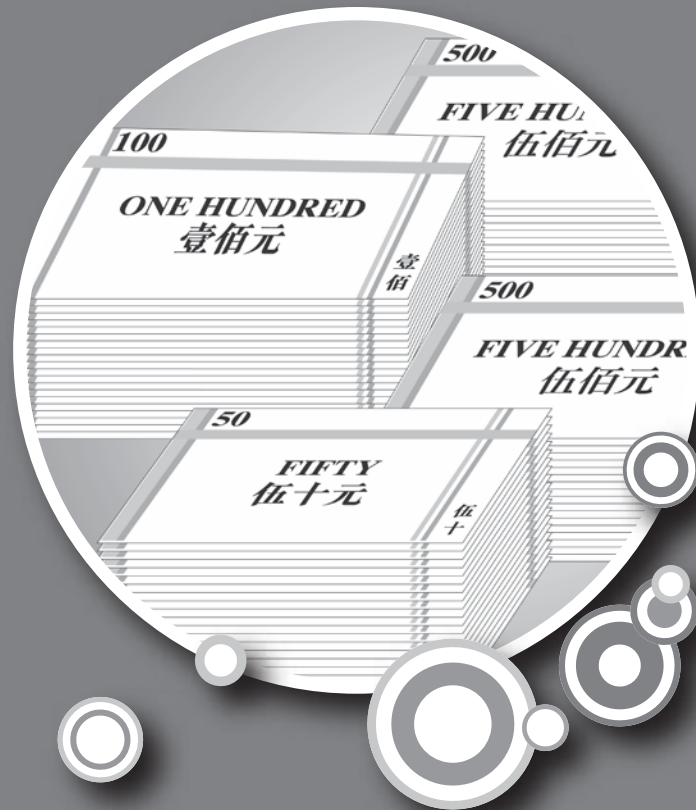


Chapter Four : Finance



Chapter Four

Finance

Most Parent-Teacher Associations are financially independent. A prudent financial management system is essential to ensure the effective use of financial resources.

4.1 Sources of Income

- Membership fee – Collection of membership fee in accordance with the constitution
- Subsidies for activities – Home-School Co-operation Grants from the Education Bureau (For details, please refer to paragraph 4.2 below)
- Charges for activities – Charging appropriate fees for the activity in question
- Other subsidies – Subsidies from the school and sponsorship or donations from other organizations

4.2 Home-School Co-operation Grants

- The Education Bureau provides grants to subsidize home-school co-operation activities every year.
- The circular on “Home-School Co-operation Grants” is uploaded to the website of the Education Bureau around June or July every year and schools may download the application form for submitting applications of the school year concerned.
- Parent-Teacher Associations and schools must pay attention to the application deadline. Applications submitted after the deadline will not be entertained.
- In filling out the application forms, Parent-Teacher Associations and schools have to go through the circular carefully with particular reference to the targets of their proposed activities and the vetting criteria spelt out in the circular.
- The “Home-School Co-operation Grants” comprise subsidies as detailed below:

Type	Nature of subsidy	Subsidy	Handling of surplus	Remarks
1	(a) Set Up Grant or	Fixed amount	A reasonable amount may be accumulated	A one-off grant to assist schools to set up Parent-Teacher Associations.

	(b) Annual Grant	Fixed amount	A reasonable amount may be accumulated	To subsidize the recurrent expenditure of existing Parent-Teacher Associations (Not available for schools that have been approved Set Up Grant in the same school year.)
2	Home-school co-operation activities	To be approved by the Committee on Home-School Co-operation	Unspent amount must be returned to the Education Bureau	<ul style="list-style-type: none"> ● Co-organized by PTA and school. ● 1-2 activities can be proposed in the application for submission through the school every year.
3	Projects jointly organized by different schools or different Parent-Teacher Associations	To be approved by the Committee on Home-School Co-operation	Unspent amount must be returned to the Education Bureau	<ul style="list-style-type: none"> ● One of the schools or Parent-Teacher Associations organizing the activities is responsible for submitting the application. ● Only one activity can be proposed for submission every year.

- For the latest information about Type 1-3 subsidies, please read the circular issued by the Education Bureau for the current school year. Relevant circular is uploaded to the website:

https://www.chsc.hk/upload/attachments/pta/202006/EDBCM_2020_en.pdf

Hints for designing activities:

- Ideal activities are those in which teachers, parents and students can participate together for bringing benefits to the students in their study.
- In designing home-school activities, it is advisable to consult and seek the valuable opinions of the school and parents so as to achieve the best results.
- In designing joint school activities, it is advisable for the host school and its Parent-Teacher Association to seek consensus on the arrangements (including the income and expenses items) with the partner school and its Parent-Teacher Association. The partner school and its Parent-Teacher Association have to work closely with the host school and its Parent-Teacher Association throughout the activity.

- For a sample on the organization of home-school co-operation activity, please refer to **Appendix (8)**.
- Upon the completion of home-school co-operation activities, schools are required to submit activity reports/evaluation forms to the Education Bureau and keep the records for inspection. Schools should, in compliance with the standing financial monitoring and auditing mechanism, reflect the subsidies obtained and expenses incurred under the “Home-School Co-operation Grants” in their own annual account for timely inspection and auditing purposes.
 - Schools and Parent-Teacher Association can obtain information about the above-mentioned evaluation form from the following website: https://www.chsc.hk/chi/content_pta/application/201911/Evaluation-Form-PTA_e_2019-20.pdf
 - Schools and Parent-Teacher Associations can make reference to the circular issued by the Education Bureau requesting individual school belonging to the categories concerned to submit the above-mentioned annual account from the following website: <http://applications.edb.gov.hk/circular/circular.aspx?langno=1>

4.3 Financial Management

(a) Principle of handling financial matters:

- The set-up of and resource allocation for the Parent-Teacher Associations are based on the support and trust of the members of public. In order to consolidate the status and ensure the continuity of the Parent-Teacher Association, the schools and their Parent-Teacher Associations should handle seriously, openly and fairly matters relating to the income and expenditure of their own Association.

(b) Reference materials for handling financial matters:

- Fund-Raising Activities
 - If a Parent-Teacher Association needs to organize fund-raising activities publicly, it should gather relevant information from the following website first: http://www.swd.gov.hk/en/index/site_pubsvc/page_controlofc/
- Purchasing goods or hiring services
 - To use existing resources in the best way, the Parent-Teacher Association should adhere to the guidelines of the Education Bureau Circular No. 04/2013 on “Procurement Procedures in

Aided Schools”, the Education Bureau Circular No. 10/2016 on “Trading Operations in Schools” and the Procurement Practices laid down in the “Corruption Prevention Best Practices - Governance and Internal Control in Schools” of the Independent Commission Against Corruption about the tendering procedures for purchasing of goods and hiring of services.

- Please visit the following websites about the afore-mentioned guidelines and practices:

<http://applications.edb.gov.hk/circular/upload/EDBC/EDBC13004E.pdf>

<https://applications.edb.gov.hk/circular/upload/EDBC/EDBC16010E.pdf>

https://cpas.icac.hk/UPloadImages/InfoFile/cate_43/2018/d6d817cb-6bec-4bdb-89fb-3cd884c9088f.pdf

- Trading operations

- If the Parent-Teacher Association is authorized by the School Management Committee or Incorporated Management Committee to conduct trading operations, the principles and arrangements set out in current notifications related to “Trading operations of schools” must be complied with. Any profit or net income generated by such trading operations shall be credited to the school’s account and used directly for the benefit of the school’s students.
- All authorized arrangements must have obtained prior approval from the School Management Committee or the Incorporated Management Committee, and must be properly archived. The Parent-Teacher Association shall provide relevant tender or price quote documents to the School Management Committee or the Incorporated Management Committee for record keeping purposes.

- Acceptance of advantages and donations

- When dealing with the acceptance of advantages and donations, the Parent-Teacher Associations should make reference to the Education Bureau Circular No. 14/2003 on “Acceptance of Advantages and Donations by Schools and their Staff”. Please visit the following website about the afore-mentioned circular:

4.4 Duties of the Executive Committee

- To open savings and current accounts in the legal title of the Parent-Teacher Association after its establishment
- To decide on the financial arrangements in accordance with the constitution and to monitor them to maintain a break-even status

4.5 Duties of the Treasurer

- To manage the income and expenditure of the accounts of the Parent-Teacher Association
- To keep bank passbooks, monthly statements, cheque books and all accounting books/records
- To properly maintain receipts for reimbursement and disbursement and to add “serial numbers” to the receipts to facilitate audit and inspection
- To report the financial status at every meeting of the executive committee
- To compile an annual financial report at the end of the school year for auditing by an auditor appointed by the Parent-Teacher Association and to submit it to the General Meeting for verification and adoption

4.6 Drawing up a Budget

- An annual budget making proposals and estimates on the income and expenditure and the assets to be purchased has to be drawn up usually prior to the General Meeting or Annual Meeting.
- The sources of income may include membership fees, subsidies from the Education Bureau or charitable donations and the like.
- On the expenditure side, the factors to be taken into consideration should include the number, nature and form of activities and the numbers of participants.
- The executive committee may make reference to the expenses incurred in the previous years or the experience of other schools so as to draw up a budget for individual items or activities.
- The budget should only be put into effect after adoption by the General Meeting.

4.7 Handling Income and Expenditure

- (a) Accounts of the Parent-Teacher Association can be classified as:
- Bank accounts

- Petty cash accounts
- Ledger accounts

(b) Handling of Income:

- The treasurer must issue receipts for all income in cash or cheques.
- Receipts should be numbered in advance and issued sequentially.
- Copies and counterfoils of receipts must be duly kept on file.
- Receipts that have been cancelled should also be kept for auditing.
- The name(s) of payee(s) and the nature of the payment must be written on each receipt.
- A table listing in details the nature of the payments, information about the payees and the serial numbers of the receipts has to be compiled to facilitate periodic/regular review.
- All cash and cheques should be deposited into the bank accounts of the Parent-Teacher Association and recorded in the account books as soon as possible.

(c) Handling of Expenditure:

- Prior approval and signature on the invoices and receipts by the authorized executive committee member(s) are required for all the expenses incurred.
- All withdrawal slips or cheques must be signed by the authorized executive committee member(s) and recorded in the account books as soon as possible.
- All cheques, passbooks and chops should remain in the safe custody of the designated executive committee member(s).
- Cheques that have been cancelled and voided should be kept for auditing.
- No one is allowed to sign and issue blank cheques.
- When the executive committee member(s) authorized to sign cheques/withdrawal slip has/have completed his/her/their term or office or resigned, the bank must be immediately notified for making necessary arrangements.

(d) Handling of Petty Cash:

- A petty cash fund shall be approved by the executive committee if there are operational needs.
- Reimbursement of petty cash shall be made upon submission of a receipt and after verification.

- All receipts must be signed by the payer and counter-signed by the treasurer and numbered for auditing.
- To avoid the print on receipts become faint with time, they may be photocopied for filing.
- All receipts must be filed for at least 7 years.
- If no receipts can be provided, there must be a prior approval from the executive committee for the reimbursement application to be processed.
- Expenses paid from petty cash must be recorded in the account books as soon as possible.
- No one is allowed to draw cash in advance.
- For a sample on the income and expenditure financial record, please refer to **Appendix (9)**.

4.8 Financial Report

(a) Purpose of the Financial Report:

- The purpose of the financial report is to review the expenditure and the budget in order to work out the actual income and assist the executive committee in monitoring the income and expenditure to achieve a break-even position.

(b) Main Contents of the Financial Report:

- The financial report is mainly made up of the income and expenditure account and the balance sheet.
- The contents of the income and expenditure account primarily include income and expenditure. It clearly shows the income and expenditure status.
- The contents of the balance sheet include:
 - Fixed assets (such as furniture, appliances, and so on)
 - Current assets (such as bank account balances and cash balance)
 - Short-term liabilities (such as amounts payable)

(c) Auditing of the Financial Report:

- The purpose of auditing is to review all accounts within a certain period to check whether they have been recorded and give a true and fair view in accordance with the general accounting principles and standards.
- To maintain its independence, the Parent-Teacher Association should invite an experienced person to be the honorary or voluntary auditor.

If the Parent-Teacher Association is registered as a limited company, the auditor must be a practice unit having the meaning given by section 2(1) of the Professional Accountants Ordinance (Cap. 50).