



30<sup>th</sup> November, 2010

Dear Parents,

I believe you are very concerned about the recent report issued by the Audit Commission on DSS schools. The report raised some issues about us.

I would like to thank all of you for your trust and support since the start of our school. In order to let you have a better understanding of the issues, I am enclosing a Table setting out our responses to the relevant issues for your reference. This English version is based on the original Chinese version issued on 26<sup>th</sup> November.

Should you have any queries, please contact the Principal or me.

Mabel Lee  
Supervisor  
HKUGA College

#### **Responses to the relevant paragraphs in the Audit Commission's Report**

Paragraphs	Content in Brief (as per 2008/09)	Responses by HKUGA College
Chapter 1	Administration of the Direct Subsidy Scheme	
3.32	SSB Service Agreement should include a clause to provide the Director of Audit with the right of access to the records and accounts of the DSS schools	The Service Agreement between EDB and our Sponsoring Body does contain such a clause.
4.6 table 2	Delay in entering into the IMC Service Agreement with EDB	It was EDB's responsibility to provide the Service Agreement within the required time frame for the school to sign. There was no delay on our part in signing the same on receipt from EDB.
4.13 (a) (ii)	IMC did not have teacher manager and alternate teacher manager for over 3 months	Our IMC did have a teacher manager and an alternate teacher manager, but there was a delay in registration in that year. The school management has since adopted the necessary measures to ensure that registration of managers is completed in time.

Paragraphs	Content in Brief (as per 2008/09)	Responses by HKUGA College
4.13 (a) (v)	IMC did not have alumni manager for over 3 months	The school was established in 2006. We only had S1-S3 levels in 2008-09. So there was no alumni manager.
4.13 (b)	The number of SSB managers in IMC exceeded 60% of the maximum number of managers in the IMC	According to EDB, the alumni manager, though vacant, is counted in the maximum number of managers for the calculation of the percentage of SSB managers. Also, there was sometimes inevitably a time gap between the resignation of an independent manager and the nomination of a new independent manager by the IMC.
4.19c	Delay in signing the Tenancy Agreement	It was EDB's responsibility to provide the Tenancy Agreement within the required time frame for our school to sign. There was no delay on our part in signing the same on receipt from EDB.
Chapter 2	Governance and administration of Direct Subsidy Scheme schools	
3.3 (b)	The amount of school fee income set aside for fee remission/ scholarship schemes was less than the required amount	The audited accounts of that year showed the required amount and were duly submitted to and accepted by EDB. We are not clear why there is such a comment.
3.6	The utilization of the fee remission/ scholarship schemes was less than 50%	The school received few applications for fee remission, which were duly handled according to EDB's guidelines. As for scholarship, time is needed for the school to set up and refine the scheme step by step. The number of scholarship categories and the amounts meted out have been increasing ever since.

Paragraphs	Content in Brief (as per 2008/09)	Responses by HKUGA College
4.10 (b)	The projected deficit in accumulated operating reserves turned out to be surplus	<p>1. When the school prepared the budget estimates for the following year, the amount of direct subsidy per student for the new school year was not yet made known to the school. So the 2007/08 figure was used for calculating the amount of government funding. After the new school year began, it turned out that there was a substantial increase in the direct subsidy amount provided by the government, leading to an increase in the school income.</p> <p>2. Staff salary is a major expenditure item, and as the number of students and of new teachers increased every year, the staff salary expenses also increased. When preparing the budget estimates for the following year, the school had to use the mid-point figures in the Government Master Pay Scale for government and aided schools as a reference in estimating the total salary expenses. But there are bound to be variances between the budget estimates and the actual outcomes. For instance, the staff establishment had assumed two Vice Principal posts, but the second post was not filled in that year because no suitable candidate was identified.</p> <p>3. Because of the school's switch from the IB curriculum to the NSS curriculum in 2007, it was anticipated that some parents would arrange their children to leave the school in the subsequent years. Assumptions were also made for students going abroad for studies when they moved up to senior secondary level. So estimates were made for the reduction of tuition fee income. However, the actual number of student lost was less than the original estimates.</p>
5.12	The accumulated operating reserves were below the level of two months' operating expenses	In its first few years, the school was unable to achieve a surplus because the number of students increased only gradually each year and the unit cost was high. The Sponsoring Body was thus required to give a written undertaking to EDB to provide the two months' operating reserves. As the total number of students grows each year up to its full capacity (S1 to S6), the school would be able to accumulate sufficient operating surpluses to meet the reserve requirement.