

Code of Good Practices on Governance and Quality Assurance

Frequently Asked Questions (October 2017 Version)

Q1 Is there any flexibility for institutions to implement the Code given the diverse operation mode of institutions and information needs of different stakeholders?

A1 While self-financing post-secondary institutions are diverse in size, character and mission, good governance and quality assurance are of pivotal importance to the healthy and sustainable development of the self-financing sector. The Code sets out the good practices and key principles relevant to governance and quality assurance. Institutions can flexibly apply them and determine the manner of implementation that fits their operations. There is no standard format for information to be disclosed to stakeholders. The level of details may be suitably adjusted to meet needs of different stakeholders.

Q2 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?

A2 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.

Q3 Concerning paragraph 1.3.1 of the Code, what should be covered in the annual report?

A3 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.

Q4 Concerning paragraph 1.3.2 of the Code, what does “relevant financial information” refer to?

A4 Generally speaking, institutions should provide relevant financial information that will give stakeholders a picture of the financial situation of the institution and help explain their financial principles, policies and adjustments to staff remuneration, tuition fees and other charges for students, etc.. Institutions have the flexibility in determining the financial information to be provided, which should normally cover income and expenditure, total assets and liabilities of the institution, proposed use of the surplus accumulated as well as the funding source to cover the deficit on their balance sheet. The information should be presented at an appropriate level of details to meet the needs of different stakeholders.

For instance, relevant financial information may be presented in the following format:

| <u>Income</u> | <u>Expenditure</u> |
|--|--|
| <ul style="list-style-type: none">- Tuition and other fees- Interest and investment return- Donations and benefactions- Other incomes | <ul style="list-style-type: none">- Learning and research (e.g. library, central computing facilities and other academic services)- 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) |

Institutions may also include summary information on total assets and liabilities; and information on the proposed use of the surplus accumulated as well as the funding source to cover the deficit on their balance sheet.

Q5 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)?

A5 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.

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, 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.

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.

Q6 Concerning paragraph 1.4.1 of the Code, is there any requirement on the composition of members of the governing body of an institution?

A6 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.

Q7 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?

A7 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.

Q8 Concerning paragraph 1.4.3, how should the periodical review of the performance of the committees and their members be conducted and the code of conduct for members of governing board and key committees be promulgated?

A8 There is no standard timeline, format or procedures for institutions to conduct periodical review of the performance/effectiveness of committees and their members, and to promulgate the code of conduct or other documents achieving the same purpose. Generally speaking, institutions have the flexibility in formulating related arrangements and may take into consideration the operation mode, mechanism/duration of appointment of members of different bodies and committees, the relevant terms of reference, etc., as appropriate. In fact, it is observed that many institutions have constantly reviewed the effectiveness of their committees and members concerned; and would appoint new members or retain serving members who would contribute to the effectiveness of the committees.

Q9 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?

A9 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. Institutions may flexibly adopt these principles in determining fee-setting mechanisms that can meet their operation needs. Relevant information (e.g. a cost-recovery fee-setting principle) should be made available to stakeholders at an appropriate level of details with regard to their different information needs. In fact, according to feedbacks from institutions, many have already put in place such arrangements.

Q10 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?

A10 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.

Q11 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?

A11 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.