

Report on

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

**By Hong Kong Council for Accreditation of
Academic and Vocational Qualifications
(May 2017)**

EXECUTIVE SUMMARY

1. This report presents the findings of the study on the implementation of the Code of Good Practices on Governance and Quality Assurance for the Self-financing Post-secondary Education Sector (Code). The Code was promulgated by the Committee on Self-financing Post-secondary Education (CSPE) in June 2015 for voluntary adoption by the self-financing post-secondary education (SFPE) sector to enhance the sector's quality, transparency and sustainable development. CSPE is an advisory body to the Secretary for Education on the development of the SFPE sector from macro and strategic perspectives.

The SFPE Sector

2. The SFPE sector includes all publicly-funded or non-publicly-funded-institutions (institutions) and their self-financing units (SFUs) offering full-time locally-accredited self-financing local and / or non-local sub-degree and / or undergraduate programmes. Sub-degree programmes refer to associate degree and higher diploma programmes at Hong Kong Qualifications Framework Level 4.

Focus and Purpose of the Study

3. The study on the implementation of the Code (Study) focused on the SFPE sector as a whole and not on individual institutions. The purpose of the Study is to inform the extent, impact and effectiveness of the sector's implementation of the Code. This refers to whether or not specified good practices in the Code have been implemented. It is the policy intent for the institutions and the SFUs of the SFPE sector to flexibly apply the

good practices in the Code to fit the purpose of their operations. The voluntary nature of the Code speaks for itself.

4. The Code contains altogether 27 good practices under three areas, i.e. *1. institutional governance, 2. programme design and delivery* and *3. staff, other resources and student support*. 10 of the good practices can be further broken down into 30 sub-code items (i.e. parts within a code item of good practice with different focus of implementation), e.g. Code *1.2.1. develop strategic and operational plans* can be further broken down into sub-code *1.2.1a develop strategic plan* and *1.2.1b. develop operational plan*, for the purpose of this Study.

Guiding Principles of the Study

5. The Study was conducted on a trust basis. The Study focused on whether the Code was implemented and the impact and effectiveness of the implementation. How well the Code was implemented was outside the scope of the Study. The Study was not an external quality assurance (QA) exercise. In this respect, the findings and outcomes of this Study cannot be used to impact on subsequent QA activities of the QA bodies.

Scope of the Study

6. The Study started with a syntactic analysis of the Code in May 2016. The analysis provided the framework for the design of the instruments and processes of the Study. The instruments were pre-tested and / or pilot-tested in June and July 2016. Under the guidance of the Education Bureau (EDB), the main clauses of each of the good practices in the Code were defined as the core good practices to be covered in the Study; supplementary guidance concerning the manner and expected deliverables of the implementation of the core good practices was outside the scope of the Study but agreed to be included in the study for information only. The supplementary guidance reflecting “how” the respective core good practices are implemented is expressed in defining clauses, phrases and / or words in the Code.

Study Targets and the Processes of the Study

7. The Study was conducted in three phases: desktop review, survey and face-to-face interviews to collect data and evidence concerning the extent (i.e. whether the core good practices are in place), impact and effectiveness of the implementation of core good practices. Information

regarding the manner of implementation (i.e. supplementary guidance in the Code) was also collected from the survey and face-to-face interviews.

8. Altogether 40 institutions and their SFUs (study targets) were identified and agreed with EDB as the full population of the SFPE sector. The full population was covered in the desktop review phase. Desktop review was conducted by the Project Team. Information concerning implementation of core good practices gathered from desktop review was transferred to the survey questionnaire for the study targets' verification of factual accuracy. Of the 37 study targets invited to participate in the survey, 26 study targets returned the verified questionnaires or written response. Through stratified sampling, 7 survey respondents were selected to participate in the face-to-face interviews. The three phases took place in June – early December 2016. The study targets' participation in the survey and interviews was voluntary, as agreed with EDB.

Findings and Observations

9. Within one year of the promulgation of the Code, 25 of the 27 core good practices in the Code have been implemented by 80% - 100% of the sector (**Tables 1 and 2**). About half of them have been fully implemented by the sector.

Table 1: Desktop Review (N=40)
(For publicly available information covering around 20 core good practices and their sub-code items, verified by survey respondents and where necessary supplemented by internal information of the study targets)

Implementation Rate	Number of Code Items
100%	12
90% - 99%	6
80% - 89%	2
Total	20

Table 2: Survey (r=26) and Interview (n=7)
(For information not publicly available)

Implementation Rate	Number of Code Items
90% - 99%	1
80% or more	4
60% or more	2
Total	7

r: number of respondents

10. 20 of the core good practices are related to transparency or operational practices where information was available in the public domain (**Table 1**). The remaining 5 deal with internal systems and mechanisms, operational principles and processes where implementation information not available in the public domain was provided by the respondents (**Table 2**). The 25 core good practices come under the following areas of the Code:
- 10.1 all 6 code items under *Area 2 Programme Design and Delivery* and 7 code items under *Area 3 Staff, Other Resources and Student Support* of the Code; and
- 10.2 12 code items under the following sub-areas of *Area 1 Institutional Governance* of the Code:
- 1 code item under sub-area *1.1 Mission and vision*
 - 2 code items under sub-area *1.2 Strategic and operational plans*
 - 2 code items under sub-area *1.3 Strategic and financial reports*
 - 5 code items under sub-area *1.4 Governing structures and processes*
 - Code 1.4.1 Governing body ... have (a mix of) stakeholders and expertise
 - Code 1.4.2 Formulate clear lines of responsibility, delegation of authority and terms of reference for its governing body and key committees
 - Code 1.4.4 Ensure that members of its governing body and key committees are aware of their roles and responsibilities
 - Code 1.4.6 Have a system of periodic audits of its institutional processes on governance
 - Code 1.4.7 Publish the latest composition, membership and terms of reference of its governing body and key committees
 - 2 code items under sub-area *1.5 Fee-setting*
11. Of the remaining 2 core good practices under sub-area *1.4 Governing structures and processes*, 4 sub-code items have implementation rates below 80% (**Table 2**). They are:
- 11.1 Sub-code 1.4.3b Have procedure for periodic review of the performance of key committees, 73%;

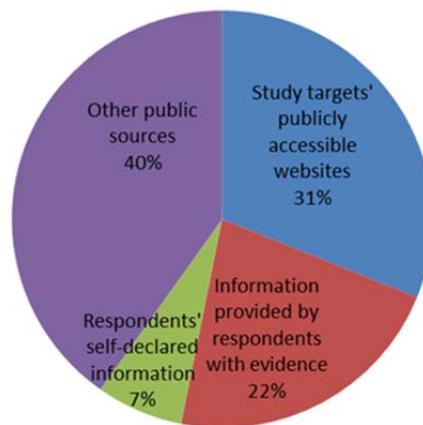
- 11.2 Sub-code 1.4.3c Have procedure for periodic review of the performance of members of key committees, 62%;
- 11.3 Sub-code 1.4.5a Have written code of conduct for members of governing board, 77%; and
- 11.4 Sub-code 1.4.5b Have written code of conduct for members of key committees, 69%.

Some survey respondents advised that these sub-code items were comparatively difficult to implement as they contained sensitive terms. They suggested that the sector should be allowed to use instruments in lieu of those specified in the sub-code items to achieve the same purpose. Examples were “performance” to be replaced by “effectiveness” and committee manual or proceedings, staff manual in lieu of code of conduct.

- 12. The Code had a positive impact on the sector given that the sector found it a good reference to enhance their governance and QA practices to operate in a transparent and accountable manner with quality. 97% of the survey respondents had implemented 80% or more of the Code, including 15 that claimed full implementation. 4 claimed having fully implemented the Code even before its promulgation. They considered that the Code was a reflection of common good practices of the sector.
- 13. The majority of the survey respondents indicated that they had aligned their systems or practices with the Code. Such alignments were mostly in areas related to programme design and delivery (Codes 2.1, 2.2) and staff, other resources and student support (Codes 3.1-3.3). About two-thirds of the survey respondents advised that they had made reference to the Code to make changes where appropriate to their systems and / or practices after its promulgation. The respondents considered the Code a good reference document to the stakeholders, particularly the management and staff with QA responsibilities, when executing their respective functions.
- 14. The above findings signify that the Code has been well received by the sector. The majority of the survey respondents agreed that the Code provided relevant guidance on good practices concerning institutional governance and quality assurance and facilitated the SFPE sector to operate in a transparent and accountable manner. All 7 interviewed study targets agreed that the Code was useful to the SFPE sector for various reasons: as a common benchmark, for institutional enhancement and to drive good practices.

15. Information regarding individual institutions or SFUs' operation was accessible from different sources (**Figure 1**). About 31% of the information was identified from the institutions' or SFUs' publicly accessible websites and 40% from other reliable public websites such as those of the parent institutions, Concourse, iPASS, HKQR, EDB, Companies Registry, quality assurance bodies, etc. The remaining 29% was provided by the respondents, including 22% supported by evidence, 5% (self-declared) related to the 4 sub-code items with implementation rates below 80% (**paragraph 10**) and another 2% self-declared.

Figure 1: Data Source Analysis



16. However, the more remote the information is from the study target, the more effort and expert knowledge and know-how are required to locate the desired information. There can also be inconsistent information among various websites about the same topics. Besides, to internal stakeholders such as staff, current students, governing body and committee members, the most convenient and accessible information sources can be intranet or other internal communication means. To facilitate easy access to information and enhance transparency, **the Project Team puts forth a recommendation for EDB to centralise as much of the information source as practicable in one single location, e.g. Concourse which can be the portal to Code implementation.**
17. It was observed that institutions and SFUs varied in the manner of the implementation of the core good practices to fit the purposes of their operations. They also shared information with stakeholders on a need to know basis. These practices were observed to be in line with the policy intent for the SFPE sector to flexibly apply the good practices in the Code to fit the purpose of their operations.
18. Some study targets identified potential interpretation issues relating to the presentation, choice of words, prescription of implementation manner and

transparency expectation, etc. To address the interpretation issues, **the Project Team puts forth the following recommendation to enhance understanding of the Code:**

- 18.1 Separate the main clauses of the good practices from the defining clauses, phrases and / or words (manner or expectation of implementation) by a comma, so as to signify the intended flexibility of the manner of implementation.
 - 18.2 Provide more information to set the expectation of the Code upfront, and to highlight the built-in flexibility for the manner of implementation of the Code. Such information can be provided in the Frequently Asked Questions Section of the Code so as to cover the expectation, the purpose, the expected implementation with flexibility, and terms, code items and sub-code items that the study targets have identified as posing potential interpretation issues.
19. To facilitate full implementation of the Code, the interviewed study targets also put forth the following recommendations to the Government for consideration: provision of support measures to the sector and community education with the general public on “good practices” and “good governance”.

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 (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.