

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 40 – EDUCATION DEPARTMENT Subhead 001 Salaries

Members are invited to recommend to Finance Committee the creation of the following permanent post in the Education Department with effect from 14 September 2001 –

1 Chief Treasury Accountant
(D1) (\$98,250 - \$104,250)

PROBLEM

The Director of Education (D of E) does not have adequate professional support at the directorate level to cope with the increased demand and complexity in the work of the Finance Division, to re-engineer departmental financial and accounting systems and arrangements, and to provide support services in financial management to the school sector.

PROPOSAL

2. D of E, with the support of the Secretary for Education and Manpower, proposes to create one permanent post of Chief Treasury Accountant (CTA) in the Finance Division of the Education Department (ED) with effect from 14 September 2001, following the expiry of the existing supernumerary post on 13 September 2001.

/JUSTIFICATION

JUSTIFICATION**Increased demand and complexity in the work of the Finance Division**

3. The Finance Division of ED is responsible for providing advice and support services on all financial and accounting matters relating to the department. The division is headed by an Assistant Director of Accounting Services (titled as Assistant Director of Education (Finance) (AD(Fin))), ranked at D2 level and underpinned by two senior professionals at Senior Treasury Accountant (STA) level. The existing organisation chart of the division is at Enclosure 1.

Encl. 1

4. The traditional function of the Finance Division is to ensure effective management and control of the financial resources allocated to the department. It provides mainly conventional financial and accounting services such as budgeting, control of resources, payment processing, fees and charges revision, school account inspections, management of a number of non-Government funds such as Language Fund. These activities are fundamental to meeting the statutory requirements under the Public Finance Ordinance, the Director of Education Incorporated Ordinance, etc.

5. In recent years, there has been a significant increase in the scope and complexity of the work undertaken by the Finance Division, as a result of new initiatives under the education reform and the considerable financial resources the Government has invested in education. Since 1991-92, the recurrent budget allocated to ED has increased by 11% per annum on average and the activities funded by it now cover a much wider spectrum. In 2001-02, the approved recurrent provision controlled by D of E is \$29.3 billion, representing about 15% of total Government recurrent expenditure. However, the directorate and senior professional establishment of the Finance Division has remained the same over the past ten years. The sheer size of the current budget and the wide spectrum of activities funded by it has created tremendous workload for the Finance Division. Also, to ensure that the Finance Division provides the best support for the delivery of policy initiatives, AD(Fin)'s personal attention is needed on matters such as evaluating the financial viability of different options, developing financial control policies and the framework for implementation, etc. However, given the heavy workload, it has been increasingly difficult for AD(Fin) and the two deputies to cope with the demand for professional advice while at the same time providing adequate supervision of the financial and accounting administration of the department. There is therefore an urgent need to strengthen the senior management support in the Finance Division.

/Need

Need to re-engineer departmental financial and accounting systems and arrangements

6. ED's financial and accounting systems and procedures are much outdated. Most of the systems have been in place for more than a decade. They are not user-friendly and have limited scope for expansion. Similarly, many accounting and payment procedures are not customer-friendly. There is a pressing need to review, enhance and redevelop these systems and procedures. There are also other areas where existing systems and procedures will benefit from contemporary technology and financial practices.

7. In addition, the department currently does not have a systematic and co-ordinated mechanism for the provision of financial management information to facilitate assessment of resources implications and setting of priorities for policy formulation and review purposes. Financial facts and figures are now maintained in different systems, sections and divisions. As a result, it takes time and effort to gather the necessary financial management information and to verify that such information is reliable and up-to-date. To cope with the long-term needs of the department, we consider it necessary for the department to set up a financial information warehouse, to centrally maintain these financial facts and figures, and to turn them into useful information and analysis for use by the management.

8. Directorate input is essential to ensuring that the above improvements to our financial, accounting and information management systems and procedures are properly implemented, and that they can cope with the long-term needs and benefit from technological developments. With the present workload, AD(Fin) and the two senior professionals find it impossible to dedicate time to these tasks without affecting their other on-going tasks. Further delay in starting these developmental work will however hamper continuous improvements in the financial management of the department.

Need to provide support services in financial management to the school sector

9. Out of ED's recurrent budget of \$29.3 billion, \$27.4 billion is spent by some 1 000 schools. In pursuit of school-based management, public sector schools now have increasing freedom to make decisions on the delivery of educational services and flexibility to deploy resources. While many schools welcome the increased devolution of resources management responsibilities, some have expressed concern that they need to be equipped with the necessary financial and accounting skills and expertise. To enhance the financial management capability of schools, we intend to develop in-house programmes which are customised to suit the practical requirements of different stakeholders, including

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the school sponsoring bodies, the school management committees, school supervisors, principals and teachers, as well as school administrative staff. We also consider it necessary to promote good financial practices amongst schools to cultivate an effective resource management culture. To map out the strategies for such training and promotion, we require a senior professional at directorate level who is familiar with the funding arrangements for the school sector and the financial and accounting arrangements of the department.

Need for the CTA Post

10. Given the large number of schools and the complexities involved in the development and implementation of the many financial and accounting systems and procedures, it will take some time to complete the first cycle of the review and enhancement, to roll out the improvements and complement them with adequate training and support to both departmental staff and schools. Moreover, education policies evolve and so do information technology and financial management practices. To ensure that the work outlined in the preceding paragraphs can keep pace with the changes in policies and circumstances, and to tap the benefits of technological advancements, we need a directorate officer to provide steer on an on-going basis, and consider further system and process upgrading from time to time. The AD(Fin) and the two deputies are heavily committed with their existing priorities and cannot devote time to take up this role. In arriving at the recommendation of an additional CTA post, we have carefully considered the alternative of creating an STA post. We recommend creating a CTA post, on account that a CTA's experience, exposure, ability to plan strategically and make decisions independently will make the officer better qualified to take the driving seat in steering and taking forward immediate and future developments. The job description of the proposed CTA post is at Enclosure 2.

Encl. 2

11. In the absence of additional support at the directorate level, the strategic planning and decision-making will continue to be constrained by the capacity of the head of the Finance Division. The consequence is that, as priority has to be given to conventional financial and accounting work which are the division's core and fundamental responsibilities, there will be little capacity for improvement and development work.

12. Upon the creation of the proposed CTA post, there will be a clear demarcation of responsibilities between AD(Fin) and the new CTA. Direct input at the directorate level for the new initiatives set out in paragraphs 6 to 9 above will be provided by the CTA. The AD(Fin), while continuing to take charge of the financial management and stewardship responsibilities for the entire department, will oversee the development work undertaken by the CTA to ensure that they are

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on the right track and consistent with departmental objectives and priorities. With the addition of senior professional support at the directorate level, we will take the opportunity to rationalise the functions of the division and to restructure its establishment. Through greater use of information technology, streamlining of procedures and process re-engineering, we will be able to strengthen the support at the directorate and professional level, and to right-size the set-up at the working level. A proposed organisation chart is at Enclosure 3.

FINANCIAL IMPLICATIONS

13. The additional notional annual salary cost of this proposal at mid-point is -

	\$	No. of Post
Permanent CTA post	1,213,200	1

14. The additional full annual average staff cost of the proposal, including salary and staff on-cost, is \$2,076,000. However, as mentioned in paragraph 12 above, we shall rationalise the establishment of the Finance Division upon creation of the proposed CTA post. The restructuring will involve, among other things, the creation of one non-directorate post of Treasury Accountant (TA) at a notional annual mid-point salary of \$630,240 and full annual average staff cost of \$1,305,000, and deletion of 14 non-directorate posts at a total notional annual mid-point salary of \$3,340,380 and full annual average staff cost of \$5,527,000. The additional costs of creating the proposed CTA post and the TA post will therefore be fully offset by savings achieved through the deletion of posts. The net savings in notional annual salary cost at mid-point as a result of the proposed restructuring of the Finance Division is \$1,496,940.

BACKGROUND INFORMATION

15. In view of the urgent need to relieve the workload of the Finance Division and to prepare the groundwork for enhancing the financial management of the department and the school sector, D of E has created under delegated authority a supernumerary CTA post for six months ending 13 September 2001. The duties of the supernumerary post include, among other things, enhancing the existing business plan for the department to facilitate a result-oriented approach in resources planning and monitoring.

16. The Legislative Council Panel on Education was consulted on this proposal on 23 April 2001 and raised no objection to the proposal.

/CIVIL

CIVIL SERVICE BUREAU COMMENTS

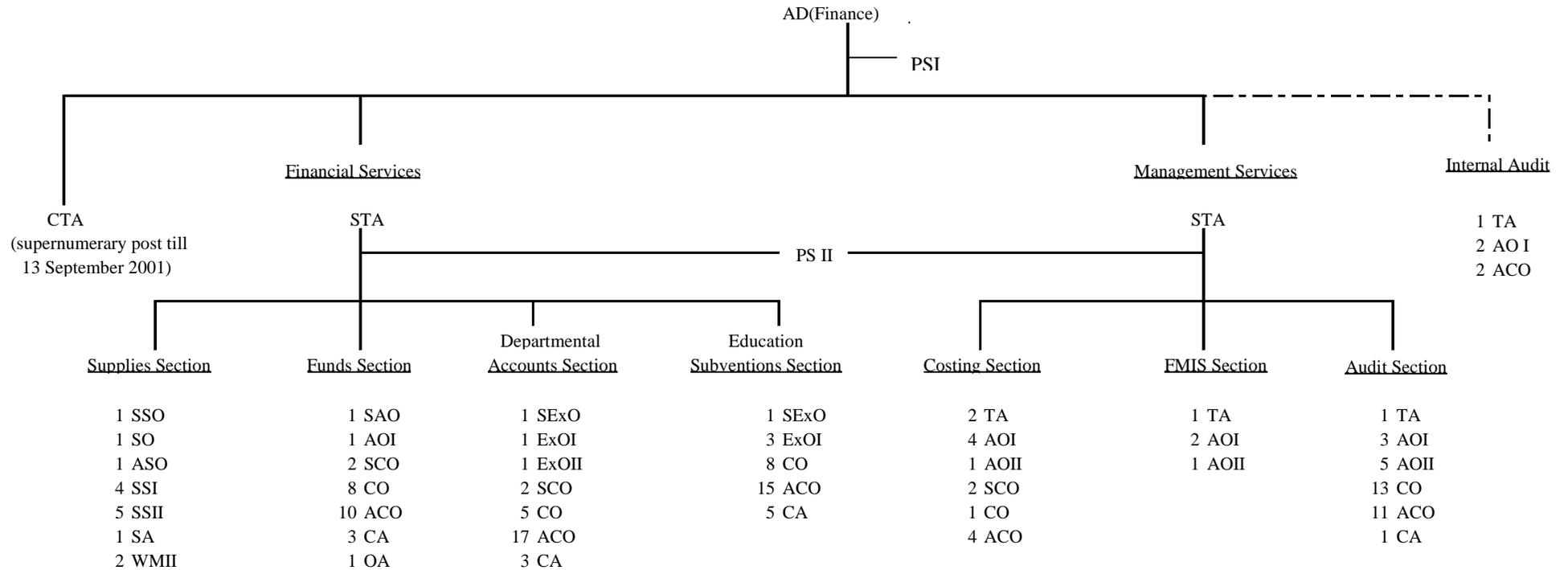
17. The Administration has considered carefully alternative means to provide the required directorate support to meet the service need bearing in mind the need to ensure efficiency and effectiveness. The Administration considers this proposal the most appropriate way to proceed. Having regard to the justifications put forward, the Civil Service Bureau supports the creation of the proposed permanent directorate post and considers the grading and ranking of the post to be appropriate. The total number of established directorate posts in the Education Department as at 1 April 2001 is 22.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

18. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the post were to be created.

Education and Manpower Bureau
May 2001

Existing Organisation Chart of Finance Division, Education Department



Legend :

AD	Assistant Director	ASO	Assistant Supplies Officer
CTA	Chief Treasury Accountant	SS	Supplies Supervisor
STA	Senior Treasury Accountant	SA	Supplies Assistant
TA	Treasury Accountant	SCO	Senior Clerical Officer
SAO	Senior Accounting Officer	CO	Clerical Officer
AO	Accounting Officer	ACO	Assistant Clerical Officer
SExO	Senior Executive Officer	CA	Clerical Assistant
ExO	Executive Officer	PS	Personal Secretary
SSO	Senior Supplies Officer	WM	Workman
SO	Supplies Officer	OA	Office Assistant

**Job Description
Chief Treasury Accountant**

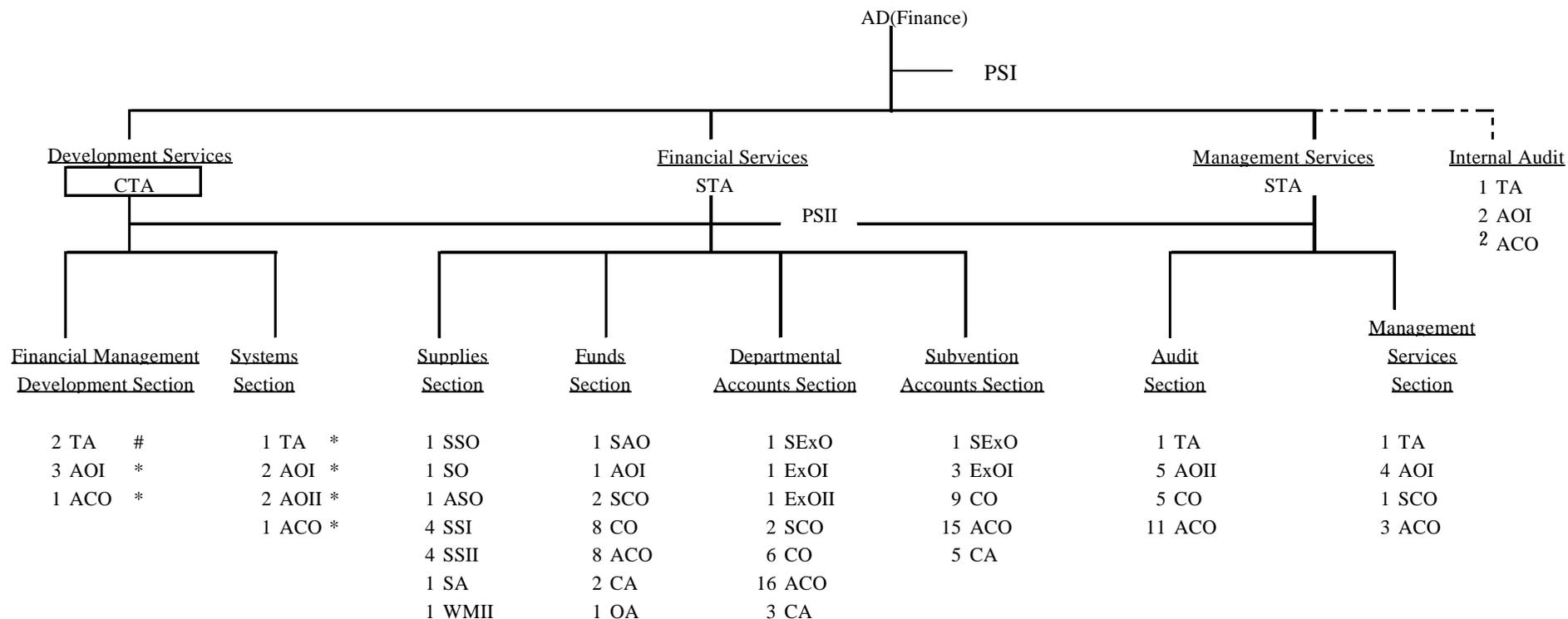
Rank : Chief Treasury Accountant (D1)

Responsible to : Assistant Director (Finance)

Main Duties and Responsibilities -

1. to provide professional directorate input to, and participate in, the planning and development of new education initiatives and policies;
2. to review and enhance existing financial and accounting systems; to initiate system redevelopment as and when required to make optimal use of information technology with a view to improving efficiency and effectiveness of the relevant processes;
3. to develop and implement a financial information warehouse to facilitate resource planning and management; to review the financial information needs of the department and enhance the warehouse facilities as and when required to keep pace with changes in departmental policies and technology;
4. to provide support in the development of financial management in the school sector; to promote financial management concepts and good practices, and foster an effective resource management culture at schools;
5. to liaise with policy and resource bureaux, other divisions of the department and the school sector to ensure the smooth implementation of the above; and
6. to explore, develop and implement initiatives for continuous improvement in the financial management of the department and the school sector.

Proposed Organisation Chart of Finance Division, Education Department



: Proposed permanent CTA post
 # : 1 TA post to be created
 : 1 TA post to be re-deployed within Finance Division
 * : Post to be re-deployed within Finance Division upon the restructuring of the Division and the creation of the new Development Services section

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