

EMB CR 3/2041/03

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25 July 2005

Miss Becky Yu
Clerk to the Finance Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Yu,

Finance Committee
Follow-up to meeting on 8 July 2005

I refer to your letter of 11 July 2005 addressed to the Secretary for Financial Services and the Treasury. In that letter you set out the follow-up action requested by the Finance Committee at the meeting on 8 July 2005 regarding the Second Matching Grant Scheme.

I enclose herewith a note prepared by the University Grants Committee (UGC) Secretariat on the common practice adopted by UGC-funded institutions in accepting donations, for Members' reference. The Administration will report to the Panel on Education the progress of the Second Matching Grant Scheme in January 2006.

Yours sincerely,

(Irene Young)
for Secretary for Education and Manpower

c.c. Secretary for Financial Services and the Treasury (Attn : Mr Alan Au)
Secretary-General, University Grants Committee

Second Matching Grant Scheme for UGC-funded institutions

Common Practice Adopted by UGC-funded Institutions in Accepting Donations

Introduction

Institutions funded by the University Grants Committee (UGC) are autonomous in the management of their finance, including accepting and use of donations. Except in the case of the Matching Grant Scheme, for which the UGC has set out the rules and principles for matching of private donations, neither the Administration nor the UGC has stipulated rules or guidelines on the handling of donations that the institutions must follow. However, as a good management practice and to protect their reputation and academic freedom, each institution has its own internal guidelines and procedures. This note attempts to set out key common practice/ guidelines as identified by the UGC Secretariat upon the request of Members at the Finance Committee meeting on 8 July 2005.

Guiding Principles

2. According to the information provided by the UGC-funded institutions, the guiding principles are as follows -

- (i) Donations should contribute to the enhancement of teaching, learning, research and overall development of the institutions and not for personal benefits of individuals;
- (ii) there should be no conditions attached to a donation which would adversely affect an institution's ability to carry out its functions fairly and impartially; and
- (iii) donations should not come from sources known to institution as questionable, illegal or unethical.

Administration and Acceptance of Donations

Acceptance

3. The Council of each institution is the authority in deciding the acceptance of donations. Some Councils have set up a committee for the purpose of vetting, monitoring or guiding various fundraising activities and donations related matters, comprising community leaders independent from the administration of the institution. In general, the Councils have delegated the approving authority of accepting donations to different levels of executives (e.g. President/ Vice-Chancellors, Deputy Presidents, Vice Presidents, Deans...etc.) according to the amount of donations. But a donation involving a large amount of money or a significant policy decision would require approval from the Councils and/or their relevant committees. In deciding whether to accept a donation, the institutions will follow their own guidelines and the guiding principles, as set out in paragraph 2 above, have encapsulated the key considerations. As far as practicable, institutions may also collect relevant information of the background of the donors when deciding whether to accept a donation. The final decision will be based on a number of factors and is ultimately a judgment of the Council and/or its relevant committee(s).

Administration

4. All institutions have followed the advice given by the Independent Commission Against Corruption in the handling of solicitation and acceptance of donations where appropriate. Each institution has set up or designated an office/ department which is responsible for central co-ordination and administration of various donations related matters. While individual staff, departments or faculties can also solicit and accept donations (up to their respective delegated authority), the central office/ department responsible for donations must be kept informed. All donations are properly documented and the overall donation situation is reported regularly to the respective Councils.

5. Like other revenue and expenditure items, the use and record of the donations are subject to audit by external auditors at regular intervals.

Conclusions

6. Each institution has drawn up different rules and procedures for its staff in handling donations, which is within its autonomy. The UGC respects this autonomy. And from the common practices as identified above, we are also confident that the institutions are keenly aware of the need for probity and integrity in the handling of donations.

**Secretariat
University Grants Committee
July 2005**