



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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29 May 2017


Legislative Council Complex
1 Legislative Council Road
Central, H.K.
Public Accounts Committee
(Attn. : Mr Anthony CHU)

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 68
Government's support and monitoring of charities

To facilitate the consideration of the Public Accounts Committee of Chapter 1 of the Director of Audit's Report No. 68, I provide at the attached the required information in both English and Chinese. Softcopy of the required information will be sent to you separately.

Your sincerely,


(Ms Angelina Cheung)
for Secretary for Education

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**Information requested by Public Accounts Committee
in seriatim of questions raised in its letter of 22 May 2017 regarding
Chapter 1 of the Director of Audit's Report No. 68
Government's support and monitoring of charities**

- (a)(i)** EDB has put in place proper mechanism to follow up with IMC schools that failed to submit their annual audited financial statements by the deadline. According to the established mechanism, EDB will liaise with the schools concerned to understand the reasons for the late submission and offer assistance where appropriate. The late submission by schools were mainly due to reasons beyond their control, such as high turnover of accounting staff, inexperienced staff, change in auditors and late submission of audited financial statements by auditors. Some schools however failed to accord due priority to ensure timely completion and submission of the audited financial statements
- (a)(ii)** For those IMC schools that failed to submit the annual audited financial statements by the submission deadline, EDB will issue reminders to the schools concerned within two months after the deadline and the responsible EDB regional officer will closely follow up with the schools. Bi-monthly emails will be issued to escalate the outstanding cases to senior EDB officers for taking follow-up action with the schools. If the outstanding audited financial statements have been overdue for more than ten months, EDB will approach the sponsoring body of the school to request immediate submission. Nevertheless, it should be noted that late submission beyond three months after deadline for the school years from 2010/11 to 2014/15 was on average of 5%. There are no outstanding annual audited financial statements for the said school years. We consider the established mechanism has been working effectively.
- (b)** To enhance transparency, aided IMC schools are advised to give a financial summary in their annual school reports which have to be uploaded onto school websites. Schools may also consider uploading their audited accounts onto their websites. Whilst some schools concur with EDB that the uploading of financial statistics onto their websites will enhance transparency, some do not consider it necessary. EDB will encourage more schools to adopt the good practice of uploading their financial

summaries/annual audited accounts onto their websites by updating relevant guidelines before the commencement of the 2017/18 school year and promulgate these messages in related seminars and briefings for IMC schools in January 2018.

- (c) According to Section 40BB of the Education Ordinance, IMC schools are required to submit annual audited financial statements to the Permanent Secretary for Education at such time and in such manner as the Permanent Secretary may specify. The annual audited financial statements shall include an income and expenditure account and balance sheet, be authenticated by the signatures of the supervisor of the school and one other manager authorized by the IMC of the school to act for that purpose. In this connection, EDB issues circular memoranda annually to call for submission of annual audited financial statements by IMC schools within six / seven months after the close of the relevant school year. EDB will specify in the circular the detailed reporting requirements, specifically providing templates for IMC schools to report the financial position of each individual grant they received from EDB during the school year. EDB maintains contacts with the Hong Kong Institute of Certified Public Accountants which has issued a circular (to be updated from time to time) on reporting on the audit of schools, providing guidance to auditors in relation to audits of financial statements of aided and Direct Subsidy Scheme schools.