

Common examples on the re-allocation of funds

**1**

Re-allocation within prescribed limits

	Approved Budget (HK\$)	Actual (HK\$)	Variance With Appvd Budget (HK\$)
Income			
- QEF Grant	200,000	200,000	-
- Other Income	-	-	-
Total Income	200,000	200,000	-
Expenditures			
- Equipment	50,000	65,000	15,000
- Service	80,000	50,000	(30,000)
- Work	65,000	65,000	-
- General expenses	5,000	5,000	-
Total Expenditure	200,000	185,000	(15,000)
Excess of Expenditure over Income	-	15,000	15,000

Maximum re-allocation amount of any particular non-salary item (except audit fee) for a project with total grant less than or equal to \$300,000 (Note):

\$50,000

The underspending in Service can be re-allocated to Equipment to cover its overspending entirely as the re-allocation amount is within the prescribed limit of \$50,000.



Amount to return to the QEF



優質教育基金
Quality Education Fund

Note: For a project with total grant between \$300,001 and \$1 million, the re-allocation of any particular non-salary item in the “Budget” (except audit fee) shall not be more than \$100,000. For a project with total grant over \$1 million, the re-allocation of any particular non-salary item in the “Budget” (except audit fee) shall not be more than \$200,000.



2


Re-allocation exceeds prescribed limits

	Approved Budget (HK\$)	Actual (HK\$)	Variance With Appvd Budget (HK\$)
Income			
- QEF Grant	200,000	200,000	-
- Other Income (overspending in Equip.)	-	20,000	20,000
Total Income	200,000	220,000	20,000
Expenditures			
- Equipment	50,000	120,000	70,000
- Service	80,000	10,000	(70,000)
- Work	65,000	65,000	-
- General expenses	5,000	5,000	-
Total Expenditure	200,000	200,000	-
Excess of Expenditure over Income	-	20,000	20,000

Maximum re-allocation amount of any particular non-salary item (except audit fee) for a project with total grant less than or equal to \$300,000 (Note):

\$50,000

Without prior written approval, the underspending in Service cannot be re-allocated to Equipment to cover its overspending entirely due to the prescribed limit of \$50,000. The remaining \$20,000 should be borne by the Grantee.

 For re-allocations of funds exceeding the prescribed limits, grantees are required to first apply for budget virement and obtain prior approval from the QEF.

 **Amount to return to the QEF**



優質教育基金
Quality Education Fund

Note: For a project with total grant between \$300,001 and \$1 million, the re-allocation of any particular non-salary item in the “Budget” (except audit fee) shall not be more than \$100,000. For a project with total grant over \$1 million, the re-allocation of any particular non-salary item in the “Budget” (except audit fee) shall not be more than \$200,000.

**3**

Audit fee exceeds budgeted amount

	Approved Budget (HK\$)	Actual (HK\$)	Variance With Appvd Budget (HK\$)
Income			
- QEF Grant	200,000	200,000	-
- Other Income (excess Audit fee)	-	1,000	1,000
Total Income	200,000	201,000	1,000
Expenditures			
- Equipment	50,000	48,000	(2,000)
- Service	80,000	80,000	-
- Work	65,000	63,500	(1,500)
- General expense - Audit fee	5,000	6,000	1,000
Total Expenditure	200,000	197,500	(2,500)
Excess of Expenditure over Income	-	3,500	3,500

The excess Audit fee cannot be covered by other underspent items through re-allocations and should be borne by the Grantee.



Amount to return to the QEF



**4**

Audit fee less than budgeted amount

	Approved Budget (HK\$)	Actual (HK\$)	Variance With Appvd Budget (HK\$)
Income			
- QEF Grant	200,000	200,000	-
- Other Income (overspending in Service)	-	2,000	2,000
Total Income	200,000	202,000	2,000
Expenditures			
- Equipment	50,000	50,000	-
- Service	80,000	82,000	2,000
- Work	65,000	65,000	-
- General expense - Audit fee	5,000	4,000	(1,000)
Total Expenditure	200,000	201,000	1,000
Excess of Expenditure over Income	-	1,000	1,000

The remaining Audit fee cannot be re-allocated to other items and should be returned to the QEF.



Amount to return to the QEF





5

Staff costs re-allocation

All project personnel shall be remunerated on a **fixed salary point** during the entire project period. Salary increment is not permitted.

In **exceptional circumstances** such as difficulties in recruitment / replacement of project staff, variation of the approved salary items is allowed on the conditions that:

1. the revised Budget on salary **does not exceed 20% of the approved Budget** on salary;
2. the **number of staff** to be employed for each approved post in support of the project remains **unchanged**; and
3. the variation of salaries (monthly or total) of **individual posts** **does not exceed 20%** of the budgeted salary amount.

**6**

Staff costs exceed budgeted amounts

Case 1: Prior written approval not required under exceptional circumstances

Item	Approved Budget (HK\$)	Actual Cost (HK\$)	Re-allocation Amount (HK\$)
Salary	<ul style="list-style-type: none">- 10,000 per month- 5% MPF- 12 months- 1 headcount Total = <u>126,000</u>	<ul style="list-style-type: none">- 11,000 per month- 5% MPF- 12 months- 1 headcount Total = <u>138,600</u>	+12,600 (+10%)
Non-salary item	50,000	37,400	(12,600)
Total Grant	176,000	176,000	± 0

✓ **The actual salary cost was overspent by 10%, **not exceeding 20%** of the approved Budget**

**6**

Staff costs exceed budgeted amounts

Case 2: Prior written approval not required under **exceptional circumstances**

Item	Approved Budget (HK\$)	Actual Cost (HK\$)		Re-allocation Amount (HK\$)
Salary (Position A)	<ul style="list-style-type: none"> - 20,000 per month - 5% MPF - 12 months - 1 headcount Total = <u>252,000</u>	<ul style="list-style-type: none"> - 23,000 per month - 5% MPF - 12 months - 1 headcount Total = <u>289,800</u>		+37,800 (+15%)
Salary (Position B)	<ul style="list-style-type: none"> - 16,000 per month - 5% MPF - 12 months - 2 headcounts Total = <u>403,200</u>	Staff 1 <ul style="list-style-type: none"> - 16,000 per month - 5% MPF - 12 months 	Staff 2 <ul style="list-style-type: none"> - 15,000 per month - 5% MPF - 12 months 	-12,600 (-3%)
		Total = <u>390,600</u>		
Total salary	655,200	680,400		+25,200 (+4%)
Non-salary item	50,000	24,800		(25,200)
Total Grant	705,200	705,200		± 0

- ✔ Position A's salary was overspent by 15%, **not exceeding 20%** of his budgeted salary amount
- ✔ The number of staff **employed remained unchanged**
- ✔ The total salary was overspent by 4%, **not exceeding 20%** of the approved Budget

**6**

Staff costs exceed budgeted amounts

Case 3: Prior written approval required even under **exceptional circumstances**

Item	Approved Budget (HK\$)	Actual Cost (HK\$)	Re-allocation Amount (HK\$)
Salary (Position A)	- 12,000 per month - 5% MPF - 12 months - 1 headcount Total = <u>151,200</u>	- 18,000 per month - 5% MPF - 12 months - 1 headcount Total = <u>226,800</u>	+75,600 (+50%)
Salary (Position B)	- 11,000 per month - 5% MPF - 12 months - 3 headcounts Total = <u>415,800</u>	- 9,500 per month - 5% MPF - 12 months - 4 headcounts Total = <u>478,800</u>	+63,000 (+15%)
Total salary	567,000	705,600	+138,600 (+24%)
Non-salary item	233,000	94,400	(138,600)
Total Grant	800,000	800,000	± 0

✗ Position A's salary was overspent by 50%, **exceeding 20%** of his budgeted salary amount

✗ Although the overspending in Position B's salary did not exceed 20% of his budgeted salary amount, its **headcount has exceeded the budgeted headcount**

✗ The total salary was overspent by 24%, **exceeding 20%** of the approved Budget




**7**

Staff costs less than budgeted amount

	Approved Budget (HK\$)	Actual (HK\$)	Variance With Appvd Budget (HK\$)
Income			
- QEF Grant	200,000	200,000	-
- Other Income (overspent expenditures)	-	7,000	7,000
Total Income	200,000	207,000	7,000
Expenditures			
- Salary – basic salary	100,000	85,000	(15,000)
- Salary – MPF	5,000	4,250	(750)
- Equipment	65,000	70,000	5,000
- General expenses	30,000	32,000	2,000
Total Expenditure	200,000	191,250	(8,750)
Excess of Expenditure over Income	-	15,750	15,750

Without prior written approval, the underspent salary items cannot be re-allocated to other items and should be returned to the QEF.

 For re-allocations of funds from salary items, grantees are required to first apply for budget virement and obtain prior approval from the QEF.



Amount to return to the QEF

