

(d) **strengthen measures to minimise the recurrence of processing errors and incorrect assessments of assistance (para. 2.57(a));**

(e) **compile the management reports on the results of the monthly counter-checks for review by senior management (para. 2.57(b));**

(f) **take measures to enhance the understanding of the applicants on the family income and assets required to be disclosed in the applications to avoid omission/understatement of family income and assets (para. 2.57(c));**

(g) **take measures to expedite the reporting of authentication exercises to the senior management as far as practicable (para. 2.57(d));**

(h) **take measures to ensure that the cases of authentication by home visits are processed within the specified timeframe as far as possible (para. 2.57(e));**

(i) **take measures to ensure that the cases of authentication by bank searches are processed within the specified timeframe as far as possible (para. 2.57(f));**

(j) **expedite the recovery/offsetting of overpaid financial assistance to ensure that such overpayment is recovered/offset in a timely manner (para. 2.57(g));**

(k) **take measures to ensure that suspected fraud cases are reported to the Hong Kong Police Force in a timely manner (para. 2.57(h));**

Loan repayment

(l) **continue to monitor the loan default situation of the five financial assistance schemes and strengthen measures to minimise defaulted loans (para. 3.9);**

(m) **expedite actions in initiating legal recovery actions for default cases to recover the outstanding loans, in particular for those cases without receiving positive response from loan borrowers/indemnifiers for a long time (para. 3.31(b));**

(n) **for cases selected for referral to DoJ, expedite actions in referring cases to DoJ by case officers after case assignment (para. 3.31(c)(i));**

(o) **take measures to ensure that the proof of debt is filed to ORO within the estimated timeframe as far as practicable (para. 3.31(d));**

(p) **explore measures to enhance ISFAST to facilitate management of defaulted loans (para. 3.31(f));**

Other issues

(q) **take measures to ensure that the responses of RSC members on cases of review against rejection are provided within the stipulated deadline with a view to processing the cases in a timely manner (para. 4.9(b));**

(r) **review the effectiveness of the promotional videos and continue to explore the opportunity of disseminating relevant information through more channels (e.g. other social media platforms which are popular for use by post-secondary and tertiary students) (para. 4.23(e));**

(s) **explore measures to further improve the response rates of the opinion surveys (para. 4.32(a)); and**

(t) **consider enhancing the user experience and putting in place appropriate measures (e.g. enhancing the starting interface of the chatbot), and taking appropriate measures (e.g. conducting evaluation surveys) to collect feedback from chatbot users so as to further improve the performance of the chatbot (para. 4.40(a) and (b)).**

Response from the Government

22. The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations.

PART 1: INTRODUCTION

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

Background

1.2 The Government's policy on student finance is to ensure that no student is denied access to education due to a lack of means. To achieve this policy objective, the Working Family and Student Financial Assistance Agency (WFSFAA) under the Education Bureau administers various financial assistance schemes for students of different levels. The vision of WFSFAA on student finance is to assist all qualified students in need of financial assistance to achieve the education level they aspire to. The mission of WFSFAA on student finance is to process every application for financial assistance in a fair, just and efficient manner in order to ensure that timely and appropriate financial assistance is provided to the successful applicants.

Financial assistance schemes for post-secondary and tertiary students

1.3 WFSFAA administers six financial assistance schemes to provide support to eligible post-secondary and tertiary students (Note 1). The six financial assistance schemes include three means-tested financial assistance schemes (see para. 1.4) and three non-means-tested loan schemes (see para. 1.6). In the 2025/26 academic year (Note 2), WFSFAA provided financial assistance of about $3.5 billion under the six financial assistance schemes (see para. 1.8).

Means-tested financial assistance schemes

1.4 The three means-tested financial assistance schemes are:

Note 1: *Eligible students should have the right of abode in Hong Kong; or alternatively, the students or their families must have resided in Hong Kong continuously for three complete years prior to the commencement of the programme.*

Note 2: *Unless otherwise specified, all years mentioned hereinafter refer to academic years starting in September of a year and ending in August of the following year.*

Introduction

(a) ***Tertiary Student Finance Scheme — Publicly-funded Programmes (TSFS).*** TSFS provides means-tested financial assistance in the form of grant and/or loan to eligible full-time students taking up an exclusively publicly-funded student place of a recognised post-secondary programme (Note 3). The grant is to cover tuition fees, academic expenses and compulsory union fees, whereas the loan is to cover students' living expenses. In 2025/26, financial assistance of $758.8 million was provided under TSFS (see Table 2 in para. 1.8);

(b) ***Financial Assistance Scheme for Post-secondary Students (FASP).*** FASP provides means-tested financial assistance in the form of grant and/or loan to eligible full-time students aged 30 or below pursuing locally-accredited, self-financing post-secondary education programmes at the level of associate degree, higher diploma or bachelor's degree (Note 4). The grant is to cover tuition fees and academic expenses, whereas the loan is to cover students' living expenses. In 2025/26, financial assistance of $792.8 million was provided under FASP (see Table 2 in para. 1.8); and

(c) ***Student Travel Subsidy (STS) for Tertiary or Post-secondary Students.*** STS for Tertiary or Post-secondary Students provides travel subsidy to eligible students attending a full-time day course up to first degree level in a recognised institution, residing more than 10 minutes' walking distance away from their studying institutions, and who need to travel to studying institutions by public transport. Applicants must be successful in the application for assistance under TSFS or FASP. The amount of travel subsidy is calculated on the basis of the average fare on public transport between the districts in which the student studies and resides during term-time. In 2025/26, financial assistance of $94.8 million was provided

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Note 3: *The programmes covered under TSFS are organised by University Grants Committee-funded universities, the Hong Kong Institute of Vocational Education, the Hong Kong Institute of Information Technology, Hong Kong Design Institute, Chinese Culinary Institute and International Culinary Institute, and Maritime Services Training Institute of the Vocational Training Council, the Hong Kong Academy for Performing Arts, and the Dental Technology Course of the Prince Philip Dental Hospital.*

Note 4: *Students accepted financial assistance under any other publicly-funded financial assistance schemes (e.g. the Continuing Education Fund) for the programme/course covered by the FASP application in the same academic year are not eligible to apply for financial assistance under FASP.*

under STS for Tertiary or Post-secondary Students (see Table 2 in para. 1.8).

1.5 Eligibility for financial assistance under TSFS and FASP depends on the financial position of applicants' families. The entitled level of assistance is determined by a two-tier means test comprising an income test and an assets test. For TSFS and FASP, the loan is interest-free during the study period of the students. Interest at the fixed rate of 1% per annum will be charged from the commencement of loan repayment after the students' graduation or termination of study. Loan borrowed and the interest accrued thereon are repayable in 15 years by 180 equal monthly instalments, or in a shorter repayment period by equal monthly instalments as agreed by WFSFAA (Note 5). Loan borrowers who have proven difficulties can apply to defer repayment of their loans without interest up to a maximum of two years.

Non-means-tested loan schemes

1.6 The three non-means-tested loan schemes are:

(a) ***Non-means-tested Loan Scheme for Full-time Tertiary Students (NLSFT).*** NLSFT complements TSFS to provide loans to eligible students taking up an exclusively publicly-funded student place to settle tuition fees of a recognised full-time post-secondary programme at one of the institutions under TSFS. In 2025/26, financial assistance of $529.3 million was provided under NLSFT (see Table 2 in para. 1.8);

(b) ***Non-means-tested Loan Scheme for Post-secondary Students (NLSPS).*** NLSPS complements FASP to provide loans to eligible students to settle tuition fees of locally-accredited, self-financing full-time post-secondary programmes at the level of associate degree, higher diploma or degree. In 2025/26, financial assistance of $804.2 million was provided under NLSPS (see Table 2 in para. 1.8); and

Note 5: *The monthly repayment interval was implemented in 2013/14. Loan borrowers who had obtained financial assistance in or before 2012/13 and have been repaying on a quarterly basis continue to repay at quarterly interval.*

(c) ***Extended Non-means-tested Loan Scheme (ENLS).*** ENLS provides loans to eligible students to settle tuition fees of specific post-secondary/continuing and professional education courses studied in Hong Kong (Note 6). In 2025/26, financial assistance of $562.7 million was provided under ENLS (see Table 2 in para. 1.8).

1.7 The three non-means-tested loan schemes operate on a full-cost recovery basis. Loan borrowers have to pay interest for their loans. Interest is accrued upon loan drawdown and throughout the study period until the loan is repaid in full. The interest rate of non-means-tested loans is derived on a no-gain-no-loss basis (Note 7), plus a risk-adjusted factor which seeks to cover the Government's risk in disbursing unsecured loans. As at 30 June 2026, the interest rate for such loans was 2.173% per annum. Loan borrowed and the interest accrued thereon are repayable in 15 years by 180 equal monthly instalments, or in a shorter repayment period by equal monthly instalments as agreed by WFSFAA (see Note 5 to para. 1.5). Loan borrowers who have proven difficulties can apply to defer repayment of their loans without interest up to a maximum of two years. An administrative fee is chargeable for each application and each loan account in every academic year, upon submission of application and annually thereafter until the loan and interest accrued thereon are fully repaid. The administrative fee is $248 for 2025/26.

Number of applications approved and financial assistance provided under the six financial assistance schemes

1.8 In the period from 2021/22 to 2025/26, WFSFAA approved some 80,000 applications and provided financial assistance of about $3 billion each year under the six financial assistance schemes for post-secondary and tertiary students

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Note 6: *The specific courses are: (a) courses accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications/courses offered by institutions by virtue of their self-accreditation status or Programme Area Accreditation status; (b) courses under Diploma of Applied Education/Diploma Yi Jin; (c) courses covered by Financial Assistance Scheme for Designated Evening Adult Education Courses; (d) training or development courses provided or funded by local statutory bodies; and (e) registered courses and exempted courses under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).*

Note 7: *The no-gain-no-loss interest rate is set at a certain percentage below the average best lending rate of the note-issuing banks.*

(see Table 1). In 2025/26, WFSFAA approved 80,784 applications and provided financial assistance of about $3.5 billion under the six financial assistance schemes (see Tables 1 and 2).

Table 1

Number of applications approved and financial assistance provided under the six financial assistance schemes for post-secondary and tertiary students (2021/22 to 2025/26)

Academic Year	Applications approved (a) (Number)	Grant/subsidy paid (b) ($ million)	Loan paid (c) ($ million)	Total amount of financial assistance provided (d) = (b) + (c) ($ million)
2021/22	87,960	1,620.4	1,769.3	3,389.7
2022/23	83,135	1,556.2	1,755.0	3,311.2
2023/24	81,128	1,447.6	1,854.5	3,302.1
2024/25	82,147	1,389.4	2,049.1	3,438.5
2025/26	80,784	1,382.5	2,160.1	3,542.6

Source: *Audit Commission's analysis of WFSFAA records*

Remarks: *Expenditure for grants is funded under the General Revenue Account and expenditure for loans is funded under the Loan Fund.*

Table 2

Analysis of applications approved and financial assistance provided under the six financial assistance schemes for post-secondary and tertiary students (2025/26)

Scheme	Applications approved (a) (Number)	Grant/subsidy paid (b) ($ million)	Loan paid (c) ($ million)	Total amount of financial assistance provided (d) = (b) + (c) ($ million)
Means-tested financial assistance schemes				
TSFS	12,544	617.4	141.4	758.8
FASP	10,934	670.3	122.5	792.8
STS for Tertiary or Post-secondary Students	19,792 (Note)	94.8	Not applicable	94.8
Sub-total (e)	43,270	1,382.5	263.9	1,646.4
Non-means-tested loan schemes				
NLSFT	15,286	Not applicable	529.3	529.3
NLSPS	15,600	Not applicable	804.2	804.2
ENLS	6,628	Not applicable	562.7	562.7
Sub-total (f)	37,514	Not applicable	1,896.2	1,896.2
Total (g) = (e) + (f)	80,784	1,382.5	2,160.1	3,542.6

Source: *Audit Commission's analysis of WFSFAA records*

Note: *According to WFSFAA, while the number of applications approved under STS for Tertiary or Post-secondary Students is counted separately, successful applicants of STS for Tertiary or Post-secondary Students are a subset of successful applicants of TSFS or FASP (see para. 1.4 (c)).*

Joint Committee on Student Finance

1.9 The Joint Committee on Student Finance (JCSF) is to advise the Government on, and to keep under review, the operation of TSFS, FASP and the non-means-tested loan schemes to ensure that their objectives (Note 8) and the needs of the community are met. As at 30 June 2026, JCSF comprised the Chairman, the Deputy Chairman, 17 members (Note 9) and 2 ex-officio members (i.e. the Head, Working Family and Student Financial Assistance Agency or his representative, and Secretary-General, University Grants Committee or his representative). The Chairman, the Deputy Chairman and the 17 members are appointed by the Secretary for Education under the delegated authority from the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China with a two-year term from 1 May 2025 to 30 April 2027. The Review Sub-Committee (RSC) is established under JCSF to support the work of JCSF, with members drawn from JCSF. As at 30 June 2026, RSC had 11 members.

Responsible division of WFSFAA

1.10 Student Finance Office (SFO) under WFSFAA, headed by the Controller, Student Finance Office, is responsible for, among other duties, administering the six financial assistance schemes for post-secondary and tertiary students. As at 30 June 2026, 611 staff (comprising 533 civil servants and 78 contract staff) of SFO were involved in administering the six financial assistance schemes. An extract of organisation chart of WFSFAA is shown at Appendix A.

Note 8: *The objectives of TSFS and FASP are: (a) no student who is offered a place in any of the tertiary institutions should be deterred from accepting that place because of a lack of means; (b) financial assistance to students should be based on need; and (c) such assistance should take the form of a combination of grants and loans. The objectives of the non-means-tested loans are: (a) students may obtain financial assistance, on a non-means-tested basis, to meet the cost of their tertiary tuition fees; and (b) such assistance should take the form of loans on a no-gain-no-loss and full-cost recovery basis.*

Note 9: *The 17 members comprised 6 members from different professional sectors, 6 members with a post-secondary student affairs background and 5 post-secondary student members.*

Audit review

1.11 In June 2026, the Audit Commission (Audit) commenced a review of WFSFAA's work in administering the financial assistance schemes for post-secondary and tertiary students. This audit has focused on the following areas:

(a) processing of applications (PART 2);

(b) loan repayment (PART 3); and

(c) other issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government

1.12 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations and will take appropriate follow-up actions and improvement measures correspondingly.

Acknowledgement

1.13 Audit would like to acknowledge with gratitude the full cooperation of the staff of WFSFAA during the course of the audit review.

PART 2: PROCESSING OF APPLICATIONS

2.1 This PART examines the processing of applications, focusing on the following areas:

(a) vetting of applications (paras. 2.2 to 2.29); and

(b) counter-checks and authentication (paras. 2.30 to 2.58).

Vetting of applications

2.2 Applications for the six financial assistance schemes for post-secondary and tertiary students (i.e. TSFS, FASP, STS for Tertiary or Post-secondary Students, NLSFT, NLSPS and ENLS) administered by WFSFAA are processed as follows:

Before payment of financial assistance

(a) ***Receipt of applications and preliminary checking.*** Upon receipt of applications, WFSFAA will conduct preliminary checks to ensure that the application forms are duly completed with supporting documents. Applicants of TSFS/FASP who wish to apply for STS for Tertiary or Post-secondary Students can indicate in their applications for assistance;

(b) ***Vetting.*** Vetting staff verify the completeness and accuracy of information in the application forms and determine the eligibility of applicants by reference to the supporting documents. For applications of the means-tested financial assistance schemes (i.e. TSFS, FASP and STS for Tertiary or Post-Secondary Students), vetting staff also verify the family incomes and assets stated in the applications and assess the amount of financial assistance to be offered to the applicants by conducting a two-tier means test comprising an income test and an assets test. In general, less complicated applications are vetted by Processing Officers (ranked at Assistant Clerical Officer) and more complicated applications are vetted by Investigation Officers (ranked at Senior Clerical Officer);

(c) ***Monthly counter-checks.*** Before issuing notification of application results to the applicants, monthly counter-checks (i.e. re-performing of the vetting work) are conducted on selected applications of the means-tested financial assistance schemes by supervisors of the vetting staff;

(d) ***Notification of results.*** WFSFAA will issue notification of results within the prescribed timeframes provided that the information and supporting documents provided when an applicant submitted his/her application is complete;

(e) ***Payment.*** Grant will normally be disbursed to the applicants within two weeks from the date of issuance of notification of results. Loan will be disbursed after submitting the duly completed loan documents and other required documents by applicants. Travel subsidy under STS for Tertiary or Post-secondary Students will normally be disbursed two months after the release of financial assistance under TSFS/FASP, subject to availability of relevant course details and information on allocation of hostels;

After payment of financial assistance

(f) ***Year-end counter-checks.*** Prior to the commencement of each application cycle, usually in the period from February to April, successful applications of the means-tested financial assistance schemes are selected for counter-checking (i.e. re-performing of the vetting work) by Processing Officers who have not handled the same applications before; and

(g) ***Authentication.*** Successful applications of the means-tested financial assistance schemes are selected for authentication by Investigation Officers. The Investigation Officers will make home visits and conduct bank searches to assess directly the family conditions of the applicants and verify the information provided by the applicants.

Need to include all processed applications upon receipt of complete supporting documents in calculation of achievement of target processing time for applications

2.3 WFSFAA reports the achievement of target processing time for applications for TSFS, FASP, NLSFT, NLSPS and ENLS (Note 10) in its Controlling Officer's Report (COR) and on the performance pledge webpages of its website.

2.4 According to WFSFAA's COR:

(a) in the four-year period from 2021/22 to 2024/25:

(i) 98.7% to 99.9% of TSFS applications met the target processing time of 60 days;

(ii) 98.8% to 99.8% of FASP applications met the target processing time of 60 days; and

(iii) 100% of NLSFT, NLSPS and ENLS applications met the target processing time of 21 days; and

(b) target processing time is subject to submission of complete supporting documents by the applicants.

2.5 According to the performance pledge webpages of WFSFAA's website, for 2024/25:

(a) 99.9% of TSFS applications achieved the target processing time under the performance pledge (i.e. issuing notification of results for 90% of TSFS applications within 60 calendar days from the date of acknowledging receipt of application with complete information);

Note 10: *According to WFSFAA, since applications for STS for Tertiary or Post-secondary Students are made in conjunction with TSFS/FASP applications and processed by WFSFAA concurrently, the target processing time of applications for STS for Tertiary or Post-secondary Students is not separately accounted for.*

(b) 99.8% of FASP applications achieved the target processing time under the performance pledge (i.e. issuing notification of results for 90% of FASP applications within 60 calendar days from the date of acknowledging receipt of application with complete information);

(c) 100% of NLSFT and NLSPS applications achieved the target processing time under the performance pledge (i.e. issuing notification of results within three weeks from the date of acknowledging receipt of application with complete information upon submission of application); and

(d) 100% of ENLS applications achieved the target processing time under the performance pledge (i.e. issuing notification of results within three weeks from the receipt of application with complete information).

2.6 ***Calculation of achievement of target processing time does not cover all applications.*** Audit examined the supporting documents for the calculation of the achievement of target processing time for applications as reported in COR and on the performance pledge webpages of WFSFAA's website in the period from 2021/22 to 2024/25 and noted that:

(a) for four schemes (i.e. TSFS, FASP, NLSFT and NLSPS), a large number of processed applications (Note 11) with incomplete information upon submission of the application forms (i.e. 82% to 85% of TSFS applications processed, 88% to 90% of FASP applications processed, 20% to 41% of NLSFT applications processed and 28% to 50% of NLSPS applications processed) were excluded from the calculation of the achievement of target processing time for applications each year in the period (see Table 3); and

Note 11: *For TSFS and FASP, applications with means-test completed are counted as processed applications. For NLSFT and NLSPS, applications with result of loan offer issued are counted as processed applications.*

Table 3

Number of processed applications excluded from calculation of achievement of target processing time (2021/22 to 2024/25)

Scheme	Number of processed applications	2021/22	2022/23	2023/24	2024/25
TSFS	Total	16,923	16,101	15,332	14,273
	Included in calculation	2,553 (15%)	2,633 (16%)	2,719 (18%)	2,494 (17%)
	Excluded from calculation	14,370 (85%)	13,468 (84%)	12,613 (82%)	11,779 (83%)
FASP	Total	14,250	13,070	11,988	11,442
	Included in calculation	1,568 (11%)	1,361 (10%)	1,256 (10%)	1,333 (12%)
	Excluded from calculation	12,682 (89%)	11,709 (90%)	10,732 (90%)	10,109 (88%)
NLSFT	Total	13,080	12,970	13,893	15,092
	Included in calculation	8,649 (66%)	8,222 (63%)	8,248 (59%)	12,136 (80%)
	Excluded from calculation	4,431 (34%)	4,748 (37%)	5,645 (41%)	2,956 (20%)
NLSPS	Total	11,535	11,225	12,026	14,106
	Included in calculation	5,910 (51%)	5,609 (50%)	7,045 (59%)	10,196 (72%)
	Excluded from calculation	5,625 (49%)	5,616 (50%)	4,981 (41%)	3,910 (28%)

Source: Audit analysis of WFSFAA records

(b) according to WFSFAA, supplementary information was required for these processed applications with incomplete information upon submission of the application forms and complete supporting documents were subsequently received. However, even after receiving complete supporting documents and processing these applications, WFSFAA still excluded applications with incomplete information upon submission of the application forms from the calculation of the achievement of target processing time for applications.

2.7 Audit also examined the case files of 20 processed applications with incomplete information upon submission of the application forms and complete supporting documents subsequently received in the period from 2021/22 to 2024/25. Audit noted that for 2 (10%) NLSFT/NLSPS applications, the target processing time (i.e. 21 days) was not met upon receipt of complete supporting documents, with processing time of 133 days and 265 days respectively.

2.8 ***Target percentages of applications for meeting the target processing time under different financial assistance schemes not specified in COR.*** According to the performance pledge webpages of WFSFAA's website:

(a) the target percentage of TSFS and FASP applications for meeting the target processing time of 60 days is 90% (see para. 2.5(a) and (b)); and

(b) the target percentage of NLSFT, NLSPS and ENLS applications for meeting the target processing time of 21 days is 100% (see para. 2.5(c) and (d)).

However, Audit noted that the target percentages of applications for meeting the target processing time under different financial assistance schemes were not specified in COR.

2.9 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) as individual circumstances and follow-up complexity vary widely, external factors beyond its control should be excluded from the performance indicator. TSFS, FASP, NLSFT and NLSPS applications with incomplete information upon submission would therefore be excluded from the

calculation of the achievement, as their processing hinged heavily on factors outside in-house administration, including applicants' response time and confirmation of applicants' study status and/or tuition fees with relevant parties; and

(b) for the two applications mentioned in paragraph 2.7 with processing time of 133 days and 265 days respectively, the applications could not be processed until the applicants' course information and actual amount of tuition fee were confirmed. The notifications of result were issued to the applicants in 4 days and 15 days respectively after confirmation of the information.

2.10 In Audit's view, owing to the exclusion of a large number of processed applications (i.e. those applications with incomplete information upon submission of the application forms and complete supporting documents subsequently received) from the calculation of achievement of the target processing time for applications, the reported achievement in COR and on the performance pledge webpages of WFSFAA's website might not holistically reflect the achievement of the target processing time for all processed applications. Moreover, in the absence of an explanatory note on the target processing time for applications reported in COR, the readers might not be aware of the different target percentages of applications for meeting the target processing time under different financial assistance schemes.

2.11 Audit considers that WFSFAA needs to:

(a) include all processed applications for financial assistance schemes upon receipt of complete supporting documents in the calculation of achievement of target processing time for applications as reported in COR and on the performance pledge webpages of its website with a view to holistically reflecting the achievement; and

(b) improve clarity in reporting the achievement of performance targets in COR (e.g. adding an explanatory note on the target percentages of applications for meeting the target processing time under different financial assistance schemes).

Processing of applications

Need to enhance monitoring of the processing time of applications with supplementary information subsequently required

2.12 For those applications with incomplete information upon submission of the application forms, WFSFAA will require supplementary information from applicants to process the applications. Audit examined the processing of applications of the five financial assistance schemes with incomplete information upon submission of the application forms and supplementary information subsequently required in the period from 2021/22 to 2025/26 and noted that for four financial assistance schemes (i.e. TSFS, FASP, NLSFT and NLSPS), WFSFAA had not maintained the dates of receipt of complete supporting documents on its computer system, namely the Integrated Student Financial Assistance System (ISFAST), for applications with supplementary information subsequently required. Therefore, WFSFAA could not solely rely on ISFAST but had to rely on offline records to monitor the processing time for those applications with supplementary information subsequently required (i.e. the time taken to obtain complete supporting documents after receipt of applications and the time taken to complete the processing of those applications upon receipt of complete supporting documents).

2.13 According to WFSFAA, an enhancement to ISFAST has been implemented in the 2026/27 application cycle starting from April 2026 to strengthen monitoring of vetting process for TSFS and FASP applications. With this mandatory validation, vetting staff are required to input the date of receipt of complete supporting documents for TSFS and FASP applications when updating the application status on ISFAST. However, as at August 2026, Audit noted that the dates of receipt of complete supporting documents for NLSFT and NLSPS applications were still not maintained on ISFAST.

2.14 Audit examined the case files of 20 processed applications of the four financial assistance schemes (see para. 2.12) with incomplete information upon submission of the application forms and supplementary information subsequently required in the period from 2021/22 to 2025/26 and found that:

(a) for 3 (15%) applications, a long time was taken to obtain complete supporting documents after receipt of applications (i.e. more than 300 days). The time elapsed between the date of receipt of applications and the date of receipt of complete supporting documents ranged from 308 to 403 days (averaging 360 days); and

(b) the time elapsed between the date of receipt of complete supporting documents and the date of issue of notification of results ranged from 0 (Note 12) to 265 days (averaging 63 days). For 5 (25%) applications, target processing time was not met upon receipt of complete supporting documents, with processing time of 71 days for a TSFS application and 118 to 265 days (averaging 194 days) for 4 NLSFT/NLSPS applications.

2.15 Audit considers that WFSFAA needs to:

(a) maintain the information on the processing of applications (e.g. dates of receipt of complete supporting documents for applications under all financial assistance schemes) on ISFAST;

(b) enhance the monitoring of the processing time of applications with supplementary information subsequently required;

(c) take measures to expedite the processing of applications with supplementary information subsequently required; and

(d) take measures to ensure that the target processing time for applications is met upon receipt of complete supporting documents.

Room for improvement in processing supplementary information and response from applicants

2.16 WFSFAA's operation manual stipulates the suggested timeframes for seeking and handling supplementary information and response from applicants:

(a) if supplementary information is required to process applications for financial assistance schemes, WFSFAA case officer will send an enquiry letter to the applicant to seek supplementary information and/or clarification with a deadline of reply of three weeks for TSFS, FASP and ENLS applications and two weeks for NLSFT and NLSPS applications;

Note 12: *For the application where complete supporting documents were received and the notification of result was issued on the same day, the time elapsed was 0 day.*

(b) upon receipt of response from the applicant, WFSFAA case officer should study the information from the applicant and determine if further clarification is required within a suggested timeframe for TSFS and FASP applications (Note 13);

(c) if further enquiry is required, WFSFAA case officer should issue the second enquiry letter with a deadline for response of two weeks for TSFS and FASP applications (Note 14); and

(d) if there is no response from the applicant by the deadline or the applicant provided insufficient information, WFSFAA case officer should issue at least one reminder letter within a suggested timeframe to extend the deadline by two weeks for TSFS and FASP applications or one week for NLSFT and NLSPS applications. For ENLS applications, a reminder letter is issued to the applicant one week before the deadline if no response is received.

2.17 Audit examined 20 applications of the five financial assistance schemes processed in the period from 2021/22 to 2025/26 and noted that:

(a) for 6 (30%) TSFS/FASP applications, upon receipt of supplementary information from the applicant, WFSFAA case officer took 15 to 105 days (averaging 47 days) to study the information and determine if further clarification is required, exceeding the suggested timeframe as stipulated in WFSFAA's operation manual (see para. 2.16(b)). According to WFSFAA, the suggested timeframe was treated as a flexible baseline, especially during peak seasons when case officers might need to handle 200 to 300 active cases simultaneously. Audit considers that WFSFAA needs to review the suggested timeframe for studying the information and determining if further clarification is required, especially during peak seasons;

Note 13: *According to WFSFAA, as information for supporting NLSFT, NLSPS and ENLS applications is relatively simple in nature, the time target for determining if further clarification is required for NLSFT, NLSPS and ENLS applications is not stipulated in its operation manual.*

Note 14: *WFSFAA's operation manual does not stipulate a requirement to issue the second enquiry letter for NLSFT, NLSPS and ENLS. Reminder letters will be issued if deemed necessary.*

(b) for 5 (25%) TSFS/FASP applications where further enquiry was required, WFSFAA case officer issued enquiry letters with deadlines for response ranging from 16 to 31 days (averaging 23 days), exceeding the deadline of two weeks as stipulated in WFSFAA's operation manual (see para. 2.16(c)). According to WFSFAA's operation manual, flexibility is allowed for deferring the deadline in view of the amount/complexity of the information requested and the public holidays between the letter issue date and the deadline given. Audit considers that there are merits in setting deadlines for response in the enquiry letters to cater for special cases; and

(c) for 1 (5%) TSFS application, upon receipt of insufficient information from the applicant, WFSFAA case officer took 41 days to issue a reminder letter to the applicant, exceeding the suggested timeframe as stipulated in WFSFAA's operation manual (see para. 2.16(d)).

2.18 Audit considers that WFSFAA needs to take measures to improve the processing of supplementary information and response from applicants for the financial assistance schemes, including:

(a) reviewing the suggested timeframe for studying the information and determining if further clarification is required, especially during peak seasons;

(b) setting deadlines for response in the enquiry letters to cater for special cases; and

(c) issuing reminder letters to applicants in a timely manner.

Scope for enhancing computer system to facilitate monitoring on processing of applications

2.19 WFSFAA uses ISFAST for monitoring the processing of applications under the six financial assistance schemes (see para. 2.12). The functions of ISFAST include recording the status of processing the applications and selecting cases for authentication. Audit notes that there is scope for enhancing ISFAST to facilitate monitoring on processing of applications:

(a) while WFSFAA can make use of ISFAST to enquire about the processing time of individual applications and prepare management reports on the overall processing time of all applications, ad-hoc extraction and report generation is required for detailed analysis of the processing time of selected applications;

(b) WFSFAA does not maintain the dates of receipt of complete supporting documents on ISFAST for NLSFT and NLSPS applications (see paras. 2.12 and 2.13); and

(c) ISFAST does not have an automated alert function for outstanding applications.

2.20 Audit considers that WFSFAA needs to explore measures to enhance ISFAST to facilitate monitoring on processing of applications.

Need to explore the feasibility of conducting more data matching with other government departments in verifying the eligibility requirements of applicants

2.21 WFSFAA has been collaborating with two government departments to conduct data matching in verifying the personal information and other eligibility requirements of applicants of the six financial assistance schemes:

(a) since 2020/21, automatic data matching with the Social Welfare Department for verification of the status of applicants from families receiving Comprehensive Social Security Assistance has been in effect; and

(b) since 2024/25, automatic data matching with the Immigration Department for Hong Kong Identity Card information and death records of the applicants has been in effect.

2.22 According to WFSFAA:

(a) following the launch of the Consented Data Exchange Gateway (CDEG) (Note 15) in June 2024, WFSFAA has been exploring new data matching possibilities through CDEG, taking into account provider departments' willingness and readiness to participate, as well as cost implications. Apart from the manpower and resources required for system setup by both the requesting and provider departments, recurrent costs will also be incurred after the free use of CDEG up to the end of the financial year 2026-27;

(b) WFSFAA has identified the Land Registry (LR) as a potential provider of property records. In late 2024, WFSFAA approached LR for a rough estimate of inter-departmental data matching;

(c) in 2025, WFSFAA sought the Digital Policy Office's help to explore an economical solution for ownership search, aiming to share costs among participating departments and achieve greater cost-effectiveness; and

(d) WFSFAA has prepared the user requirements and would deliberate with LR on the relevant costs when more departments have expressed interest to join.

Up to August 2026, automatic data matching with LR has not been implemented.

2.23 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that any decision to conduct data matching with LR through CDEG would remain contingent upon a thorough long-term cost-benefit evaluation.

2.24 In Audit's view, data matching is an effective measure to verify the information submitted by applicants and help detect irregularities and abuse/fraud. Audit considers that WFSFAA needs to explore the feasibility of conducting more data matching with other government departments (including LR for detecting under-reporting of properties) in verifying the eligibility requirements of applicants.

Note 15: *CDEG, launched in June 2024, was developed by the Digital Policy Office. CDEG acts as a central digital infrastructure that facilitates the interflow of data within the Government.*

Need to stipulate time target for processing applications for review against rejection

2.25 Applicants may lodge an application for review against rejection within three weeks from the date of the rejection letter. Review against rejection is only applicable to applicants whose TSFS/FASP applications are rejected due to misrepresentation, omission or not-properly-filling-in of information. Applications for review against rejection are processed and considered by RSC (including RSC Secretariat).

2.26 In the period from 2021/22 to 2025/26, 1,703 applications for review against rejection were lodged. Audit noted that there was no time target on the issue of notification of results for applications for review against rejection. The time elapsed between the date of receipt of applications and the date of notification of results for the 1,703 applications for review against rejection ranged from 1 to 397 days (averaging 73 days).

2.27 Audit considers that WFSFAA needs to stipulate a time target on the issue of notification of results for applications for review against rejection and take measures to ensure that such applications are processed within the specified timeframe.

Audit recommendations

2.28 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **include all processed applications for financial assistance schemes upon receipt of complete supporting documents in the calculation of achievement of target processing time for applications as reported in COR and on the performance pledge webpages of WFSFAA's website with a view to holistically reflecting the achievement;**

(b) **improve clarity in reporting the achievement of performance targets in COR (e.g. adding an explanatory note on the target percentages of applications for meeting the target processing time under different financial assistance schemes);**

(c) **maintain the information on the processing of applications (e.g. dates of receipt of complete supporting documents for applications under all financial assistance schemes) on ISFAST;**

(d) **enhance the monitoring of the processing time of applications with supplementary information subsequently required;**

(e) **take measures to expedite the processing of applications with supplementary information subsequently required;**

(f) **take measures to ensure that the target processing time for applications is met upon receipt of complete supporting documents;**

(g) **take measures to improve the processing of supplementary information and response from applicants for the financial assistance schemes, including:**

(i) **reviewing the suggested timeframe for studying the information and determining if further clarification is required, especially during peak seasons;**

(ii) **setting deadlines for response in the enquiry letters to cater for special cases; and**

(iii) **issuing reminder letters to applicants in a timely manner;**

(h) **explore measures to enhance ISFAST to facilitate monitoring on processing of applications;**

(i) **explore the feasibility of conducting more data matching with other government departments (including LR for detecting under-reporting of properties) in verifying the eligibility requirements of applicants; and**

(j) **stipulate a time target on the issue of notification of results for applications for review against rejection and take measures to ensure that such applications are processed within the specified timeframe.**

Response from the Government

2.29 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that WFSFAA will:

(a) review and revise the calculation of achievement of target processing time for applications under different financial assistance schemes as reported in COR and on WFSFAA's website;

(b) refine the presentation of the achievement of performance targets in COR to align with that published on WFSFAA's website;

(c) continue to enhance ISFAST to maintain the date of receipt of complete supporting documents for applications for NLSFT and NLSPS, making reference to the system enhancement made for TSFS and FASP in 2026/27;

(d) whilst the processing of applications counts on timely provision of information (e.g. the income and asset proof from applicants, course details and actual tuition fee from course providers) from various parties, enhance the monitoring of the processing time of individual cases (taking into account that WFSFAA has to process over 60,000 applications for the five student financial assistance schemes each year) and compile more management information to facilitate timely handling of complicated cases, and continue to explore ways to expedite the processing of applications with supplementary information subsequently required;

(e) review the operation manual to reflect the updated performance pledge and explore ways to further enhance ISFAST to alert staff to collect information and seek clarification in good time, and remind staff to record contacts with applicants as far as practicable;

(f) review the suggested timeframes across various stages, which involves the review of a wide variety of documentary proof and rounds of communications with applicants and/or their family members. WFSFAA will carefully consider allowing sufficient flexibility when setting the timeline to cater for special cases and peak seasons workload while ensuring that each vetting stage is handled in a timely manner without compromising the vetting quality;

(g) continue to strengthen ISFAST's monitoring functions on application processing, including the provision of built-in alerts to remind staff to take necessary actions, and explore ways to further enhance ISFAST to expedite the processing of applications as appropriate;

(h) continue to explore more cost-effective data matching opportunities with other government departments to facilitate various scheme management work, including vetting of applications; and

(i) consider setting a reference target timeframe for issuing notification of results for applications for review against rejection, with reference to the past vetting experience of the staff. WFSFAA will continue to take timely and appropriate actions when handling special cases which likely involve long communication with applicants.

Counter-checks and authentication

2.30 TSFS/FASP applications are subject to monthly counter-checks (see para. 2.2(c)) before payment of financial assistance. After payment of financial assistance, successful TSFS/FASP applications are subject to year-end counter-checks (see para. 2.2(f)). At least 30% of successful TSFS/FASP applications each year are selected for monthly counter-checks and/or year-end counter-checks on a random basis. Successful TSFS/FASP applications are also subject to authentication (see para. 2.2(g)). There are two types of authentication:

(a) ***Home visits.*** About 5% of successful TSFS/FASP applications are selected each year on a risk-based approach for authentication by home visits. The officers will make home visits to assess directly the family conditions of the applicants and verify the information provided by the applicants; and

(b) ***Bank searches***. At least 1,050 successful TSFS/FASP applications are selected each year on a risk-based approach for authentication by bank searches. The officers will verify the information provided by the applicants with the information obtained from bank searches.

Need to strengthen measures to minimise the recurrence of processing errors and incorrect assessments of assistance

2.31 Audit examination of the results of the monthly counter-checks for 27,986 TSFS/FASP applications and the year-end counter-checks for 14,225 TSFS/FASP applications in the period from 2021/22 to 2025/26 revealed that:

(a) ***Monthly counter-checks.*** As identified in monthly counter-checks, 151 (0.5%) applications had processing errors and 3 (0.01%) applications had incorrectly assessed amount of assistance (Note 16) (see Table 4); and

Table 4

Processing errors identified in monthly counter-checks (2021/22 to 2025/26)

	2021/22	2022/23	2023/24	2024/25	2025/26	Overall
(a) Number of applications counter-checked	5,317	5,375	5,669	5,971	5,654	27,986
(b) Number of applications with processing errors (% of total checked)	58 (1.1%)	34 (0.6%)	16 (0.3%)	29 (0.5%)	14 (0.2%)	151 (0.5%)
(c) Number of applications with incorrectly assessed amount of assistance (% of total checked)	2 (0.04%)	1 (0.02%)	–	–	–	3 (0.01%)

Source: Audit analysis of WFSFAA records

Note 16: *For the 3 applications, the incorrectly assessed amounts of assistance ranged from $9,232 to $37,340.*

(b) ***Year-end counter-checks.*** As identified in year-end counter-checks, 241 (1.7%) applications had processing errors and 16 (0.1%) applications had incorrectly assessed amount of assistance (Note 17) (see Table 5).

Table 5

Processing errors identified in year-end counter-checks (2021/22 to 2025/26)

	2021/22	2022/23	2023/24	2024/25	2025/26	Overall
(a) Number of applications counter-checked	(Note)	3,375	3,630	3,975	3,245	14,225
(b) Number of applications with processing errors (% of total checked)	(Note)	65 (1.9%)	43 (1.2%)	56 (1.4%)	77 (2.4%)	241 (1.7%)
(c) Number of applications with incorrectly assessed amount of assistance (% of total checked)	(Note)	5 (0.1%)	3 (0.1%)	5 (0.1%)	3 (0.1%)	16 (0.1%)

Source: *Audit analysis of WFSFAA records*

Note: *Year-end counter-checks were not conducted for 2021/22 due to the special work-from-home arrangement during the outbreak of coronavirus disease (COVID-19) epidemic.*

2.32 Audit further analysed the 392 (151 + 241) applications identified with processing errors in the monthly counter-checks and the year-end counter-checks in the period from 2021/22 to 2025/26. Of the 392 applications:

Note 17: *For the 16 applications, the incorrectly assessed amounts of assistance ranged from $10,440 to $96,072.*

(a) for 114 (29%) applications, there were miscalculations in the family members' income received (i.e. aggregation mistakes/figures extraction errors/double-counted income); and

(b) for 101 (26%) applications, there were miscalculations in the bank balance/cash value of insurance.

2.33 While WFSFAA had compiled management reports on the results of the year-end counter-checks for each academic year for review by senior management, Audit noted that the management reports on the results of the monthly counter-checks were not compiled for review by senior management.

2.34 Audit considers that WFSFAA needs to:

(a) strengthen measures to minimise the recurrence of processing errors and incorrect assessments of assistance; and

(b) compile the management reports on the results of the monthly counter-checks for review by senior management.

Need to enhance understanding of the applicants on the family income and assets required to be disclosed in the applications

2.35 For the period from 2021/22 to 2023/24, 5,125 TSFS/FASP applications were authenticated by home visits and 3,648 TSFS/FASP applications were authenticated by bank searches. In the period from 2021/22 to 2023/24:

(a) 525 (10.2%) of 5,125 TSFS/FASP applications had discrepancies identified in authentication by home visits and 313 (8.6%) of 3,648 TSFS/FASP applications had discrepancies identified in authentication by bank searches. The discrepancy rate identified in authentication by home visits in each year ranged from 10.0% to 10.5% and that identified in authentication by bank searches in each year ranged from 7.7% to 9.3%; and

(b) the total amount of overpaid financial assistance identified in authentication by home visits was $16.1 million and that identified in authentication by bank searches was $18.9 million. The amount of overpaid financial assistance identified in authentication by home visits in each year ranged from $4.9 million to $6.3 million and that identified in authentication by bank searches in each year ranged from $5.2 million to $7.6 million (see Table 6).

Table 6

Discrepancies identified in authentication by home visits and bank searches (2021/22 to 2023/24)

	2021/22	2022/23	2023/24	Overall
Authentication – Home visits				
(a) Number of applications authenticated	1,676	1,673	1,776	5,125
(b) Number of applications with discrepancies (% of total authenticated)	172 (10.3%)	167 (10.0%)	186 (10.5%)	525 (10.2%)
(c) Amount of financial assistance overpaid ($ million)	6.3	4.9	4.9	16.1
Authentication – Bank searches				
(d) Number of applications authenticated	1,215	1,223	1,210	3,648
(e) Number of applications with discrepancies (% of total authenticated)	107 (8.8%)	94 (7.7%)	112 (9.3%)	313 (8.6%)
(f) Amount of financial assistance overpaid ($ million)	5.2	6.1	7.6	18.9

Source: Audit analysis of WFSFAA records

2.36 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) most discrepancies identified in home visit exercises were due to omissions of income whereas discrepancies identified in bank search exercises were mainly due to omission of assets; and

(b) most of the discrepant cases with omitted income were related to omitted employment income, and the majority of omitted assets included bank deposits, insurance policies, e-wallet balances, etc.

2.37 Audit considers that WFSFAA needs to take measures to enhance the understanding of the applicants on the family income and assets required to be disclosed in the applications to avoid omission/understatement of family income and assets.

Need to expedite the reporting of authentication exercises to senior management

2.38 Audit reviewed the records of the authentication exercises for the period from 2021/22 to 2023/24 and found that a long time was taken to conclude the results and observations of the authentication exercises in the reports to the senior management for review. The management reports were only available about 1.3 years after the end of the respective academic year. For example, for 2023/24, the authentication exercises by bank searches and home visits commenced in July 2023 and in September 2023 respectively, and the results of the authentication were available in December 2025 (i.e. about 1.3 years after the end of 2023/24). As of August 2026, the management reports on the results of the authentication for 2024/25 were being compiled and are expected to be available in the fourth quarter of 2026.

2.39 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) an authentication exercise consisted of different stages, including the selection of cases throughout the academic year, the conduct of authentication work, taking follow-up actions (e.g. recovery of overpayment, referral to the Hong Kong Police Force for investigation) on individual cases;

(b) while the abovementioned actions (see (a)) were taken in an overlapping manner, the individual exercise normally lasted over two years. In some special circumstances (e.g. multiple rounds of communication with applicants for obtaining accurate signatures were required to proceed with the bank searches), a longer time was required to take forward the authentication work; and

(c) upon completion of the authentication exercise, a management report covering the statistical analysis of authentication results and recommendations for improvement was compiled for the senior management's endorsement.

2.40 Audit considers that WFSFAA needs to take measures to expedite the reporting of authentication exercises to the senior management as far as practicable.

Room for improvement in processing cases of authentication by home visits

2.41 According to WFSFAA's guidelines on authentication by home visits:

(a) upon assignment of an authentication case, Investigation Officer should arrange and pay home visit within 2 months from the date of assignment;

(b) Investigation Officer should complete the Investigation Report for each case within 3 months (for 2024/25 or before) or 3.5 months (for 2025/26 onwards) after home visit; and

(c) Team Leader (ranked at Executive Officer I) should complete countersigning the Investigation Report within 3 months after receipt of the report.

2.42 Audit analysed the records of 5,125 cases of authentication by home visits in the period from 2021/22 to 2023/24 and noted that:

(a) for 215 (4%) authentication cases, home visits were not conducted within 2 months from the dates of assignment. The home visits were conducted 1 day to 103 days after the specified timeframe (averaging 15 days);

(b) for 1,753 (34%) authentication cases, Investigation Reports were not completed within 3 months from the dates of home visit. The Investigation Reports were completed 1 day to 509 days after the specified timeframe (averaging 39 days); and

(c) for 139 (3%) authentication cases, countersigning of the Investigation Reports was not completed within 3 months after receipt of the report. The Investigation Reports were countersigned 1 day to 21 days after the specified timeframe (averaging 5 days).

2.43 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) for the cases with home visits not conducted within 2 months from the date of assignment and Investigation Reports not completed within 3 months from the date of home visit, such cases were assigned or authenticated during the period of COVID-19 epidemic. The period was marked by pandemic related work-from-home arrangement and enforced isolation measures. Additionally, there were special cases which the Investigation Officers had encountered difficulties in paying home visits and had numerous follow-up queries raised after the home visits, and a long time was taken by the applicants to respond to the queries; and

(b) for the cases failing to meet the time target on countersigning the Investigation Report within 3 months after receipt of the report, most of the cases occurred between May and August each year, when new applications are submitted. When the authentication results for cases with current year applications remained pending, the vetting process for these applications would be stalled until the results are finalised. Therefore, Team Leaders were required to prioritise countersigning authentication reports for the cases with current year applications.

2.44 Audit considers that WFSFAA needs to take measures to ensure that the cases of authentication by home visits are processed within the specified timeframe as far as possible.

Need to ensure that the cases of authentication by bank searches are processed within specified timeframe

2.45 According to WFSFAA's guidelines on authentication by bank searches:

(a) for cases found to have omitted bank accounts and required follow-up investigations, Investigation Officer should complete the Investigation Report for each case within 3 months after the date of assignment; and

(b) Team Leader should complete countersigning the Investigation Report within 3 months after receipt of the report.

2.46 Audit analysed the records of 1,755 cases of authentication by bank searches that required follow-up investigations in the period from 2021/22 to 2023/24 and noted that:

(a) for 161 (9%) authentication cases, the time target on completing the Investigation Report within 3 months after the date of assignment was not met. The Investigation Reports were completed 1 day to 328 days after the specified timeframe (averaging 45 days); and

(b) for 13 (0.7%) authentication cases, the time target on completing countersigning of the Investigation Report within 3 months after receipt of the report was not met. The Investigation Reports were countersigned 1 day to 121 days after the specified timeframe (averaging 29 days).

2.47 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that, the majority of the cases which were completed beyond the target timeframe involved several rounds of detailed enquiries with the applicants, who were requested to provide complete transaction records for the omitted bank accounts revealed from bank searches, followed by a detailed examination of the transaction records to ensure no indications of further omissions, with a view to verifying whether partial or full recovery of assistance disbursed would be required. The investigation would require even more time if further omissions were discovered from the omitted bank accounts.

2.48 Audit considers that WFSFAA needs to take measures to ensure that the cases of authentication by bank searches are processed within the specified timeframe as far as possible.

Need to expedite the recovery/offsetting of overpayment

2.49 According to WFSFAA's guidelines, for cases with discrepancies but not affecting the level of assistance and no fraud is spotted, warning letters will be issued. For cases involving omission/understatement of family income and/or assets that affects the level of assistance but no fraud is spotted, in addition to issue of warning letters, recovery/offsetting of overpayment will be required.

2.50 The total amount of overpaid financial assistance identified in authentication by home visits and bank searches in the period from 2021/22 to 2023/24 was $35 million. Recovery/offsetting of overpayment was required according to WFSFAA's guidelines. Up to September 2026, of the total amount of overpaid financial assistance of $35 million, $32 million (91%) (involving 528 cases (Note 18)) had been recovered/offset or with agreed repayment plans, with the remaining cases filed to the Official Receiver's Office (ORO) (see para. 3.22) or referred to the Department of Justice (DoJ) (see para. 3.11(b)) for recovery actions, or closed as recovery actions were no longer required (e.g. successful appeal cases). Audit analysed the time elapsed between the date of completion of authentication work and the date of recovering/offsetting the overpayment or agreeing the repayment plans for the 528 cases. Audit found that the time elapsed ranged from 8 days to 4 years (averaging 3 months). For 19 (3.6%) cases, a long time was taken (i.e. more than one year) to recover/offset the overpayment or agree the repayment plans (see Table 7).

Note 18: *For the 528 cases, the amount of overpaid financial assistance involved for each case ranged from $2,540 to $428,240 (averaging $60,557).*

Table 7

Time elapsed between completion of authentication work and recovering/offsetting the overpayment or agreeing the repayment plans (2021/22 to 2023/24)

Time elapsed	Number of cases	
6 months or less	478 (90.5%)	
More than 6 months and up to 1 year	31 (5.9%)	
More than 1 year and up to 2 years	9 (1.7%)	19 (3.6%)
More than 2 years and up to 3 years	8 (1.5%)	
More than 3 years and up to 4 years (Note)	2 (0.4%)	
Total	528 (100%)	

Source: *Audit analysis of WFSFAA records*

Note: *The longest time elapsed was 4 years.*

2.51 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that, for the 19 identified cases with time elapsed of more than one year, since the students concerned could not repay the overpaid financial assistance in a lump sum due to financial difficulty and family hardship, WFSFAA took a compassionate approach to process their applications for repayment by instalments. Considerable amount of time was spent in obtaining and reviewing the students' documentary proof for their instalment plans.

2.52 Audit considers that WFSFAA needs to expedite the recovery/offsetting of overpaid financial assistance to ensure that such overpayment is recovered/offset in a timely manner.

Need to report suspected fraud cases to the Hong Kong Police Force in a timely manner

2.53 According to WFSFAA's guidelines, for suspected fraud cases identified in authentication, full recovery of financial assistance and referral of case to the Hong Kong Police Force for further investigation will be taken, if necessary. In the period from 2021/22 to 2024/25, 125 cases of suspected fraud were identified in authentication by home visits and bank searches, and WFSFAA reported those suspected fraud cases to the Hong Kong Police Force.

2.54 According to WFSFAA, upon having prima facie evidence from authentication to suspect that a case is a fraud case, it would refer the case to the Hong Kong Police Force for investigation. If the suspected fraud cases involve recovery actions, a letter will be issued to the applicants requesting recovery of the financial assistance and informing them that they have three weeks to submit applications for review against rejection (see para. 2.25). The case will be forwarded to the Hong Kong Police Force for further investigation once the review results are finalised. Audit analysed the time elapsed between the deadlines of submitting applications for review against rejection (if applications for review against rejection were not submitted) or the date of notification of results of applications for review against rejection (if applications for review against rejection were submitted) and the dates of reporting to the Hong Kong Police Force for 20 cases of suspected fraud in the period from 2021/22 to 2024/25. Audit found that the time elapsed ranged from 17 to 378 days (averaging 64 days). For 2 (10%) cases, a long time was taken (i.e. more than three months) to report the suspected fraud cases to the Hong Kong Police Force.

2.55 According to WFSFAA:

(a) suspected fraud cases were referred to the Hong Kong Police Force upon approval by batches on a monthly basis; and

(b) for the suspected fraud case with the longest time elapsed of 378 days (see para. 2.54), the subject officer was heavily engaged with other urgent operational duties and did not take forward the referral promptly.

2.56 Audit considers that WFSFAA needs to take measures to ensure that suspected fraud cases are reported to the Hong Kong Police Force in a timely manner.

Audit recommendations

2.57 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **strengthen measures to minimise the recurrence of processing errors and incorrect assessments of assistance;**

(b) **compile the management reports on the results of the monthly counter-checks for review by senior management;**

(c) **take measures to enhance the understanding of the applicants on the family income and assets required to be disclosed in the applications to avoid omission/understatement of family income and assets;**

(d) **take measures to expedite the reporting of authentication exercises to the senior management as far as practicable;**

(e) **take measures to ensure that the cases of authentication by home visits are processed within the specified timeframe as far as possible;**

(f) **take measures to ensure that the cases of authentication by bank searches are processed within the specified timeframe as far as possible;**

(g) **expedite the recovery/offsetting of overpaid financial assistance to ensure that such overpayment is recovered/offset in a timely manner; and**

(h) **take measures to ensure that suspected fraud cases are reported to the Hong Kong Police Force in a timely manner.**

Response from the Government

2.58 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that WFSFAA will:

(a) continue to organise induction courses for new vetting staff and briefings for serving staff on scheme updates and vetting practices/standards, as well as circulate findings identified in the counter-checks on a regular basis. Starting from 2026/27, targeted training and enhanced coaching had already been arranged to further improve vetting accuracy;

(b) in addition to the monthly updates, incorporate the results of the monthly counter-checks into the management reports on year-end counter-checks for senior management's overall review;

(c) make continued efforts to facilitate applicants' understanding of the family financial information required in the applications, and explore ways to promulgate useful information to applicants more effectively;

(d) while past compilation of authentication results awaited the completion of a few exceptional cases to present a comprehensive outcome, review the related reporting arrangements to senior management and consider introducing mid-term reports on completed authenticated cases as appropriate;

(e) make the best efforts to expedite process of authentication cases by means of bank search and home visit while strengthening monitoring of complicated cases. WFSFAA will also review the relevant provisions in the operation manual to allow more flexible timeline for handling special cases;

(f) continue to closely monitor the progress of recovery/offsetting of overpaid financial assistance to ensure that recovery actions are taken in a timely manner. WFSFAA will explore the feasibility of streamlining the workflow whilst allowing flexibility in handling recovery cases deserving special compassionate consideration (e.g. the 19 cases in Table 7 in paragraph 2.50); and

(g) enhance monitoring of cases requiring referral to the Hong Kong Police Force by regularly compiling an outstanding list to ensure timely follow up.

PART 3: LOAN REPAYMENT

3.1 This PART examines the issues relating to loan repayment, focusing on the following areas:

(a) management of defaulted loans (paras. 3.2 to 3.10);

(b) recovery of defaulted loans (paras. 3.11 to 3.32); and

(c) other measures to tackle the loan default situation (paras. 3.33 to 3.36).

Management of defaulted loans

3.2 For the five financial assistance schemes involving loans (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS), loan borrowed and the interest accrued thereon are repayable in 15 years by 180 equal monthly instalments (see Note 5 to para. 1.5), or in a shorter repayment period by equal monthly instalments as agreed by WFSFAA. Loan borrowers who have proven difficulties can apply to defer repayment of their loans without interest up to a maximum of two years. Loan borrowers are required to repay their loans, which normally commence on 1 December of the year of graduation or when the course has officially ended, until the loan and interest accrued thereon are fully repaid. According to WFSFAA, cases with two or more consecutive overdue quarterly instalments, or six or more consecutive overdue monthly instalments are regarded as default cases.

3.3 To alleviate the financial burden of loan borrowers amidst the COVID-19 epidemic, the Government provided interest-free deferral of loan repayment arrangement (i.e. "deferral arrangement") for a 5-year period from 1 April 2020 to 31 March 2025 (i.e. the suspension period). All eligible loan borrowers under the five financial assistance schemes (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) (except those defaulters against whom legal recovery actions had commenced) and those new loan borrowers who would commence their loan repayments during the suspension period were exceptionally provided with interest-free deferral of loan repayment automatically. Loan borrowers (except those who had chosen to opt out of the deferral arrangement) only resumed loan repayment from 1 April 2025.

Need to strengthen measures to minimise defaulted loans

3.4 Audit analysed the number of cumulative default cases, the default rates, amount in default and the amount of undemanded principal and arrears in defaulted accounts under the five financial assistance schemes in the period from 31 March 2020 (i.e. right before the commencement of the suspension period) to 30 September 2026 and found that:

(a) during the suspension period, the number of cumulative default cases decreased by 52% from 10,500 as at 31 March 2020 to 5,017 as at 31 March 2025. After resumption of repayments on 1 April 2025, the number of cumulative default cases was 15,318 as at 31 October 2025 (Note 19) and then decreased by 38% to 9,515 as at 30 September 2026;

(b) during the suspension period, the default rate in terms of number of loan repayment accounts decreased by 3.2 percentage points from 5.7% as at 31 March 2020 to 2.5% as at 31 March 2025. After resumption of repayments on 1 April 2025, the default rate was 7.2% as at 31 October 2025 and then decreased by 3.1 percentage points to 4.1% as at 30 September 2026;

(c) during the suspension period, the amount in default decreased by 36% from $149.8 million as at 31 March 2020 to $95.3 million as at 31 March 2025. After resumption of repayments on 1 April 2025, the amount in default was $136.2 million as at 31 October 2025 and then decreased by 4% to $131.3 million as at 30 September 2026;

(d) during the suspension period, the amount of undemanded principal and arrears in defaulted accounts decreased by 51% from $662.5 million as at 31 March 2020 to $323.1 million as at 31 March 2025. After resumption of repayments on 1 April 2025, the amount of undemanded principal and arrears in defaulted accounts was $1,079.3 million as at 31 October 2025 and then decreased by 36% to $695.1 million as at 30 September 2026; and

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Note 19: *According to WFSFAA, given that only cases with repayment overdue for 6 months are regarded as default cases, "new" default cases would only begin to surface in October 2025 (i.e. six months after the end of the 5-year deferral period).*

(e) during the suspension period, the default rate in terms of loan amount decreased by 4.4 percentage points from 6.9% as at 31 March 2020 to 2.5% as at 31 March 2025. After resumption of repayments on 1 April 2025, the default rate was 7.5% as at 31 October 2025 and then decreased by 3.3 percentage points to 4.2% as at 30 September 2026 (see Table 8).

Table 8

Defaulted loans
(March 2020 to September 2026)

	As at 31 Mar 2020	As at 31 Mar 2021 (Note 1)	As at 31 Mar 2022 (Note 1)	As at 31 Mar 2023 (Note 1)	As at 31 Mar 2024 (Note 1)	As at 31 Mar 2025 (Note 1)	As at 31 Oct 2025 (Note 2)	As at 31 Mar 2026	As at 30 Sep 2026
Number of cumulative default cases (a)	10,500	7,880	6,737	5,954	5,447	5,017	15,318	9,680	9,515
Number of cumulative loan repayment accounts (b)	182,866	211,607	217,114	216,717	208,922	197,734	213,093	216,827	234,886
Default rate in terms of number of loan repayment accounts (c)=(a)÷(b)×100%	5.7%	3.7%	3.1%	2.7%	2.6%	2.5%	7.2%	4.5%	4.1%
Amount in default (d) ($ million)	149.8	132.0	118.8	108.7	101.8	95.3	136.2	127.1	131.3
Amount of undemanded principal and arrears in defaulted accounts (e) ($ million)	662.5	492.8	416.3	371.7	344.6	323.1	1,079.3	705.5	695.1
Amount of outstanding principal in loan repayment accounts (f) ($ million)	9,650	12,493	13,324	13,870	13,572	12,821	14,321	14,699	16,453
Default rate in terms of loan amount (g)=(e)÷(f)×100%	6.9%	3.9%	3.1%	2.7%	2.5%	2.5%	7.5%	4.8%	4.2%

Table 8 (Cont'd)

Source: *Audit analysis of WFSFAA records*

Note 1: *The Government provided interest-free deferral of loan repayment arrangement for a 5-year period from 1 April 2020 to 31 March 2025. Loan borrowers (except those who had chosen to opt out of the deferral arrangement) only resumed loan repayment from 1 April 2025.*

Note 2: *According to WFSFAA, given that only cases with repayment overdue for 6 months are regarded as default cases, "new" default cases would only begin to surface in October 2025 (i.e. six months after the end of the 5-year deferral period).*

3.5 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) the default rate in terms of number of loan repayment accounts as at 31 March 2020 was 5.7% (i.e. before the commencement of the deferral arrangement). As there was no new default case during the suspension period, the default rate gradually dropped to 2.1% in April 2025 (i.e. right after the deferral arrangement); and

(b) in preparation for the resumption of loan repayments in April 2025, WFSFAA had undertaken extensive preparatory work to engage repayers and ensure a smooth transition. Apart from conducting a special exercise since August 2023 to maintain contact with all non-default loan repayers, WFSFAA issued a press release in December 2024 announcing the end of the deferral arrangement, issued notifications for the resumption of loan repayments and the updated repayment schedules to all loan borrowers in January 2025. Since mid-April 2025, WFSFAA had issued demand notes to remind the loan borrowers regarding the resumption of loan repayment.

3.6 Audit also analysed the number of cumulative default cases, the default rates, the amount in default and the amount of undemanded principal and arrears in defaulted accounts for each of the five financial assistance schemes as at 31 July 2026. Audit noted that, of the five financial assistance schemes, ENLS had the highest number of cumulative default cases, the largest amount in default and the highest default rates in terms of number of loan repayment accounts and in terms of loan amount, while NLSPS had the largest amount of undemanded principal and arrears in defaulted accounts (see Table 9).

Table 9

Defaulted loans analysed by the five financial assistance schemes (31 July 2026)

	TSFS	FASP	NLSFT	NLSPS	ENLS	Overall
Number of cumulative loan repayment accounts (a)	29,613	30,117	47,864	68,837	60,067	236,498
Amount of outstanding principal in loan repayment accounts (b) ($ million)	1,680	1,531	3,531	6,000	3,830	16,572
Number of cumulative default cases (c)	916	1,193	1,252	2,768	**4,149**	10,278
Amount in default (d) ($ million)	12.8	12.5	12.6	43.2	**53.0**	134.1
Amount of undemanded principal and arrears in defaulted accounts (e) ($ million)	55.4	79.8	80.8	**279.4**	243.9	739.3
Default rate in terms of number of loan repayment accounts (f)=(c)÷(a)x100%	3.1%	4.0%	2.6%	4.0%	**6.9%**	4.3%
Default rate in terms of loan amount (g)=(e)÷(b)x100%	3.3%	5.2%	2.3%	4.7%	**6.4%**	4.5%

Source: Audit analysis of WFSFAA records

3.7 According to WFSFAA, in view of the highest loan default rates for ENLS, it had identified high-risk factors for defaulted loans under ENLS, including loan borrowers with history of default, courses under the discipline "Beauty" and courses with education level of "Certificate". Since 2022/23, WFSFAA has handled cases involving high-risk factors with specific measures, including in-person interview with the indemnifier, rejecting ENLS applications if the applicant is a defaulter on another

loan or has a write-off history, and applying heightened scrutiny to detect irregular submission patterns for applications involving high-risk institutions.

3.8 Audit considers that WFSFAA needs to continue to monitor the loan default situation of the five financial assistance schemes and strengthen measures to minimise defaulted loans.

Audit recommendation

3.9 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should continue to monitor the loan default situation of the five financial assistance schemes and strengthen measures to minimise defaulted loans.**

Response from the Government

3.10 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendation. He has said that the five-year deferral arrangement from April 2020 to March 2025, as a COVID-19 relief measure, was an exceptional arrangement and that repayment of loan only resumed in April 2025. WFSFAA has been taking various measures to closely monitor the defaulted loans. In fact, a sustained downward trend in the number of cumulative default cases, default rate in terms of number of loan repayment accounts, amount of undemanded principal and arrears in defaulted accounts, as well as default rate in terms of loan amount has been registered. The latest default situation is even better than that immediately before the five-year deferral arrangement as at 31 March 2020. Notwithstanding that, WFSFAA would stay vigilant by continuing its efforts to closely monitor the default situation and strengthen measures on default management.

Recovery of defaulted loans

3.11 According to WFSFAA's guidelines, the loan recovery actions taken by WFSFAA against defaulters/indemnifiers include:

(a) ***Preliminary loan recovery actions.*** WFSFAA initiates preliminary loan recovery actions by:

(i) ***Issuing reminder letters by mail.*** WFSFAA will send SMS messages to the defaulter, followed by a reminder letter (with a copy of the letter sent to the corresponding indemnifier(s)), urging him to settle all arrears by a specified date (usually 14 days after the date of the reminder letter), and reminding him that his indemnifier(s) will be requested to repay the loan if the overdue payments are not settled by the specified date. If no repayment/response is received within the specified time period, a second reminder letter will be sent to both the defaulter and his indemnifier(s) reminding them that legal actions may be instituted against them to recover the full amount of the outstanding loan together with interest(s), surcharge/administrative fee (if any) and recovery costs in one lump sum if the overdue payments are not settled within 14 days; and

(ii) ***Making telephone calls.*** If the arrears have not been fully settled after the deadline (i.e. after the 14-day period of the second reminder letter as mentioned in (a)(i)), WFSFAA will make telephone calls to the defaulter and his indemnifier(s), urging them to settle the arrears or providing appropriate assistance to those with genuine difficulties in repaying the loan. If there is no response from the defaulter or indemnifier(s), the case will be considered for taking legal recovery actions; and

(b) ***Legal recovery actions.*** If both the defaulter and his indemnifier(s) have failed to settle the arrears, displaying an uncooperative or irresponsive attitude, or if attempts to locate the defaulter are in vain, WFSFAA will consider taking legal actions by either referring the case to DoJ (for debt more than $75,000), or filing a claim directly to the Small Claims Tribunal (SCT) (for debt not more than $75,000) against the defaulter and/or his indemnifier(s) to recover the full amount of the outstanding loan together with interest(s), surcharge/administrative fee (if any) and recovery costs in one lump sum.

3.12 ***Write-off of defaulted loans.*** According to WFSFAA's guidelines, debts due to the Government will only be written off after they are deemed to be irrecoverable. Debts, other than those involving fraud or negligence on the part of a WFSFAA officer, would be written off by WFSFAA under the following circumstances:

(a) on compassionate ground;

(b) where all efforts to contact a loan borrower and his indemnifier(s) have failed, and the loan is proven to be irrecoverable; or

(c) where write-off action is advised by DoJ.

In the financial years from 2021-22 to 2025-26, there were 455 write-off cases approved by WFSFAA, involving a total amount of $21.6 million.

Room for improvement in handling undelivered reminder letters

3.13 According to WFSFAA's guidelines on handling of undelivered reminder letters, if the reminder letters cannot be delivered to defaulters/indemnifiers (e.g. invalid address), WFSFAA case officer should try to contact them by other means (e.g. by telephone). WFSFAA's guidelines did not stipulate the timeframe for contacting the defaulters/indemnifiers by other means (e.g. by telephone) after the reminder letters sent to defaulters/indemnifiers are returned undelivered. Audit examined 20 cases involving undelivered reminder letters in the period from 2021/22 to 2025/26 and noted that the time elapsed between the date of receipt of first undelivered reminder letter and the date of contact by other means ranged from 6 to 239 days (averaging 42 days). For 4 (20%) cases, a long time was taken to contact the defaulters/indemnifiers by other means (i.e. more than three months) upon receipt of the first undelivered reminder letter, with the time elapsed ranged from 120 to 239 days (averaging 159 days).

3.14 Audit considers WFSFAA needs to consider stipulating a reasonable timeframe for contacting the defaulters/indemnifiers by other means (e.g. by telephone) upon receipt of undelivered reminder letters and take measures to ensure that the defaulters/indemnifiers are contacted by other means upon receipt of undelivered reminder letters within the specified timeframe.

Need to expedite actions in initiating legal recovery actions for default cases

3.15 If both the defaulter and his indemnifier(s) have failed to settle the arrears, displaying an uncooperative or irresponsive attitude, or if attempts to locate the

defaulter are in vain, WFSFAA will consider taking legal actions by either referring the case to DoJ (for debt more than $75,000), or filing a claim directly to SCT (for debt not more than $75,000) against the defaulter and/or his indemnifier(s) to recover the full amount of the outstanding loan together with interest(s), surcharge/administrative fee (if any) and recovery costs in one lump sum. As at 31 July 2026, there were a total of 10,278 default cases under the five financial assistance schemes. Of the 10,278 default cases:

(a) for 4,318 (42%) cases, legal recovery actions (i.e. referral to DoJ or filing to SCT) had been initiated;

(b) 1,362 (13%) cases were processed under bankruptcy, individual voluntary arrangement and deferment application; and

(c) for the remaining 4,598 (45%) cases, legal recovery actions had not been initiated or they were not processed under bankruptcy, individual voluntary arrangement and deferment application. According to WFSFAA, preliminary loan recovery actions (see para. 3.11(a)) were applied to those cases first.

3.16 WFSFAA compiles ageing analysis to analyse the length of period without receiving positive response from loan borrowers/indemnifiers (including loan repayment or any response to WFSFAA's contact regarding the loans) for the default cases where legal recovery actions have not been initiated against the defaulters/indemnifiers or they were not processed under bankruptcy, individual voluntary arrangement and deferment application. Audit examined the ageing analysis of the 4,598 default cases where legal recovery actions had not been initiated or they were not processed under bankruptcy, individual voluntary arrangement and deferment application as at 31 July 2026 and noted that for 1,456 (32%) cases, there had been no positive response from loan borrowers/indemnifiers for more than 1 year. For 257 (6%) cases, there had been no positive response from loan borrowers/indemnifiers for more than 5 years (see Table 10).

Table 10

Ageing analysis on the length of period without receiving positive response from loan borrowers/indemnifiers for default cases where legal recovery actions had not been initiated or they were not processed under bankruptcy, individual voluntary arrangement and deferment application (31 July 2026)

Ageing	Number of cases	
6 months or less	992 (21.6%)	
More than 6 months and up to 1 year	2,150 (46.7%)	
More than 1 year and up to 2 years	225 (4.9%)	
More than 2 years and up to 3 years	620 (13.5%)	
More than 3 years and up to 4 years	118 (2.6%)	
More than 4 years and up to 5 years	236 (5.1%)	1,456 (32%)
More than 5 years and up to 6 years	251 (5.5%)	
More than 6 years and up to 9 years (Note)	6 (0.1%)	257 (6%)
Total	4,598 (100%)	

Source: *Audit analysis of WFSFAA records*

Note: *According to WFSFAA, the longest ageing case lasted 8.9 years, involving a special case demanding considerable additional effort to liaise with the defaulter and indemnifier for possible resolutions.*

Remarks: *According to WFSFAA, the Government provided interest-free deferral of loan repayment arrangement for a five-year period from 1 April 2020 to 31 March 2025. The period covered by Table 10 includes a five-year deferral arrangement, under which no legal recovery action should be taken against defaulters, except for those with legal actions already initiated before the arrangement. Loan borrowers only resumed loan repayment from 1 April 2025 and legal recovery actions also resumed accordingly.*

3.17 Audit considers that WFSFAA needs to expedite actions in initiating legal recovery actions for default cases to recover the outstanding loans, in particular for those cases without receiving positive response from loan borrowers/indemnifiers for a long time.

Room for improvement in referral of default cases to DoJ

3.18 According to WFSFAA's guidelines, for cases selected for referral to DoJ:

(a) depending on the case nature, the time target for a WFSFAA case officer to refer a case to DoJ is 124 to 164 days counting from the date on which the case was assigned to the officer for preparing the required documentation;

(b) a lump-sum demand note for preparation of loan details (e.g. outstanding loan amount) will be generated. The lump-sum demand note should be kept in the student file for future reference instead of being dispatched to DoJ or loan borrowers; and

(c) WFSFAA case officer should go through a "Checklist for Legal Case Referral to the DoJ" for recording the loan information (e.g. outstanding loan amount) and the status (e.g. the bankruptcy check, undelivered record) after case assignment.

3.19 Audit examined 20 cases referred to DoJ in the period from 2021/22 to 2025/26 and noted that:

(a) ***Long time taken in referring cases to DoJ.*** According to WFSFAA, those cases where legal recovery actions had not commenced would not be referred to DoJ during the 5-year suspension period (i.e. from April 2020 to March 2025). Audit noted that a long time was taken to refer the cases to DoJ after the resumption of repayment arrangement in April 2025 for 4 (20%) cases:

(i) for 3 cases assigned to the WFSFAA case officers right before the 5-year suspension period (i.e. March 2020), the time elapsed between the date of resumption of repayment arrangement and the

date of referring the case to DoJ ranged from 339 to 492 days (averaging 417 days); and

(ii) for another case assigned to the WFSFAA case officer during the 5-year suspension period (i.e. July 2020), the time elapsed between the date of resumption of repayment arrangement and the date of referring the case to DoJ was 454 days;

(b) ***Lump-sum demand notes not kept in student files.*** For 10 (50%) cases, the lump-sum demand notes for preparation of loan details (e.g. outstanding loan amount) were not kept in the student files as required by WFSFAA's guidelines (see para. 3.18(b)); and

(c) ***"Checklist for Legal Case Referral to the DoJ" not prepared.*** For 7 (35%) cases, Audit examination of the case files and ISFAST revealed that the "Checklist for Legal Case Referral to the DoJ" was not maintained by WFSFAA. In the absence of the checklists, there was no documentary evidence showing that WFSFAA case officers had gone through the checklists for recording the loan information and the status after case assignment as required by WFSFAA's guidelines (see para. 3.18(c)).

3.20 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that:

(a) for the cases with a long time taken in referring to DoJ (see para. 3.19(a)), while legal recovery action had not been taken during the 5-year suspension period, WFSFAA had taken preliminary loan recovery actions (e.g. sending regular SMS messages and reminder letters to the defaulters and the indemnifiers, making telephone calls to the defaulters and indemnifiers) for settlement of arrears and issuing Letter Before Action to remind the defaulters and the indemnifiers of possible legal proceedings;

(b) the lump-sum demand notes solely facilitated WFSFAA to prepare the demanded lump-sum amount for insertion in the Letter Before Action and the lump-sum demand notes would not be issued to the defaulter. Once generated, the lump-sum demand notes could be retrieved from ISFAST. WFSFAA would review the need for filing a hard copy of the lump-sum demand notes as required by its operation manual; and

(c) the "Checklist for Legal Case Referral to the DoJ" was intended to record loan information and to verify the loan status before officers refer a case to DoJ. Since the required loan details were already captured in ISFAST and the appropriate actions for each loan status were set out in the applicable guidelines, the checklist might have become obsolete.

3.21 Audit considers that, for cases selected for referral to DoJ, WFSFAA needs to:

(a) expedite actions in referring cases to DoJ by case officers after case assignment;

(b) review the need for filing the lump-sum demand notes for preparation of loan details in the student files and revise the relevant guidelines where appropriate; and

(c) review the need for maintaining and going through the "Checklists for Legal Case Referral to the DoJ" by case officers, and revise the relevant guidelines where appropriate.

Delays in filing proof of debt for bankruptcy cases

3.22 WFSFAA will be informed of the bankruptcy status of loan borrowers and their indemnifiers through checking bi-weekly gazetted notice of bankruptcy orders from ORO on individuals who have been declared bankrupt in the past two weeks, ad-hoc bankruptcy petitions received from loan borrowers or indemnifiers, or ad-hoc notices or letters from solicitors or nominees, and conducting bankruptcy order search where necessary. According to WFSFAA's guidelines on handling of bankruptcy cases, a proof of debt is expected to be filed to ORO within an estimated timeframe of 74 working days (or 44 working days prior to 21 March 2024) after confirmation of bankruptcy status from ORO through bankruptcy order search with ORO.

3.23 Audit examined 20 cases involving handling of bankruptcy in the period from 2021/22 to 2025/26 and noted that for 17 (85%) cases, there were delays in filing proof of debt after confirmation of bankruptcy status from ORO through bankruptcy order search, ranging from 71 to 164 working days (averaging 117 working days).

3.24 Audit considers that WFSFAA needs to take measures to ensure that the proof of debt is filed to ORO within the estimated timeframe as far as practicable.

Long time taken in issuing letters for replacement of indemnifiers

3.25 According to WFSFAA's guidelines on replacement of indemnifiers:

(a) replacement of indemnifier is required when the original indemnifier is deceased, intends to leave, emigrate or has left Hong Kong for a period longer than 3 months, is applying or has applied for individual voluntary arrangement under the Bankruptcy Ordinance (Cap. 6), or a bankruptcy petition is presented or a bankruptcy order is made against the original indemnifier; and

(b) for cases of confirmed status of bankruptcy, individual voluntary arrangement, legal cases or deceased, after checking the relevant records, WFSFAA will issue letter to request the loan borrower to provide WFSFAA with another qualified indemnifier as replacement.

3.26 WFSFAA's guidelines did not stipulate the time target for issuing letters to request loan borrowers for replacement of indemnifiers after confirming the need for replacement of indemnifiers. Audit examined the time elapsed between the dates of confirmation of the need for replacement of indemnifiers and the dates of issue of letters to the loan borrowers for replacement of indemnifiers for 20 cases with letters to request loan borrowers for replacement of indemnifiers issued in the period from 2021/22 to 2025/26. The time elapsed ranged from 7 to 819 days (averaging 159 days). For 2 (10%) cases, a long time was taken to issue letters to request loan borrowers for replacement of indemnifiers after confirming the need for replacement of indemnifiers (i.e. more than 1 year).

3.27 Audit considers that WFSFAA needs to stipulate the timeframe for issuing letters to loan borrowers for replacement of indemnifiers upon confirmation of the need for replacement and take measures to ensure that letters to loan borrowers for replacement of indemnifiers are issued within the specified timeframe.

Scope for improving the computer system for management of defaulted loans

3.28 WFSFAA uses a computer system (i.e. ISFAST) for management of defaulted loans of the five financial assistance schemes. The functions of ISFAST regarding management of defaulted loans include:

(a) automating the manual process in issuing reminders and calculating the debt;

(b) preparing various documents for taking recovery action and providing management reports to monitor the progress of the cases to facilitate timely recovery actions; and

(c) facilitating communication with relevant schools/institutions and DoJ to expedite referral of default cases for legal recovery actions.

3.29 Audit notes that there is scope for improving ISFAST to facilitate management of defaulted loans:

(a) ISFAST cannot compile the ageing analysis of the default cases to analyse the length of period without receiving positive response from loan borrowers/indemnifiers for the default cases where legal recovery actions have not been initiated against the defaulters/indemnifiers or they were not processed under bankruptcy, individual voluntary arrangement and deferment application (see para. 3.16);

(b) ISFAST cannot compile analysis of the timeliness of referring cases to DoJ for taking legal recovery actions and the progress of legal recovery actions (para. 3.19(a)); and

(c) ISFAST does not feature an automated alert function to prompt WFSFAA case officers to take necessary loan recovery actions in a timely manner.

3.30 Audit considers that WFSFAA needs to explore measures to enhance ISFAST to facilitate management of defaulted loans.

Audit recommendations

3.31 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **consider stipulating a reasonable timeframe for contacting the defaulters/indemnifiers by other means (e.g. by telephone) upon receipt of undelivered reminder letters and take measures to ensure that the defaulters/indemnifiers are contacted by other means upon receipt of undelivered reminder letters within the specified timeframe;**

(b) **expedite actions in initiating legal recovery actions for default cases to recover the outstanding loans, in particular for those cases without receiving positive response from loan borrowers/indemnifiers for a long time;**

(c) **for cases selected for referral to DoJ:**

(i) **expedite actions in referring cases to DoJ by case officers after case assignment;**

(ii) **review the need for filing the lump-sum demand notes for preparation of loan details in the student files and revise the relevant guidelines where appropriate; and**

(iii) **review the need for maintaining and going through the "Checklists for Legal Case Referral to the DoJ" by case officers, and revise the relevant guidelines where appropriate;**

(d) **take measures to ensure that the proof of debt is filed to ORO within the estimated timeframe as far as practicable;**

(e) **stipulate the timeframe for issuing letters to loan borrowers for replacement of indemnifiers upon confirmation of the need for replacement and take measures to ensure that letters to loan borrowers for replacement of indemnifiers are issued within the specified timeframe; and**

(f) **explore measures to enhance ISFAST to facilitate management of defaulted loans.**

Response from the Government

3.32 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that:

(a) while WFSFAA has all along been contacting the defaulters and indemnifiers by other means upon receipt of undelivered reminder letters, WFSFAA will examine the feasibility of introducing a reasonable timeframe for such contacts, taking into account the need to allow flexibility aligned with case complexity and urgency as well as the prevailing caseload and case priority;

(b) the Government implemented the interest-free deferral arrangement from 1 April 2020 to 31 March 2025 to ease the financial burden of student loan repayers arising from the COVID-19 pandemic, during which no legal recovery actions should be taken against defaulters except for those with legal actions already initiated before the deferral arrangement. This special arrangement has inevitably resulted in a surge in the number of "long-ageing cases" upon resumption of loan repayment after 1 April 2025. WFSFAA is currently handling nearly 240,000 loan repayment accounts. To clear the cumulative loan recovery workload, WFSFAA has already expedited actions to handle defaulted loans and accorded priority to those outstanding for a longer period of time. WFSFAA will continue to closely monitor case processing and further expedite actions including initiating legal recovery action timely for cases where borrowers or indemnifiers have remained unresponsive for an extended period;

(c) WFSFAA will review and suitably update the guidelines regarding the need to file lump-sum demand notes in student files and to go through the checklist, with reference to the latest enhanced functions of ISFAST in keeping records and updated workflow;

(d) WFSFAA will closely monitor case processing to ensure that proof of debt is filed with ORO within the estimated timeframe; and review the reference timeline to cater for special cases as far as practicable;

(e) WFSFAA will stipulate in the operational manual a reasonable timeframe for handling replacement of indemnifiers, taking into account the complexities of individual cases which require a longer time to ascertain the need for replacement. WFSFAA will also consider enhancing the alert function in ISFAST to remind staff of timely actions as appropriate; and

(f) WFSFAA will continue to enhance ISFAST to facilitate the management of defaulted loans, such as by supporting ageing analysis of default cases under different scenarios, tracking the progress of referrals to DoJ for legal recovery actions, and providing automated alerts to case officers on outstanding loan recovery actions.

Other measures to tackle the loan default situation

Need to keep under review the feasibility of sharing negative credit information of defaulters with credit reference agencies

3.33 Apart from expediting the loan recovery actions, WFSFAA has explored other measures to tackle the loan default situation. According to WFSFAA, in 2025, WFSFAA had explored the feasibility of sharing negative credit information of defaulters with a platform with a number of credit reference agencies. However, due to the considerable amount of fee and charges involved as well as the additional resources required for integrating WFSFAA's information technology system with the platform, WFSFAA considered that it was not appropriate to further pursue the option at that moment. WFSFAA would review the situation from time to time to assess any future opportunities for engagement.

3.34 Audit considers that WFSFAA needs to explore other measures to tackle the loan default situation more effectively, including keeping under review the feasibility of sharing negative credit information of defaulters with the credit reference agencies.

Audit recommendation

3.35 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should explore other measures to tackle the loan default situation more effectively, including keeping under review the feasibility**

of sharing negative credit information of defaulters with the credit reference agencies.

Response from the Government

3.36 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendation. He has said that WFSFAA will continue to explore additional measures to further enhance the effectiveness of loan default management.

PART 4: OTHER ISSUES

4.1 This PART examines other issues related to the financial assistance schemes for post-secondary and tertiary students, focusing on the following areas:

(a) governance issues (paras. 4.2 to 4.10);

(b) promotion and publicity work (paras. 4.11 to 4.24);

(c) opinion surveys (paras. 4.25 to 4.33);

(d) use of artificial intelligence (paras. 4.34 to 4.41); and

(e) review on financial assistance schemes for post-secondary and tertiary students (paras. 4.42 to 4.46).

Governance issues

4.2 ***JCSF.*** JCSF is to advise the Government on, and to keep under review, the operation of TSFS, FASP and the non-means-tested loan schemes to ensure that their objectives and the needs of the community are met. As at 30 June 2026, JCSF comprised the Chairman, the Deputy Chairman, 17 members and 2 ex-officio members.

4.3 ***RSC.*** RSC is established under JCSF to support the work of JCSF. RSC is responsible for, among others, examining cases of review against rejection of student financial assistance applications through meetings or by circulation among members. RSC members are drawn from JCSF. As at 30 June 2026, RSC had 11 members.

Need to consider setting the quorum for JCSF/RSC meetings

4.4 The frequency of JCSF and RSC meetings is promulgated in the Information Note provided to newly appointed JCSF members as part of the Welcome Kit. However, Audit noted that WFSFAA had not set the quorum for JCSF/RSC meetings.

4.5 Audit considers that WFSFAA needs to consider setting the quorum for JCSF/RSC meetings.

Need to ensure that responses of RSC members on cases of review against rejection are provided within stipulated deadline

4.6 Applicants of TSFS and FASP may apply for review against rejection (see para. 2.25). Accordingly, cases with convincing reasons for the omissions or sufficient proofs of financial hardships would be approved for re-opening the applications for processing. Under the prevailing processing mechanism, these cases are processed and considered by RSC (including RSC Secretariat) through meetings or circulation of papers. For review cases considered through circulation of papers, RSC members will receive the case summary together with recommendations from WFSFAA for their review. RSC members are required to inform WFSFAA of their decisions within the stipulated deadline (usually within 2 to 3 weeks).

4.7 In the period from 2021/22 to 2025/26, 19 papers (involving a total of 590 cases of review against rejection) were circulated to RSC members for consideration. Audit examined the records of the RSC members' responses to the 19 papers and found that:

(a) for 1 (5%) paper, a member did not inform WFSFAA of the decision and 4 other members had delays in informing WFSFAA of their decisions. The delays ranged from 1 to 5 days (averaging 3 days); and

(b) for another 17 (90%) papers, 1 to 8 members in each circulation (involving a total of 15 members) had delays in informing WFSFAA of their decisions. The delays ranged from 1 to 41 days (averaging 6 days).

4.8 Audit considers that WFSFAA needs to take measures to ensure that the responses of RSC members on cases of review against rejection are provided within the stipulated deadline with a view to processing the cases in a timely manner.

Audit recommendations

4.9 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **consider setting the quorum for JCSF/RSC meetings; and**

(b) **take measures to ensure that the responses of RSC members on cases of review against rejection are provided within the stipulated deadline with a view to processing the cases in a timely manner.**

Response from the Government

4.10 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that:

(a) WFSFAA will consider setting the quorum for JCSF/RSC meetings; and

(b) cases of review against rejection considered through circulation of papers are normally decided by a majority of Members' views. The RSC Secretariat will continue to ensure that responses from Members are provided in a timely manner with a view to enhancing case processing according to the established arrangement.

Promotion and publicity work

4.11 To promote financial prudence among student loan applicants and provide useful information to facilitate the applications, WFSFAA implements a range of promotional and publicity activities, including collaborating with post-secondary institutions, producing promotional videos (see Figure 1 for an example) for dissemination through different channels (e.g. WFSFAA's website, a social media platform, community halls and government premises) and distributing promotional

publication materials (see Figure 2 for an example). In the period from the financial years 2021-22 to 2025-26, the expenditure incurred on promotion and publicity activities related to the financial assistance schemes for post-secondary and tertiary students amounted to $1.4 million.

Figure 1

An example of promotional videos

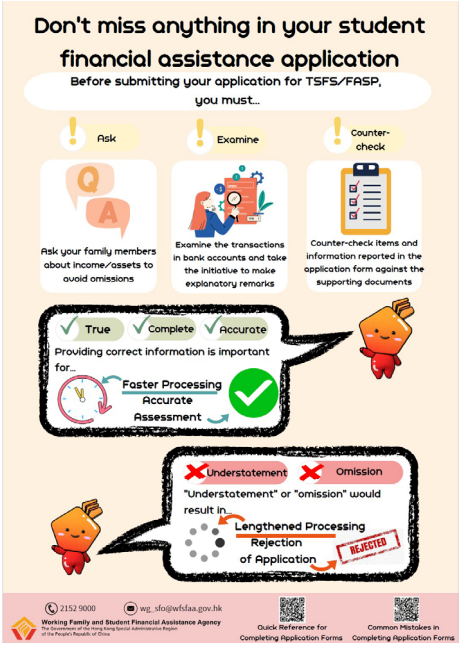


Source: *WFSFAA records*

Remarks: *Promotional videos are only available in Chinese.*

Figure 2

An example of promotional publication materials



Source: *WFSFAA records*

Room for improvement in organising online "train-the-trainer" briefing sessions

4.12 Since March 2022, WFSFAA has invited the staff of student affairs offices of post-secondary institutions to attend online "train-the-trainer" briefing sessions. According to WFSFAA, the online "train-the-trainer" briefing sessions would:

(a) better equip the staff of student affairs offices of post-secondary institutions to provide in-house assistance to their students for submitting applications for financial assistance schemes; and

(b) remind the staff of student affairs offices of post-secondary institutions the points to note in completing application forms for further dissemination to their students, thereby improving students' reporting accuracy and enhancing the application processing efficiency.

4.13 Audit examined the records of 5 online "train-the-trainer" briefing sessions held in the period from March 2022 to June 2026 and noted that:

(a) ***Need to record attendance of briefing sessions held.*** 27 to 47 institutions (averaging 39 institutions) had enrolled in the 5 briefing sessions. However, Audit noted that WFSFAA did not record the attendance of the 5 briefing sessions. As a result, it cannot be ascertained whether the institutions enrolled in the briefing sessions had eventually attended the briefing sessions. According to WFSFAA, participation in the briefing sessions was voluntary in nature, hence the attendance of the briefing sessions was not recorded; and

(b) ***Need to conduct evaluation surveys for briefing sessions.*** For all the 5 briefing sessions, Audit noted that WFSFAA had not conducted evaluation surveys to gauge the feedback from the participants of the briefing sessions.

4.14 Audit considers that WFSFAA needs to:

(a) consider recording the attendance of online "train-the-trainer" briefing sessions; and

(b) take appropriate measures (e.g. conducting evaluation surveys) to gauge the feedback from the participants of online "train-the-trainer" briefing sessions.

Need to strengthen communication with more course providers

4.15 Since August 2023, WFSFAA has conducted regular visits by senior management to student affairs offices of post-secondary institutions to share key updates (e.g. loan recovery arrangements, application trends) with institution representatives and exchange views on mutual concerns. During the visits, one or more course providers were engaged. According to WFSFAA, the aim of the visits is to strengthen communication and connection with course providers regarding issues including promotion on financial education among loan borrowers. When deciding on the visiting institutions, WFSFAA would consider, among others, the number of applications under the student financial assistance schemes.

4.16 Audit examined the records of the 12 visits to the student affairs offices of post-secondary institutions conducted in the period from August 2023 to June 2026 and found that, of the 118 course providers involved under the six financial assistance schemes for 2025/26, 34 (29%) course providers had been engaged through the visits.

4.17 In response to Audit's enquiry, WFSFAA informed Audit in October 2026 that the 34 course providers were mainly large institutions with greater number of students receiving student financial assistance from WFSFAA in each academic year.

4.18 Audit considers that WFSFAA needs to consider engaging more course providers (e.g. through regular visits or other means) to strengthen communication with regard to promotion on financial education among loan borrowers.

Need to consider organising promotional activities targeted at post-secondary and tertiary students

4.19 While WFSFAA had conducted regular visits to student affairs offices of post-secondary institutions, Audit noted that no promotional activities targeted at the post-secondary and tertiary students were held at the post-secondary institutions to enhance the understanding of application requirements and promote education on financial management.

4.20 In Audit's view, there are merits in organising promotional activities targeted at the post-secondary and tertiary students at the post-secondary institutions to enhance the understanding of application requirements and promote education on financial management.

Need to review the effectiveness of promotional videos

4.21 According to WFSFAA, promotional videos were made available through different channels (e.g. WFSFAA's website, a social media platform, community halls and government premises) so as to disseminate the message of financial education and other useful information regarding the application process. The content of the promotional videos mainly comprises general introduction of the financial assistance schemes, common mistakes in completing application forms and financial

management education. Audit noted the following room for improvement related to promotional videos:

(a) ***Low number of views for some promotional videos.*** Audit examination of the number of views of the 274 promotional videos that had been published on WFSFAA's website and a social media platform in the period from 2021/22 to 2025/26 revealed that 90 (33%) promotional videos recorded number of views of less than 100, of which the contents were mainly related to the application process; and

(b) ***Need to disseminate promotional videos through more channels.*** While social media platforms are popular for use by post-secondary and tertiary students, Audit noted that promotional videos had only been disseminated through one social media platform. Audit considers that there are merits in disseminating promotional videos through more channels (e.g. other social media platforms which are popular for use by post-secondary and tertiary students).

4.22 Audit considers that WFSFAA needs to review the effectiveness of the promotional videos and continue to explore the opportunity of disseminating relevant information through more channels (e.g. other social media platforms which are popular for use by post-secondary and tertiary students).

Audit recommendations

4.23 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **consider recording the attendance of online "train-the-trainer" briefing sessions;**

(b) **take appropriate measures (e.g. conducting evaluation surveys) to gauge the feedback from the participants of online "train-the-trainer" briefing sessions;**

(c) **consider engaging more course providers (e.g. through regular visits or other means) to strengthen communication with regard to promotion on financial education among loan borrowers;**

(d) **consider organising promotional activities targeted at the post-secondary and tertiary students at the post-secondary institutions to enhance the understanding of application requirements and promote education on financial management; and**

(e) **review the effectiveness of the promotional videos and continue to explore the opportunity of disseminating relevant information through more channels (e.g. other social media platforms which are popular for use by post-secondary and tertiary students).**

Response from the Government

4.24 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that WFSFAA:

(a) will record the attendance of online "train-the-trainer" briefing sessions;

(b) will consider appropriate approach to gauge the feedback from the participants of online "train-the-trainer" briefing sessions;

(c) will explore cost-effective means to engage more course providers, taking into account their size of student population receiving student financial assistance from WFSFAA and unique operational set up, for promoting financial education among loan borrowers;

(d) will explore collaboration with post-secondary and tertiary institutions on cost-effective ways of organising on-campus promotional activities for their students, with a view to enhancing students' understanding of application requirements and promoting financial education; and

(e) has all along been keeping under review the different publicity arrangements to promote the various student financial assistance schemes and financial education. Having regard to the latest interests and browsing

practice of the youth, WFSFAA has diversified the publicity means to include enhancing collaboration with different large tertiary institutions to post publicity materials through their social media platforms. WFSFAA will continue to review the effectiveness of individual publicity means, including promotional videos, and strategically allocate resources to more cost-effective publicity means.

Opinion surveys

Need to improve response rate of opinion surveys

4.25 In order to collect feedback on the application process, applicants for five financial assistance schemes (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) (Note 20) are invited to complete an online opinion survey upon submission of their applications. Applicants can evaluate their experience based on the clarity of content, ease of use, clarity of instructions, smoothness of operation and the overall satisfaction in the survey. Applicants can also provide their comments regarding the application process in the survey.

4.26 Audit analysed the response rates of the opinion surveys for the period from 2021/22 to 2025/26 and found that:

(a) the overall response rate ranged from 30% to 42%. For 2024/25 and 2025/26, the response rates for TSFS and FASP were the lowest among the five financial assistance schemes; and

(b) the response rates for TSFS and FASP both decreased from 42% for 2021/22 to 28% for 2025/26, while the response rate for ENLS also decreased from 60% for 2021/22 to 51% for 2025/26 (see Table 11).

Note 20: *Applicants should indicate their wish to apply for STS for Tertiary or Post-secondary Students in their TSFS/FASP applications.*

Table 11

Response rates of opinion surveys
(2021/22 to 2025/26)

Scheme	2021/22	2022/23	2023/24	2024/25	2025/26
TSFS	42%	39%	28%	30%	28%
FASP	42%	37%	27%	30%	28%
NLSFT	36%	30%	28%	32%	35%
NLSPS	37%	31%	28%	33%	36%
ENLS	60%	45%	45%	51%	51%
Overall	42%	36%	30%	33%	34%

Source: *Audit analysis of WFSFAA records*

4.27 In Audit's view, opinion survey is effective in improving operational efficiency and service quality. Audit considers that WFSFAA needs to explore measures to further improve the response rates of the opinion surveys.

Need to continue to enhance the application process taking into account negative comments received from the opinion surveys

4.28 According to the results of the online opinion surveys for the period from 2021/22 to 2025/26, out of the maximum rating of 5, the ratings for each of the four aspects (i.e. clarity of content, ease of use, clarity of instructions and smoothness of operation in the survey) ranged from 3.6 to 4.1 and the ratings for overall satisfaction ranged from 3.6 to 4.1.

4.29 Audit analysed the results of the opinion surveys conducted for the period from 2021/22 to 2025/26 and noted that:

(a) of the 3,450 comments received from the opinion surveys, 1,251 (36%) were negative comments related to the services and operation of WFSFAA. The negative comments were related to various aspects (e.g. payment methods for the administrative fee, clarity of instructions in the application system); and

(b) the number of negative comments related to the services and operation of WFSFAA received each year ranged from 115 to 313 (averaging 250).

4.30 According to WFSFAA:

(a) the survey results and summaries of written comments were circulated to responsible teams for evaluation on a regular basis; and

(b) comments considered constructive and technically feasible would be taken on board on an annual basis. Recent enhancements include:

(i) payment methods had been expanded to include online payment by credit card and other electronic payment methods;

(ii) a reminder was added to the application interface to remind applicants that "iAM Smart" must be upgraded to "iAM Smart+" in order to use the digital signing function;

(iii) the application form and guidance notes were refined to provide clearer instructions on the information and supporting documents required under different circumstances; and

(iv) a flow chart was introduced to help applicants better understand the major steps of the application procedures.

4.31 Audit considers that WFSFAA needs to continue to enhance the application process for the five financial assistance schemes taking into account the negative comments received from the opinion surveys.

Audit recommendations

4.32 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **explore measures to further improve the response rates of the opinion surveys; and**

(b) **continue to enhance the application process for the five financial assistance schemes taking into account the negative comments received from the opinion surveys.**

Response from the Government

4.33 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that WFSFAA:

(a) recognises the effectiveness of opinion survey in enhancing service quality and thus introduced the survey in 2021 to gauge applicants' opinions. The decline in response rates as compared to that when the survey first launched may partly reflect the larger proportion of continuing applicants in each academic year, who may be less likely to complete the survey each time they submit their application during their subsequent years of study. Nevertheless, WFSFAA will endeavour to explore ways to further increase the response rates of the opinion surveys; and

(b) will continue to actively consider and, where financially and technically feasible, adopt constructive comments collected from the opinion surveys to enhance the application process for the five financial assistance schemes.

Use of artificial intelligence

Room for improvement in the chatbot of WFSFAA

4.34 According to WFSFAA, in tandem with Government's ongoing efforts to promote the development of "Smart Government", it has actively adopted artificial intelligence to enhance its services and bring greater convenience to the public. In

March 2023, WFSFAA launched a chatbot namely "S. Buddy" on its website to provide prompt replies and round-the-clock enquiry services about its financial assistance schemes for the users. The chatbot operates on natural language processing and machine learning technologies which analyse inputted text to understand users' needs and find suitable information to address their enquiries. The functions of the chatbot include:

(a) responding to general enquiries on different financial assistance schemes;

(b) responding to enquiries on case-specific application status of different financial assistance schemes; and

(c) providing other information (such as links to relevant application forms or reference materials).

The development cost of the chatbot amounted to about $1 million.

4.35 According to WFSFAA, it closely monitors the performance of the chatbot in terms of its accuracy by tracking the statistics of the chatbot on a monthly basis, including but not limited to the number of users, click rates and question patterns, and trains the chatbot based on the findings to enhance the performance. The chatbot consistently maintained an accuracy rate above 90%.

4.36 Audit noted the following room for improvement in the chatbot:

(a) ***Need to enhance user experience.*** On the starting interface of the chatbot, a list of various financial assistance schemes administered by WFSFAA will be displayed. Upon selecting a scheme, relevant information of the scheme will be shown by the chatbot and free-text input is available for users to raise further enquiries. However, as at July 2026, Audit noted that free-text input was not available on the starting interface and a scheme (i.e. STS for Tertiary or Post-secondary Students) was not included in the list of the schemes shown on the starting interface. Users might have difficulties in raising enquiries related to STS for Tertiary or Post-secondary Students; and

(b) ***Need to conduct evaluation survey on the performance of chatbot.*** There was no evaluation survey for users to rate the chatbot's performance upon closing their chat sessions. In Audit's view, there are merits in conducting evaluation surveys to collect feedback from chatbot users so as to improve the performance of the chatbot on top of the current accuracy tracking and enhancement.

4.37 Audit considers that WFSFAA needs to:

(a) consider enhancing the user experience and putting in place appropriate measures (e.g. enhancing the starting interface of the chatbot); and

(b) consider taking appropriate measures (e.g. conducting evaluation surveys) to collect feedback from chatbot users so as to further improve the performance of the chatbot.

Need to continue to explore the adoption of artificial intelligence

4.38 According to WFSFAA:

(a) apart from the chatbot (see para. 4.34), it has been exploring the adoption of artificial intelligence to facilitate its work and improve operational efficiency;

(b) examples of artificial intelligence adopted or being explored by WFSFAA included:

(i) since January 2026, an artificial intelligence speech-to-text tool has been in a pilot run. The tool would facilitate WFSFAA staff to transcribe voice messages received by the hotlines outside office hours, thereby saving the efforts of hotline staff to listen to and record each message individually and enhancing work efficiency; and

(ii) a proof-of-concept study on the use of artificial intelligence-powered optical character recognition, which aims to extract and digitise data from relevant documents for further verification during the vetting

process, was in progress. Implementation details will be mapped out subject to the findings of the study; and

(c) it has been closely monitoring the progress of rolling out the artificial intelligence projects.

4.39 Audit considers that WFSFAA needs to continue to explore the adoption of artificial intelligence to facilitate the work on financial assistance schemes and improve operational efficiency.

Audit recommendations

4.40 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should:**

(a) **consider enhancing the user experience and putting in place appropriate measures (e.g. enhancing the starting interface of the chatbot);**

(b) **consider taking appropriate measures (e.g. conducting evaluation surveys) to collect feedback from chatbot users so as to further improve the performance of the chatbot; and**

(c) **continue to explore the adoption of artificial intelligence to facilitate the work on financial assistance schemes and improve operational efficiency.**

Response from the Government

4.41 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendations. He has said that:

(a) WFSFAA will consider enhancing user experience with the chatbot, including the provision of a clear and user-friendly starting interface, by taking into account the considerable number of schemes administered and the users' general browsing pattern;

(b) whilst the chatbot service has been effective in terms of its high accuracy and usage rate since its launch in 2023, WFSFAA will continue to enhance its performance and consider conducting an evaluation survey for users to rate the chatbot's performance; and

(c) WFSFAA has been exploring the adoption of artificial intelligence across various areas of financial assistance scheme administration and will take a gradual, step-by-step approach to driving efficiency and performance.

Review on financial assistance schemes for post-secondary and tertiary students

Need to conduct a comprehensive review on the operation of financial assistance schemes

4.42 In the period between 2010 and 2012, the Government launched 2 rounds of public consultations to collect the public's views on various issues relating to the operation of FASP and the non-means-tested loan schemes for post-secondary and tertiary students (i.e. NLSFT, NLSPS and ENLS). In June 2012, various measures to improve the operation of the five financial assistance schemes involving loans (i.e. TSFS, FASP, NLSFT, NLSPS and ENLS) were introduced. These measures aim to:

(a) ease repayment burden of loan borrowers;

(b) prevent excessive borrowing of loan borrowers and induce enhancement in quality assurance of eligible courses; and

(c) tackle loan default situation more effectively.

4.43 Audit noted that the previous comprehensive review on the financial assistance schemes for post-secondary and tertiary students was conducted some 14 years ago. In addition, this audit review has identified room for improvement in the administration of the financial assistance schemes, for example:

(a) ***Processing of applications.*** Audit found that there was room to enhance vetting of applications (see paras. 2.2 to 2.27) and the conduct of counter-checks and authentication (see paras. 2.30 to 2.56); and

(b) ***Recovery of defaulted loans.*** Audit found that there was room to improve the preliminary loan recovery actions taken by WFSFAA (see paras. 3.13 and 3.14). Moreover, there was also room for improvement in initiating legal actions and referral of default cases to DoJ (see paras. 3.15 to 3.21).

4.44 Audit considers that WFSFAA needs to conduct a comprehensive review on the operation of the financial assistance schemes for post-secondary and tertiary students taking into account the audit observations and the recommendations in this Audit Report.

Audit recommendation

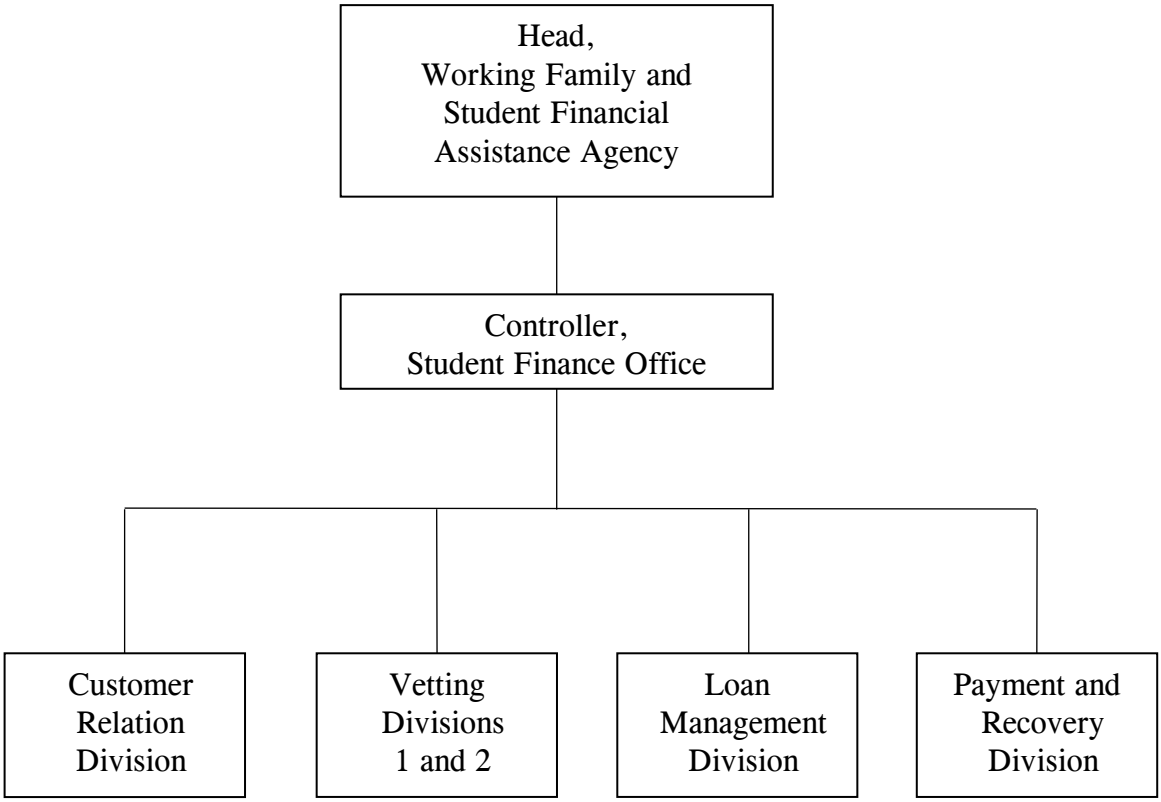
4.45 **Audit has *recommended* that the Head, Working Family and Student Financial Assistance Agency should conduct a comprehensive review on the operation of the financial assistance schemes for post-secondary and tertiary students taking into account the audit observations and the recommendations in this Audit Report.**

Response from the Government

4.46 The Head, Working Family and Student Financial Assistance Agency agrees with the audit recommendation. He has said that WFSFAA regularly reviews the operation of financial assistance schemes for post-secondary and tertiary students and implements improvements as necessary, and will continue to monitor and enhance them in light of the Audit's observations and recommendations.

Appendix A
(para. 1.10 refers)

Working Family and Student Financial Assistance Agency: Organisation chart (extract) (30 June 2026)



Source: *WFSFAA records*

Acronyms and abbreviations

Audit	Audit Commission
CDEG	Consented Data Exchange Gateway
COR	Controlling Officer's Report
DoJ	Department of Justice
ENLS	Extended Non-means-tested Loan Scheme
FASP	Financial Assistance Scheme for Post-secondary Students
ISFAST	Integrated Student Financial Assistance System
JCSF	Joint Committee on Student Finance
LR	Land Registry
NLSFT	Non-means-tested Loan Scheme for Full-time Tertiary Students
NLSPS	Non-means-tested Loan Scheme for Post-secondary Students
ORO	Official Receiver's Office
RSC	Review Sub-Committee
SCT	Small Claims Tribunal
SFO	Student Finance Office
STS	Student Travel Subsidy
TSFS	Tertiary Student Finance Scheme — Publicly-funded Programmes
WFSFAA	Working Family and Student Financial Assistance Agency