

本署檔號 OUR REF.: UGC/GEN/CON/103/1/4/2002 (9)
來函檔號 YOUR REF.: CB(3)/PAC/R41
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18 February 2004

Clerk, Public Accounts Committee
Legislative Council
8 Jackson Road
Central
Hong Kong
(Attn.: Ms Dora Wai)

Dear Ms Wai,

**The Director of Audit's Report on the
results of value for money audits (Report No. 41)**

Chapter 9: funding of tertiary education

Further to my letter dated 31 December 2003, I would like to provide the Public Accounts Committee with the following additional information which has been given by the Heads of Universities Committee (HUCOM).

Overhead Recovery Rate

At a meeting held recently, HUCOM agreed to set up a Working Group on Review of Overhead Recovery Practices on Self-financing Activities of UGC-funded Institutions, comprising the Directors of Finance of all the institutions, with the following work plan:

- July 2004 - Draft proposal for overhead recovery practices on self-financing academic programs and continuing and professional education programs

- October 2004 - Draft proposal for overhead recovery practices on non-UGC-funded research contracts and grants
- December 2004 - Final proposal for HUCOM's decision

I am pleased the Institutions have formed this Working Party and wished to draw its establishment to your attention.

Yours sincerely,



(Michael V Stone)
Secretary-General

c.c. HoIs
SEM
Permanent Secretary for Financial
Services and the Treasury (Treasury)
Director of Audit