

## **For information**

### **Legislative Council Panel on Education**

#### **Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector**

### **Purpose**

This paper informs Members of the Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector (the Code) promulgated by the Committee on Self-financing Post-secondary Education<sup>1</sup> (CSPE) in June 2015.

### **Background**

2. While self-financing post-secondary institutions are diverse in size, character and mission, good governance and quality assurance (QA) are crucial to the healthy and sustainable development of the sector. In order to further promote the enhancement of governance and QA for the sector, CSPE had earlier engaged an external consultant to conduct a consultancy study on “Local and International Good Practices in the Governance and Quality Assurance of the Self-financing Post-secondary Education Sector”, with a view to developing a code of good practices for further advancing the development of the sector.

3. The Report of the consultancy study (the Report) was published and made available to the public in August 2014. The Report covers comprehensive information and analysis on issues concerning governance and QA of the sector with reference to local and overseas experiences and practices; observations and recommended approach; a framework of the proposed code of good practices on governance and QA; as well as the promulgation and implementation strategy.

4. At the meeting of the Legislative Council (LegCo) Panel on Education on 10 November 2014, Members were informed that CSPE

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<sup>1</sup> Established in April 2012 in response to the recommendation of the University Grants Committee’s Report on Higher Education Review 2010, CSPE serves as a useful platform for discussing macro and strategic issues of common interest to the self-financing post-secondary sector, as well as promoting quality and good practices.

would study the recommendations of the Report and compile a code of good practices on governance and QA for the self-financing post-secondary sector, to be adopted on a voluntary basis, in the first half of 2015. Subsequently, a session was organised in November 2014 to share with all self-financing post-secondary institutions the findings and recommendations made in the Report. After that, the draft code of good practices compiled by CSPE was put up for public consultation from 5 February 2015 to 16 March 2015. During that period, the LegCo Panel on Education convened a special meeting on 7 February 2015 inviting deputations and individuals to express their views on the Report and the draft code.

### **Comments Received During Public Consultation**

5. During the public consultation, a total of nine written submissions were received from different stakeholders. There were also various views expressed by deputations and individuals at the special meeting of the LegCo Panel on Education on 7 February 2015. In gist, most self-financing post-secondary institutions opined that they have already implemented most of the proposed guidelines in the draft code and have established effective governance and sound QA systems. They supported that the code should be adopted on a voluntary basis. Some institutions expressed concern over the disclosure of information suggested in the draft code, especially on publishing annual reports and financial information, lest creating unnecessary misunderstanding and misinterpretation by stakeholders, the media and general public.

6. On the other hand, there were views from other stakeholders such as student associations and some Members of the LegCo Panel on Education that the Government should set up a system to regulate the tuition fees of self-financing post-secondary institutions and institutions should make available financial information for public information. There were also suggestions to enhance the representation of teaching staff and students in the governing bodies of the self-financing post-secondary institutions, and for the Government to set up a single QA body to oversee the self-financing sector. Some also opined that the adoption of the code should be made mandatory.

### **The Code**

7. Taking into account the views received during the public

consultation including those expressed during the special meeting of the LegCo Panel on Education on 7 February 2015, CSPE has refined the draft code by including a paragraph on adopting an open and transparent fee-setting mechanism by institutions (*instead of setting up any system by the Government to regulate the tuition fees of self-financing post-secondary institutions bearing in mind the principles of reasonableness and proportionality*); specifying that certain information should be provided *regularly* or *annually* for the sake of clarity (e.g. abstracts of the strategic and operational plans, outcomes of QA and programme reviews, and information on staffing); including credit accumulation and transfer policy as well as teaching venues among the information to be provided to prospective students, etc.

8. On some institutions' concern over the disclosure of information suggested in the draft code, especially on publishing annual reports and financial information, CSPE considered it reasonable for institutions to disclose relevant information which would actually help enhance transparency and understanding among stakeholders over certain decisions of the institutions, e.g. tuition fee adjustment. As far as disclosure of financial information is concerned, institutions are encouraged to explain the proposed use of any surplus accumulated and the funding source to cover any deficit. In order to address institutions' concern, CSPE has prepared frequently asked questions (FAQs) to provide interpretation and explanation of certain paragraphs in the Code.

9. Regarding the suggestion of some stakeholders to enhance the representation of teaching staff and students in the governing bodies of the self-financing post-secondary institutions, CSPE opined that the Code has already contained a paragraph on having an appropriate mix of stakeholders and expertise in the governing body of an institution, which may vary in accordance with different circumstances of institutions.

10. As for the suggestion on setting up a single QA body, CSPE noted that the Government is open-minded on the idea and has been implementing a number of incremental administrative measures to enhance the overall QA mechanism, such as the establishment of the Liaison Committee on Quality Assurance involving the different QA bodies in Hong Kong and the Education Bureau (EDB), as well as the planning of periodic external audits for sub-degree operations under the aegis of University Grants Committee-funded institutions.

11. On some stakeholders' view that the Code should be made mandatory for adoption, CSPE considered that while the Code aims to enhance transparency in operation and accountability to the public of self-financing post-secondary institutions, they are diverse in size, character and mission. Taking into account also the principles of reasonableness and proportionality as well as making reference to overseas practices, CSPE concluded that it is reasonable to maintain the voluntary nature of the Code.

12. With the above, CSPE submitted the finalised Code and the FAQs (at **Annex**) to EDB for consideration in early June 2015. They were accepted by EDB and promulgated by CSPE in late June 2015.

### **Way Forward**

13. While the Code will be adopted by self-financing post-secondary institutions on a voluntary basis, CSPE and EDB will encourage the institutions to follow the Code and monitor the progress of implementation.

**Education Bureau  
June 2015**

**Committee on Self-financing Post-secondary Education**

**Code of Good Practices on Governance and Quality Assurance**

**Preamble**

The self-financing sector is an integral part of the post-secondary education in Hong Kong. It plays an important role in broadening the opportunities and choices for further education, thereby providing quality, diversified and flexible pathways with multiple entry and multiple exit points for school leavers. The community naturally expects that post-secondary education institutions, both publicly-funded and self-financing, are able to provide quality nurture to our younger generation. Moreover, although the self-financing post-secondary institutions do not receive recurrent subvention from the Government, the Government has implemented a basket of measures to support the healthy and sustainable development of the self-financing post-secondary sector. There is expectation in the community for transparency in operation and accountability to the public of these institutions.

While self-financing post-secondary institutions are diverse in size, character and mission, good governance and quality assurance (QA) are of pivotal importance to the healthy and sustainable development of the self-financing sector. It is with these objectives that the ensuing Code of Good Practices is promulgated for the adoption on a voluntary basis by self-financing institutions.

**1 Institutional governance**

1.1 *Mission and vision*

1.1.1 Institutions should draw up and publish mission and vision statements which will underpin the institutions' design and delivery of learning programmes and QA and resource allocation policies.

## 1.2 Strategic and operational plans

- 1.2.1 Institutions should develop strategic and operational plans which are aligned with their missions and visions and based on a detailed analysis of the institution's own strengths and weaknesses and of the risks, opportunities and challenges present in the external environment.
- 1.2.2 Abstracts of the strategic and operational plans which contain high level expected goals and performance outcomes should be published periodically.

## 1.3 Annual and financial reports

- 1.3.1 Institutions should compile and publish annual reports containing, among others, a review of activities undertaken during the year and the performance of the institutions against their strategic and operational plans.
- 1.3.2 Institutions should make available relevant financial information in a way that is transparent and accessible to current students and the general public. It is important that the information should be presented at an appropriate level of details to meet the needs of different stakeholders.

## 1.4 Governing structures and processes

- 1.4.1 The governing body of an institution should have an appropriate mix of stakeholders and expertise which may vary in accordance with different circumstances of institutions.
- 1.4.2 An institution should formulate clear lines of responsibility, delegation of authority and terms of reference for its governing body and key committees like the academic board, finance committee and QA committee.
- 1.4.3 An institution should have in place a system of appointment of members to its governing body and key committees and a procedure for periodic review of the performance of the committees and their members.
- 1.4.4 An institution should ensure that members of its governing

body and key committees are aware of their roles and responsibilities by providing, for example, programmes of induction and professional development.

- 1.4.5 An institution should have in place a written code of conduct for members of its governing board, management and other key committees as well as staff, spelling out their rights and duties and setting out clear procedures and guidelines for declaration of interests.
- 1.4.6 An institution should have in place a system of periodic audits of its institutional processes on governance to ensure that procedures and guidelines are complied with.
- 1.4.7 An institution should publish the latest composition, membership and terms of reference of its governing body and key committees.

## 1.5 Fee-setting

- 1.5.1 In setting the fees including the tuition fees and other charges, institutions should take into consideration the principles of affordability (careful attention should be made to ensure students with greater financial need are not systematically excluded); accessibility (the fee proposal should include information on financial resources available to students, including financial assistance, bursaries and scholarships, etc.); enabling quality (any proposed increase of tuition fees and charges should be limited to the amount necessary to provide a quality education); and predictability (students and parents should have as much information as possible to consider the overall costs in completing the programmes).
- 1.5.2 Institutions should adopt a fee-setting mechanism that is open and transparent. All relevant stakeholders within the institution should be kept informed of the decision-making process and the justifications supporting any changes in the tuition fees and other charges. Any changes of tuition fees should be formally approved by the governing body of the institution.

## **2 Programme design and delivery**

### **2.1 Quality assurance mechanism and procedures**

2.1.1 Institutions should set out their framework for managing academic standards and quality and develop QA mechanism and procedures that are clear and transparent to all their stakeholders including staff, existing and prospective students, employers and relevant professional bodies as well as members of the public. Institutions should also establish a locus of responsibility for quality assurance at an appropriate level.

2.1.2 Institutions should have in place formalised procedures for programme design and approval, ensuring that the agreed learning outcomes of the students have been fully taken into consideration and enabling stakeholders including staff, students, employers and the profession as appropriate to contribute to or participate in the academic decision-making process.

2.1.3 To ensure transparency, the formalised procedures for programme design and approval should be documented and be made available for information to staff, existing and prospective students, and the general public.

2.1.4 To facilitate existing and prospective students in making informed decision on their choice of institutions and programmes, institutions should provide as much information as possible on details of their programmes including programme contents, admission criteria, intended learning outcomes and articulation pathways for further education.

### **2.2 Programme monitoring and reviews**

2.2.1 Institutions should put in place a formalised system of conducting regular monitoring, reviews and benchmarking in an objective manner to assess programme effectiveness, validity and relevance. Stakeholders including staff, students, employers and QA bodies should be kept informed suitably, and the formalised system should have incorporated feedback from stakeholders such as academic staff, students, graduates, employers and QA bodies as appropriate.



- 2.2.2 Institutions should publish outcomes of their QA and programme reviews periodically in a manner that is clear and readily accessible to stakeholders such as staff, students and employers.

### **3 Staff, other resources and student support**

#### **3.1 Staffing and staff development**

- 3.1.1 Institutions should have a fair and transparent human resources system which includes policies such as, but not limited to, recruitment and appointment, appraisal, complaint / grievances, promotion and termination, as well as policies and measures to facilitate staff development and to encourage and recognise good performance.

#### **3.2 Learning and teaching resources**

- 3.2.1 Institutions should ensure that there are adequate staff and learning and teaching facilities to support their programmes of study at a level of quality acceptable to the relevant QA bodies on a continuing basis.
- 3.2.2 Institutions should publish annually information on staffing (including academic staff profiles) and learning and teaching facilities available to support programme delivery and student admission targets.

#### **3.3 Student support**

- 3.3.1 Institutions should ensure that adequate support is given to students through induction and orientation, provision of diverse learning experience to meet different learning needs of students, pastoral care and counselling, to facilitate the development of generic skills and whole-person development.
- 3.3.2 For institutions admitting students with different needs (e.g. non-Chinese speaking students and students with special educational needs), measures should be in place to help them adapt to learning and teaching at the institutions, and to facilitate their integration with other students in programme and other student activities.

- 3.3.3 Institutions should provide clear information to prospective students on the process for application and admission to their programmes, tuition fees, admission requirements, credit accumulation and transfer (CAT) policy, programme contents, medium of instruction, teaching venues, intended learning outcomes, professional recognition and internship if applicable, articulation pathways and employment prospects to help them in selecting institutions and programmes.
- 3.3.4 Institutions should keep existing students fully informed of the policies and regulations governing students' rights and responsibilities, course assessment and appeal mechanism.

**Committee on Self-financing Post-secondary Education  
June 2015**

## Code of Good Practices on Governance and Quality Assurance

### Frequently Asked Questions

<b>Q1</b>	<b>Concerning paragraph 1.2.2 of the Code, what does it mean by “high level expected goals and performance outcomes” under abstracts of the strategic and operational plans?</b>
A1	Examples of “high level expected goals and performance outcomes” may include institutional objectives such as developing the institution as a leading post-secondary education institution on specific academic domains; attracting and nurturing outstanding scholars from around the world through excellence and innovation in teaching and learning; contributing to the advancement of society and the development of leaders for Hong Kong and the region. The performance outcomes may refer to the activities, development and achievements related to the pursuit of these objectives by the institution.
<b>Q2</b>	<b>Concerning paragraph 1.3.1 of the Code, what should be covered in the annual report?</b>
A2	There is no standard format and coverage for the annual report for institutions. The annual report mainly serves the purpose of providing information of the key activities and achievements completed during the year in the pursuit of its mission and vision. Examples of activities may include teaching and learning; projects developed or developing; community services; researches and collaborations; exchanges and internships; student initiatives. The report should also contain a gist of the institution profile including information on programmes, number of students and staff. Overall speaking, such information should not be sensitive.
<b>Q3</b>	<b>Concerning paragraph 1.3.2 of the Code, what does “relevant financial information” refer to?</b>
A3	Generally speaking, relevant financial information should include annual consolidated income and expenditure with suitable breakdown as in the following example:

	<table border="1" data-bbox="363 230 1353 745"> <tr> <td data-bbox="363 230 842 745"> <u>Income</u> <ul style="list-style-type: none"> <li>- Tuition and other fees</li> <li>- Interest and investment return</li> <li>- Donations and benefactions</li> <li>- Other incomes</li> </ul> </td> <td data-bbox="842 230 1353 745"> <u>Expenditure</u> <ul style="list-style-type: none"> <li>- Learning and research (e.g. library, central computing facilities and other academic services)</li> <li>- Institutional support (e.g. management and general, premises and related expenses, student and general education services and other activities, as well as loan repayment to the Government under the Start-up Loan Scheme, if any)</li> </ul> </td> </tr> </table> <p data-bbox="363 786 1353 929">As for balance sheet, summary information on total assets and liabilities of the institution should be included. Institutions may also include information on the proposed use of the surplus accumulated as well as the funding source to cover the deficit on their balance sheet.</p> <p data-bbox="363 969 1353 1113">The above financial information would give stakeholders a picture of the financial situation of the institution, based on which institutions may explain any adjustments to staff remuneration, tuition fees and other charges for students, etc.</p>	<u>Income</u> <ul style="list-style-type: none"> <li>- Tuition and other fees</li> <li>- Interest and investment return</li> <li>- Donations and benefactions</li> <li>- Other incomes</li> </ul>	<u>Expenditure</u> <ul style="list-style-type: none"> <li>- Learning and research (e.g. library, central computing facilities and other academic services)</li> <li>- Institutional support (e.g. management and general, premises and related expenses, student and general education services and other activities, as well as loan repayment to the Government under the Start-up Loan Scheme, if any)</li> </ul>
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<b>Q4</b>	<b>Concerning paragraph 1.3.2, if the financial information of an institution shows that there is surplus (or deficit), does it mean that it is making profit from students (or not performing well in its operation)?</b>		
A4	<p data-bbox="363 1323 1353 1601">Self-financing post-secondary institutions in Hong Kong enjoy a high degree of autonomy in academic development and administration. Generally speaking, when setting the tuition fee levels for self-financing programmes, most institutions plan on the basis of a balanced budget and adopt a prudent approach, taking into account a basket of factors including expected enrolment, similar programmes offered in the market, and affordability of the target group.</p> <p data-bbox="363 1641 1353 2000">In the case of programmes with longer duration such as sub-degree and undergraduate programmes, institutions are obliged to take a longer-term view of the financial viability, sustainability of the programmes and strategic development of the institution. To cater for possible year-on-year volatility and uncertainties, an adequate level of reserve is critical to serve as a buffer to sustain the healthy operation of the programmes. Most self-financing post-secondary institutions in Hong Kong are non-profit-making. For them, any surplus in a year will be kept in their reserve and ploughed back in support of teaching and learning activities,</p>		

	<p>curriculum development, student scholarships, research activities, and the maintenance, replacement and improvement of teaching and learning facilities (including the repayment of start-up loans borrowed from the Government) for the benefit of students.</p> <p>In the same vein, some institutions may be operating with deficits at some point in time, for example, during the start-up period. While aiming at a balanced budget in the longer run, as most post-secondary institutions in Hong Kong are non-profit-making by nature, institutions with higher expenditure than income in certain years should not be considered as under-performing. Individual institutions also carry specific mission to continue to provide education services despite the deficits.</p>
<b>Q5</b>	<b>Concerning paragraph 1.4.1 of the Code, is there any requirement on the composition of members of the governing body of an institution?</b>
A5	The Code only stipulates that the governing body of an institution should have an appropriate mix of stakeholders and expertise which may vary in accordance with different circumstances of institutions.
<b>Q6</b>	<b>Concerning section 1.4, institutions in the self-financing post-secondary sector are diverse in size and operation, must they adopt the same governing structures and processes?</b>
A6	While self-financing post-secondary institutions are diverse in size, character and mission, the principles on governing structures and processes set out in paragraphs 1.4.1 to 1.4.7 are general in nature. It is also worth noting that institutions are subject to respective regulatory requirements and compliance.
<b>Q7</b>	<b>Concerning paragraph 1.4.3, how frequent should the periodical review of the performance of the committees and their members be conducted?</b>
A7	There is no standard timeline for institutions to conduct periodical review. Generally speaking, institutions may take into consideration the duration of appointment of members of different bodies and committees, the relevant terms of reference, etc. in formulating the arrangements for periodic review.
<b>Q8</b>	<b>Concerning paragraphs 1.5.1 and 1.5.2 of the Code, since self-financing post-secondary institutions do not receive recurrent subsidy from the Government, why are there guidelines on fee-setting?</b>
A8	The Code only outlines the key principles (affordability; accessibility; enabling quality; and predictability) which are relevant for institutions in setting the tuition fees and stipulates that institutions should adopt a fee-setting mechanism that is open and transparent. In fact, according to

	feedbacks from institutions, many have already put in place such arrangements.
<b>Q9</b>	<b>For paragraph 3.2.2, what information should be included in the academic staff profiles so as to facilitate students in making informed choices for programmes?</b>
A9	There is no uniform format or requirement but institutions may include information such as the relevant academic and professional qualifications obtained by the academic staff, their teaching and research experiences as well as publications, etc.
<b>Q10</b>	<b>Concerning paragraph 3.3.2, whether there are any uniform guidelines for post-secondary institutions on the provision of support for / admission of students with different needs?</b>
A10	In view of the diverse needs of students with special educational needs (SEN), the Education Bureau (EDB) has been encouraging information sharing among institutions and related non-government organisations such as relevant guidelines, codes of practice and experience in relation to supporting various types of SEN students. To address the needs expressed by institutions, EDB circulated a set of guidelines on “Support Services to Students with Specific Learning Disabilities in Hong Kong Tertiary Institutions”, which was jointly compiled by the Hong Kong Society of Child Neurology & Developmental Paediatrics, the Hong Kong Association for Specific Learning Disabilities and ten higher education institutions, to other post-secondary institutions in Hong Kong in March 2014 for their reference.