

NOTE FOR FINANCE COMMITTEE

Fifth Annual Progress Report on the Use of the Grant to Support the Assessment Development and Research Activities of the Hong Kong Examinations and Assessment Authority

PURPOSE

This paper informs Members of the progress of the use of the one-off grant to support the assessment development and research activities of the Hong Kong Examinations and Assessment Authority (HKEAA). This is the fifth report covering the period from March 2008 to February 2009.

BACKGROUND

2. In February 2004, Members approved vide FCR(2003-04)65 a commitment of \$136.7 million for providing a one-off grant to support the assessment development and research activities of the HKEAA for about five years from 2004 to 2009 (the grant). The Administration undertook to inform Members of the progress of the use of the funding through annual reporting.

3. The grant covers four categories of activities, namely –
- (a) assessment development;
 - (b) use of technology to improve public examinations;
 - (c) long-term regular guarding and comparison of students' standards and performance; and
 - (d) strengthening support to teachers.

4. In the Third and the Fourth Annual Progress Reports, Members were informed that some activities financed by the grant will be extended beyond the original five-year project period to cater for the development of the New Senior Secondary (NSS) curriculum and assessment, as well as the application of the NSS assessment methodologies to the new Hong Kong Diploma of Secondary Education Examination to be implemented in 2012. In this regard, in January 2009, this Committee noted vide FCR(2008-09)56 that the use of the grant by the HKEAA would be extended to at least the 2011/12 school year. The main revision of schedule lies in the areas of the preparation of subject materials for standards-referenced reporting and the implementation of School-Based Assessment. The HKEAA has updated the master timetable of activities as set out in Enclosure 1. We will continue to monitor the progress according to the updated master timetable.

Encl. 1

MONITORING THE USE OF THE GRANT

5. In March 2004, the then Education and Manpower Bureau signed a Letter of Agreement with the HKEAA with details consistent with the proposal set out in FCR(2003-04)65. The letter specified the ambit of the assessment development and research activities to be undertaken by the HKEAA. The HKEAA has opened a separate bank account for the grant, kept separate accounts of the income and expenditure relating to the grant, and submitted to the Government separate annual audited financial statements of the grant. The last such financial statement submitted to the Government recorded the financial position as at the end of August 2008. A supplemental agreement was signed with the HKEAA in May 2009 to update the project completion date.

6. Monitoring of the use of the grant has been conducted in accordance with the existing governance structure of the HKEAA, which comprises the HKEAA Council and the three committees/boards under it, namely the Finance and Audit Committee (FAC), the Research and Development Committee (R&DC) and the Public Examinations Board (PEB). The R&DC and the PEB approve the technical proposals of the projects in their respective areas, as appropriate, and recommend reports of projects for approval by the HKEAA Council. The FAC monitors the use of the grant through regular reports of the financial position of the grant prepared by the HKEAA Secretariat. The FAC also recommends the master budget and annual audited financial statements of the grant for approval by the HKEAA Council.

/PROGRESS

PROGRESS OF THE USE OF THE GRANT

7. The HKEAA reported the progress of the use of the grant as follows –

(a) the updated master timetable and the progress of the activities supported by the grant as at 28 February 2009 is set out in Enclosure 1; and

(b) the expenditure and commitment position of the grant as at 28 February 2009 are set out in Enclosure 2.

Encl. 2

8. As shown in Enclosure 2, about 91.5% of the approved grant and estimated interest to be generated from the grant had been spent or committed as at the end of February 2009. The progress as well as the spending and commitment of the activities in the period accord with the updated master timetable.

Education Bureau
August 2009

**Expenditure and Commitment Position of the Grant
as at 28 February 2009**

	(1)	(2)	(3)	(4)=(1)-(2)-(3)
Category	Projected required funding as at 27 February 2004 (\$ million)	Actual expenditure as at 28 February 2009 (\$ million)	Amount committed as at 28 February 2009 (\$ million)	Balance as at 28 February 2009 (\$ million)
(A) Assessment Development	113.30	71.04	47.84	-5.58 ^{Note 1}
(B) Use of technology to improve public examinations	8.70	3.90	1.49	3.31
(C) Long term regular guarding and comparison of students' standards and performance	11.00	2.51	3.42	5.07
(D) Strengthening support to teachers	11.80	2.31	-	9.49
Sub-total	144.80	79.76	52.75	12.29
Less: Estimated interest to be generated from the grant	(8.10)	(13.50) ^{Note 2}	N.A.	N.A.
Amount of grant	136.70	66.26	52.75	17.69^{Note 3}

Note 1 - The additional expenses will be met by reallocating resources from other categories without exceeding the total approved provision and affecting the approved scope of activities.

Note 2 - \$13.5 million is the actual interest generated from the grant as at 28 February 2009.

Note 3 - There was a surplus of \$5.4 million under the grant as of 28 February 2009 due to the higher-than-expected interest as explained in Note 2. Any surplus (including unused grant and interest generated) remaining after the completion of the agreed deliverables will be returned to the Government.
