

## **NOTE FOR FINANCE COMMITTEE**

### **Seventh 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 seventh report covering the period from March 2010 to February 2011.

#### **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. Since some of the activities financed by the grant would need to be extended to cater for the development of the New Senior Secondary (NSS) curriculum and assessment, and the application of the NSS assessment methodologies to the new Hong Kong Diploma of Secondary Education Examination (HKDSEE) to be implemented in 2012, the Finance 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 HKEAA has updated the master timetable of activities as set out in Enclosure 1. The main revision of schedule pertains to the study of marking reliability, redevelopment of computer systems, study of online delivery of public examinations and comparison of students' performance in public examinations in order to match the implementation of the HKDSEE in 2012. 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 account 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 2010. A supplemental agreement was signed with the HKEAA in May 2009 to update the project completion date.

6. HKEAA monitors the use of the grant within its existing governance structure, which comprises the HKEAA Council and the three committees/boards under it, namely the Finance Committee (formerly known as the Finance and Audit Committee) (FC/HKEAA), 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 FC/HKEAA monitors the use of the grant through regular reports of the financial position of the grant prepared by the HKEAA Secretariat. The FC/HKEAA 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 2011 are set out in Enclosure 1; and
- (b) the expenditure and commitment position of the grant as at 28 February 2011 are set out in Enclosure 2.

Encl. 2

8. As shown in Enclosure 2, about 93.6% of the approved grant and estimated interest to be generated from the grant has been spent or committed as at the end of February 2011. The activities financed by the grant will be completed by the third quarter of 2012 and the balance of \$9.33 million is expected to be spent from March 2011 to August 2012. Any remaining balance and the surplus interest will be returned to the Government. We plan to submit the next and final progress report of the grant covering the period from March 2011 to August 2012 in early 2013 to tie in with the finalisation of the accounts.

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Education Bureau  
June 2011



**Expenditure and Commitment Position of the Grant  
as at 28 February 2011**

Category	(1) Projected required funding as at 27 February 2004 (\$ million)	(2) Actual expenditure as at 28 February 2011 (\$ million)	(3) Amount Committed as at 28 February 2011 (\$ million)	(4)=(1)-(2)-(3) Balance as at 28 February 2011 (\$ million)
(A) Assessment development	113.30	108.42	6.07	-1.19 <sup>Note 1</sup>
(B) Use of technology to improve public examinations	8.70	4.49	0.52	3.69
(C) Long-term regular guarding and comparison of students' standards and performance	11.00	6.60	0.90	3.50
(D) Strengthening support to teachers	11.80	4.94	3.53	3.33
<b>Total</b>	<b>144.80</b> <sup>Note 2</sup>	<b>124.45</b>	<b>11.02</b>	<b>9.33</b> <sup>Note 3</sup>

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 – The amount of \$144.80 million comprises a grant of \$136.7 million approved by the Finance Committee vide FCR(2003-04)65 and \$8.1 million in interest envisaged to be generated from the grant in February 2004.

Note 3 – As of 28 February 2011, the actual interest generated was \$14.02 million. The balance of \$9.33 million has excluded the surplus interest of \$5.92 million (\$14.02 - \$8.1 million), which, together with any unused portion of the grant and any further surplus interest which may remain after the completion of the agreed deliverables, will be returned to the Government.

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