



中華人民共和國香港特別行政區政府總部教育局  
Education Bureau  
Government Secretariat, The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

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25 November 2010

Ms Miranda HON  
Clerk to Public Accounts Committee  
Legislative Council  
8 Jackson Road  
Central  
Hong Kong

*Urgent by post and fax  
(Fax No. 2537 1204)*

Dear Ms Hon,

**The Director of Audit's Report on the  
Results of Value for Money Audits (Report No. 55)**

I refer to the letter dated 22 November 2010 to the Secretary for Education. The information requested pertaining to items (a) and (b) in your letter is at Annex A; item (c) at Annex B and item (d) at Annex C.

Yours sincerely,

(Miss Grace Kwok)  
for Secretary for Education

**\*Note by Clerk, PAC: Annex B not attached.**

c.c. Secretary for Financial Services and the Treasury (Fax no.: 2147 5239)  
Director of Audit (Fax no.: 2583 9063)

**Response to PAC re Report No. 55 Administration of the Direct Subsidy Scheme (Chapter 1)**

- (a) **Regarding the five schools which have yet to acquire non-profit-making status, as reported in paragraphs 2.9 to 2.12 of the Audit Report, how their operating surplus in the past five years were used.**

**Response:**

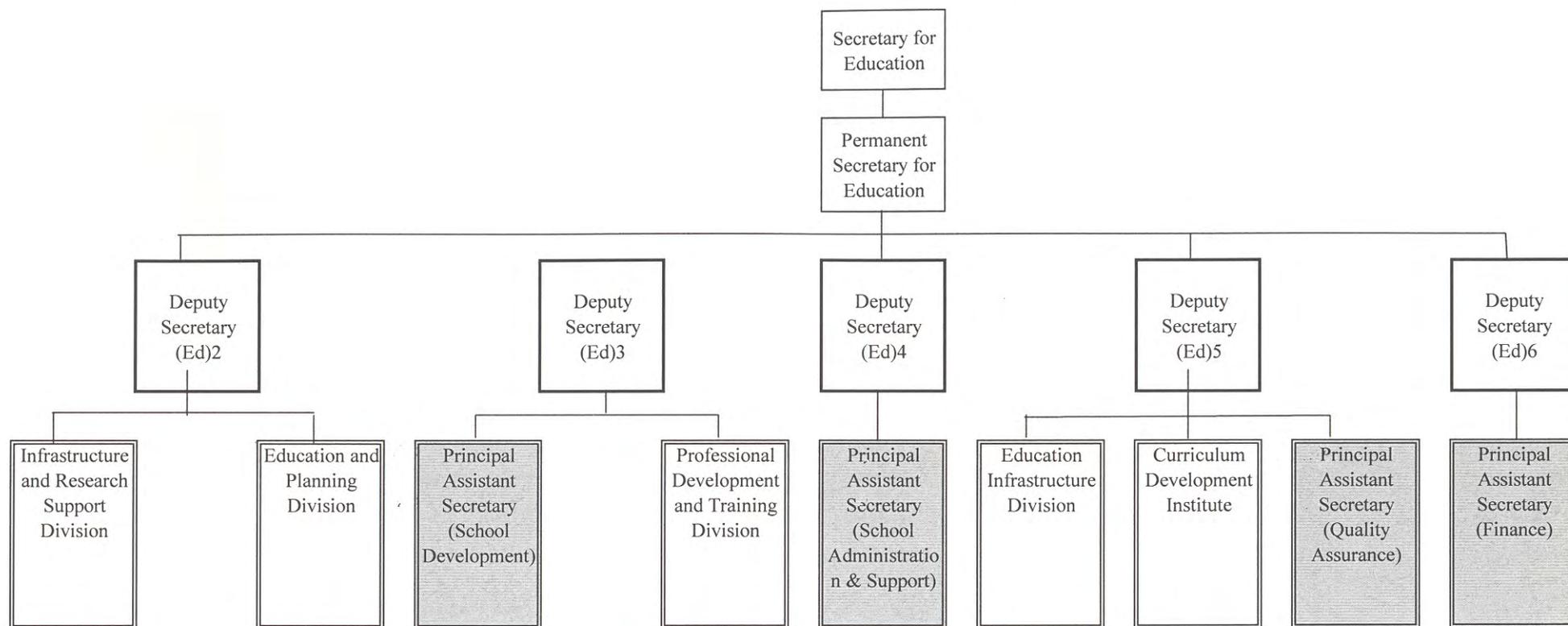
Although the SSBs of the five schools have not acquired non-profit-making (NPM) status legally, they have been operating on a NPM basis. All the surplus accumulated would be retained in the school for use relating to the benefit of students, such as major repair and upgrading of school facilities, purchase of furniture and equipment, and hiring additional teachers, etc. In fact, these schools have seldomly applied for fee increase and their school fees, which are uniform among the five schools within the group, are comparatively low.

- (b) **Regarding the two schools that are operating in leased premises, as reported in paragraphs 2.13 and 2.14 of the Audit Report, whether or not they are paying rents at the market level.**

**Response:**

As advised by the Rate and Valuation Department, the two schools that are operating in leased premises as reported in paragraph 2.13 and 2.14 of the Report are paying rents at market level.

### Organization Chart of Education Bureau on Monitoring of DSS Schools



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Note: Direct Subsidy Scheme (DSS) schools have to comply with the Education Ordinance, Education Regulations, other related legislations and such other requirements as specified in circulars and documents. EDB's divisions as shown above shoulder the responsibility to monitor schools, including DSS schools under their authority of office. For DSS schools' administration and management, quality assurance, financial management and implementation of DSS, these aspects are mainly monitored by the Principal Assistant Secretaries of divisions highlighted in grey.