

NOTE FOR FINANCE COMMITTEE

Final 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 final report covering the period from March 2011 to August 2012.

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 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.

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 31 August 2012. In view of the extended project schedule, a supplemental agreement was signed with the HKEAA in May 2009 to update the project completion date.

6. The HKEAA has monitored 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 approved the technical proposals of the projects in their respective areas, as appropriate, and recommended reports of projects for approval by the HKEAA Council. The FC/HKEAA monitored the use of the grant through regular reports of the financial position of the grant prepared by the HKEAA Secretariat. The FC/HKEAA also recommended the master budget and annual audited financial statements of the grant for approval by the HKEAA Council.

FINAL REPORT ON THE USE OF THE GRANT

7. The HKEAA has completed all the assessment development and research activities covered by the grant in August 2012 according to the planned schedule. The master timetable of the activities conducted is in Enclosure 1. The HKEAA has finalised the accounts of the grant and the final expenditure position of the grant is set out in Enclosure 2. A total of \$143.75 million, equivalent to about 99.3% of the approved grant and estimated interest generated from the grant, has been spent as at the end of August 2012. The remaining balance of \$1.05 million plus the higher-than-estimated interest of \$6 million have been returned to the Government.

Education Bureau
May 2013

**Final Expenditure Position of the Grant
as at 31 August 2012**

Category	(1) Projected required funding as at 27 February 2004 (\$ million)	(2) Actual expenditure as at 31 August 2012 (\$ million)	(3)=(1)-(2) Balance as at 31 August 2012 (\$ million)
(A) Assessment development	113.30	119.91	-6.61 ^{Note 1}
(B) Use of technology to improve public examinations	8.70	5.05	3.65
(C) Long-term regular guarding and comparison of students' standards and performance	11.00	8.70	2.30
(D) Strengthening support to teachers	11.80	10.09	1.71
Total	144.80^{Note 2}	143.75	1.05^{Note 3}

^{Note 1} – The additional expenses were 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 31 August 2012, the actual interest generated was \$14.1 million. The surplus interest of \$6 million (\$14.1 - \$8.1 million) together with the balance of \$1.05 million have been returned to the Government.