

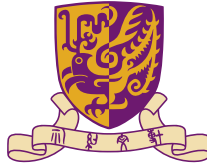
The Chinese University of Hong Kong

# CODE OF PRACTICE

for Council Members







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Approved by the Council at its meeting on 15th June, 2017.

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## Foreword

Universities are complex organizations with multiple roles and functions. Not only are they institutions of higher learning where knowledge is created, disseminated and exchanged; but also communities both consuming and supplying services from and to industries, corporations and the professions.

Universities also undertake research and scholarship that generate very significant revenue and other opportunities for Hong Kong and the regions. These are privileges that come with responsibilities. One such responsibility is to develop the highest standards of governance in the universities, as recommended in the *Governance in UGC-funded Higher Education Institutions in Hong Kong* report (the “Governance Report”) released by the University Grants Committee (“UGC”) in March 2016.

The Chinese University of Hong Kong (“the University”) welcomes the initiative taken by the UGC and is committed to enhancing the effectiveness and transparency of the University’s Council, and to better prepare Council members to discharge their functions. The University believes that developing a higher governance standard would help guarantee the autonomy of the University by sustaining and nourishing public confidence in us.

This Code of Practice (“this Code”) sets out the roles and responsibilities of the Council and key elements in the conduct of Council business. This Code also provides the basic values and principles with which the University has chosen to govern itself.

This Code is an evolving document that will be updated from time to time in accordance with the development in the University and the governance of higher education.





# *1*

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## Legal Status and Governance Framework of The Chinese University of Hong Kong



## 1. Legal Status and Governance Framework of The Chinese University of Hong Kong

The Chinese University of Hong Kong (“the University”) was established and incorporated in 1963 by The Chinese University of Hong Kong Ordinance (Cap 1109).

The governing bodies of the University are the Colleges, the Council, the Senate and the Faculties.

### 1.1. The Colleges

Of all Hong Kong universities, the University is the only one that offers a college experience. The original three Colleges of the University are Chung Chi College, New Asia College and United College of Hong Kong. Some of the powers and functions conferred on the said Colleges under their respective constitutions and Ordinances have been vested in the University and that the principal role of the said Colleges should be the provisions of student-orientated teaching under the direction of the University.

An ordinance for the fourth College – Shaw College – was enacted in 1986.

In 2007-08, by special resolutions, the Council resolved that Morningside College, S.H.Ho College, C.W.Chu College, Wu Yee Sun College and Lee Woo Sing College should be constituent Colleges of the University. The Ordinance was subsequently amended by Private Members’ Bills at the Legislative Council.

The programmes and activities of these 9 Colleges complement the formal curricula of the University by delivering whole-person education and pastoral care. The College system also encourages intimate interaction among teachers, students and alumni.

### 1.2. The Council

The Council is the governing and executive body of the University, and is vested the management and control of the affairs, purposes and functions of the University. It is responsible for the administration of the University and for the management of property and financial affairs. Its powers and duties are stipulated in the University Ordinance and Statutes.

The composition of the Council is stipulated in Statute 11 of the University Ordinance. The list of the current Council members is made available to the public on the University’s website.

### 1.3. The Senate

Under the chairmanship of the Vice-Chancellor, the Senate is vested statutory powers and duties in respect of all academic matters in the University. The eight Faculties advise the Senate through the faculty boards on the programmes of study recommended by the departments, which deliver disciplinary teaching.

The Senate's powers and duties are stipulated in Section 8 and Statute 14.4 of the University Ordinance. The composition of the Senate is stipulated in Statute 14.1-3 of the University Ordinance. Current Senate members are shown on the University's website.

#### 1.4. The Faculties

The academic departments and schools of the University are assigned to eight Faculties, namely, the Faculties of Arts, Business Administration, Education, Engineering, Law, Medicine, Science, and Social Science. They are essentially responsible for most of the teaching and research undertaken at the University. Undergraduate and postgraduate studies leading to bachelor's degrees, postgraduate certificates/ diplomas, master's degrees and doctorates in a variety of disciplines are offered by the eight Faculties.

#### 1.5. Officers of the University

In accordance with Section 5 of the University Ordinance, the Officers of the University are:

- the Chancellor;
- the Pro-Chancellor;
- the Vice-Chancellor;
- the Pro-Vice-Chancellors;
- the Treasurer;
- the Heads of the original Colleges and of Shaw College;
- the Dean of each Faculty and of the Graduate School;
- the Secretary;
- the Registrar;
- the Librarian;
- the Bursar;
- the University Dean of Students; and
- such other persons as may by special resolution be designated as officers.

The **Chancellor** is the head of the University, and may confer degrees in the name of the University.

The Chancellor may appoint a person to be the **Pro-Chancellor** of the University, to exercise such powers and perform such duties conferred or imposed on the Chancellor by the University Ordinance and Statutes.

The **Vice-Chancellor** is the chief academic and administrative officer of the University and shall be a Council member and the Chairman of the Senate. S/he may confer degrees in the name of the University.

The **Pro-Vice-Chancellors** are appointed by the Council, after consultation with the Vice-Chancellor, for such period and on such terms as may be determined by the Council. One of the Pro-Vice-Chancellors may carry out all the functions and duties of the Vice-Chancellor in the absence of the Vice-Chancellor.

The **Treasurer** is appointed by the Council and chairs the Finance Committee. His/her duties shall be determined by the Council.

The **Heads of the original Colleges and of Shaw College** are appointed by the Council on the recommendation of a committee. The Head of a College shall be responsible for the welfare of the College and the students assigned to it and shall collaborate closely with the Vice-Chancellor in the conduct of the College and its work.

The **Dean of each Faculty and of the Graduate School** are appointed by the Council. The Dean of each Faculty provides academic leadership in the development of the Faculty and discharges administrative responsibilities in respect of academic, staff, resources and student matters as well as quality assurance and control within the Faculty. The Dean of the Graduate School provides academic leadership in regard to the introduction and development of all graduate programmes of studies and oversees the administration of graduate students and programme matters with a special focus on quality assurance.

The **Secretary** is appointed by the Council and is designated as the Secretary of the Council according to the University Ordinance and Statutes.

The **Registrar** is appointed by the Council and is designated as the Secretary of the Senate according to the University Ordinance and Statutes.

The **Librarian** is appointed by the Council and is responsible for administering the library services of the University.

The **Bursar** is appointed by the Council and is responsible for the keeping of all the University's accounts and inventories, and any other duties in connection with University finance. S/he is designated as the Secretary of the Finance Committee.

The **University Dean of Students** is appointed by the Council and is responsible to the Vice-Chancellor for such duties in connection with student affairs.

## 1.6. Committee Structure

The Council and the Senate may establish such committees as they think fit, and delegate any of their powers and duties to any board or committee or to any officer.

Committees must be provided with a clear remit and written terms of reference that state the extent and limits of the committee's responsibilities and authority. Committees must take care not to exceed their terms of reference and should be so advised by the Secretary of the Council. Committees should distinguish between issues on which they are empowered to take decisions, and issues that they must refer to the Council for decision. Where a committee is acting under delegated powers, it should submit regular written reports to the Council on decisions that it has taken on the Council's behalf.

The Council has established 11 Standing Committees, the functions of which are summarized below:

### Administrative and Planning Committee

The Administrative and Planning Committee is a statutory committee established to assist the Vice-Chancellor in the performance of his duties, to initiate plans of University development, and to assist the Vice-Chancellor in reviewing and coordinating the annual and supplementary estimates of recurrent and capital expenditures of the University. The Committee reviews or proposes certain academic and administrative appointments as stipulated in the Statute before these appointments are made. It also deals with other matters referred to it by the Council.

### Audit Committee

The Audit Committee considers the appointment of the external auditors, the audit fee and any other related issues, and reviews the *Annual Report* and Financial Statements of the University. The Committee offers to the Council such additional assurance as it may reasonably require of the reliability of financial information submitted to it and of financial statements issued by the University, as well as the compliance by the University and its subordinated bodies with all statutes and other regulations to which they are subject. The Committee is also responsible for discussing with the University's auditors the general approach to and scope of their audits, reviewing the external auditor's management letter and University management's responses, and reviewing the internal audit plan and ensuring coordination between internal and external auditors. It shall undertake such other related tasks as the Council may from time to time entrust to it.

### Campus Planning and Building Committee

The Campus Planning and Building Committee undertakes to deal with problems connected with the overall planning of the University site, and to consider the Building Programme in relation to the development of the

University. The Committee also examines the proposed Schedules of Accommodation and Sketch Drawings for Building Projects of the University, and to advise on other building matters referred by the Vice-Chancellor or the Council.

#### Committee on Institutional Advancement

The Committee on Institutional Advancement helps to review and advise the Council on the formulation and implementation of strategies and policies related to institutional advancement of the University, and the governance related thereto, to cultivate a philanthropic culture among the major stakeholders, and to promote and coordinate the programmes and activities on matters related to institutional advancement. The Committee is required to submit periodic reports to the Council through the Vice-Chancellor on the donations/ grants made to the University, and take any follow-up actions assigned by the Council and/ or referred by the Vice-Chancellor.

#### Executive Committee of the Council

The Executive Committee of the Council is entrusted to deal with routine matters on behalf of the Council, advise the Council/ Chairman of the Council on any strategic matters that may be discussed at the Council, and to recommend to the Council on the filling of any vacancies on the Council and Council committees. It also deals with any matters that are referred by the Council from time to time and reports back to the Council on all matters handled under delegated authority.

#### Finance Committee

The Finance Committee, as a statutory committee of the Council, deals with all matters within the jurisdiction of the Council which have important financial implications.

#### Honorary Degrees Committee

The Honorary Degrees Committee is responsible for recommending the award of Honorary Degrees to the Council.

#### Honorary Fellowship Committee

The Honorary Fellowship Committee is responsible for recommending to the Council candidates for the Honorary Fellowship.

#### Risk Management Committee

The Risk Management Committee is responsible for formulating and keeping under review a risk management policy for approval by the Council, overseeing and coordinating all activities aimed at identifying, assessing and mitigating risks that may adversely or beneficially affect the University's ability to achieve its objectives in education, research, knowledge transfer and community engagement, and developing a risk register at institutional level for report to the Council, at least annually.

### Terms of Service Committee

The Terms of Service Committee is responsible for reviewing and recommending to the Council general conditions of service including levels of remuneration, and reviewing on matters concerning the remuneration of any individual member of staff referred to it by the Vice-Chancellor or the Council.

### University Tender Board

The University Tender Board is responsible for considering tenders for capital projects recommended by the Campus Development Office, and advising the Vice-Chancellor thereon.



# 2

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## The Regulation of Resource Management



## 2. The Regulation of Resource Management

### 2.1. One-line Budget

The funding source of one-line budget is from UGC and thus grant must be used within the ambit of UGC-fundable activities. As such, there should be no cross-subsidization of UGC resources to non-UGC-funded activities.

Under this funding model, the budget-holders have considerable autonomy in the use of resources within their one-line budgets. The University administration has less control on the outcome of the spending but is responsible to the Council for the proper use of funds. The University expenditure is also subject to the scrutiny of UGC and the Director of Audit. To strike a balance between flexibility and control, some budgetary requirements have to be imposed on the one-line budgets.

The Bursar is delegated with the authority to vet spending application from units operating with one-line budgets subject to the prevailing UGC guidelines, University regulations, auditing requirements and standards.

### 2.2. Risk Management, Control and Governance

The University considers that an essential element of any framework for corporate governance is an effective approach to risk management. Risk management is a process which provides assurance that objectives are more likely to be achieved; damaging effects will not happen; and benefits will be achieved.

The University has been managing risks for a long time to ensure that reputation is not tarnished or financial viability/ implication not overlooked while seizing new opportunities. In 2016, the University has adopted a more formal approach to risk management, in terms of both policy and process, so that risk assessment becomes an integral part of the decision-making process.

A Risk Management Committee has been established to ensure the risks are properly managed (i.e. involving risk identification, risk assessment, risk mitigation and reporting to the Council) to achieve the University's objectives.

Although the Council is ultimately responsible for the risk management process, the Audit Committee also has a role in monitoring the University's risk management process, especially in ensuring the effectiveness of the risk management policy, advising any changes or enhancement to key elements of its process, and assuring the Council that best practices in corporate governance are followed in relation to the effective risk management.

### 2.3. External and Internal Audit

The Audit Committee will assist the Council in providing oversight of the University's external and internal audit arrangement.

#### External Audit

External audit will provide an objective and independent review of the financial reporting of the University, help to promote consistency and reliability in reporting and to ensure transparency and accountability in the use of financial resources.

The University has appointed an external auditor to conduct an audit of the University's financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, the Statement of Recommended Practice issued by UGC, as well as other guidelines/ practices/ developments that are relevant to the University. They will give assurance on the reliability of financial information/ statements.

#### Internal Audit

According to the Institute of Internal Auditors (IIA) Standards, *"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process."*

The Audit Committee carries out the following scope of internal audit service, through the Internal Audit Office:

- **Financial reviews** to focus on the accuracy of financial information which substantiates financial analysis and interpretation.
- **Operation reviews** to evaluate the adequacy and effectiveness of internal controls built along a process, in order to establish and enhance good business practices.
- **Compliance reviews** to provide management with assurance on compliance with specific policies, procedures and applicable laws and regulations.

### 2.4. Personnel Matters

Subject to Section 11 of the University Ordinance, all appointments and contracts of employment are made on the authority of the Council, even though in practice the Council delegates these responsibilities to the relevant committees (e.g. Administrative and Planning Committee). The University is the legal employer and has responsibility for the University's employment policy. This includes matters such as:

- ensuring that pay and conditions of employment are properly determined;
- ensuring that the University complies with the requirement of employment law, including equal opportunity legislation; and
- ensuring that there are policies and procedures for appointment, promotion, staff development and appraisal.

Statutes 23 and 24 of the University Ordinance have provided for the resignation and the removal of the appointment/ office/ membership for “good cause”.

The University undertakes to comply with the requirements of the Personal Data (Privacy) Ordinance to ensure that personal data kept are accurate, securely kept and used only for the purpose for which they have been collected. The University has set up the Personal Data Controlling Committee to publicize the policies related to the protection of personal data (privacy) and to oversee compliance with the Personal Data (Privacy) Ordinance by the departments/ units and members of the University.

As a responsible employer, the University is committed to providing a work place which allows its employees to carry out their responsibilities in a productive manner in a collegial setting. Despite this, concerns and problems occasionally arise and give rise to grievances or complaints. The Grievance Procedures have therefore been established to resolve such grievances/ complaints from employees.

The University is committed to creating and promoting a work environment, which provides equal opportunities and is free of discrimination. It observes the discrimination legislations (CAP. 602, CAP. 480, CAP. 487 and CAP. 527 of the Laws of Hong Kong) to promote equality of opportunities among races, between men and women, between persons with and without a disability, and irrespective of family status, respectively. Those who handle job applications and conduct interviews are reminded to take note to avoid contravening the provisions in the said legislations and any guidelines or codes published by the Equal Opportunities Commission. The University has also issued the Equal Opportunities Guidelines for Recruitment.

## 2.5. Campus Master Plan

A strategic development of the University’s campus should be approached as a great potential to enhance the quality of experience of the entire University community and achieve the University’s objectives. Accordingly, a visionary and sustainable Campus Master Plan (“CMP”) up to 2021 in order to optimize the University’s physical campus to meet the needs of the expansion of frontier research and an increased university population has been established.

The CMP is developed in various stages through an integrated approach led by a multi-disciplinary team of planning, engineering, transport and landscape consultants. The diverse views and priorities of the University community, which were expressed in a series of stakeholder engagement events, including workshops, meetings and view collection forums, were taken into account.

The vision of the CMP is to enable the University to be an exemplar of sustainable development by balancing the enhancement of its campus environment with the conservation of its natural heritage. Six planning precepts are developed and agreed to be vital to the CMP.

The precepts provide a planning framework for the entire campus development for the years leading up to 2021 so that: places for academic and other activities would be clearly defined and planned; student life would be enhanced by building up the Colleges; the campus should be made pedestrian-friendly; places that are highly valued and are of historical importance should be conserved; the landscape of the campus should be of vital importance and enhanced; and building a sustainable campus would be an aim of the University. Each precept will rely on the collective contribution of the other precepts to bring about the full benefits of sustainable growth of the University campus.

The Council approved the CMP and the CMP report is made available to public on the University's website.

# 3

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## Summary of Responsibilities of the Council





### **3. Summary of Responsibilities of the Council**

The Council is the governing and executive body of the University, and is responsible for the management and control of its affairs. Its powers and duties are stipulated in Section 7 and Statute 11 of the University Ordinance.

The Council is unambiguously and collectively accountable for institutional strategies and policies, taking all final decisions on matters of fundamental concern within its remit.

The Council protects institutional reputation by being assured that clear regulations, policies and procedures that adhere to legislative and regulatory requirements are in place, ethical in nature, and followed.

The Council ensures institutional sustainability by working with the Vice-Chancellor and other University Officers to set the institutional mission and strategy. In addition, it needs to be assured that appropriate steps are being taken to deliver them and that there are effective systems of control and risk management.

The Council receives assurance that academic governance is effective by working with the Senate as specified in the University Ordinance and Statutes.

The Council works with the Vice-Chancellor to be assured that effective control and due diligence take place in relation to institutionally significant external activities.

The Council must ensure that governance structures and processes are fit for purpose by referencing them against recognized standards of good practice.

The key responsibilities of the Council are:

#### **3.1. Proper Conduct of Public Business**

The Council is entrusted with funds, both public and private, and therefore has a particular duty to conduct its and University's business in the highest ethical standards and complying with the highest standards of corporate governance. This includes ensuring and exercising integrity and objectivity in the transaction of business and, wherever possible, following a policy of openness and transparency in the dissemination of its decisions.

#### **3.2. Strategic Planning**

The Council is responsible for the strategic direction of the University to achieve its primary objectives of teaching and research. This responsibility includes considering and approving the University's strategic plan, which sets the academic aims and objectives of the University, and marshal the necessary resources to pursue the strategies and achieve these objectives.

The Council is responsible for overseeing the implementation of the strategic plan and measuring institutional performance by means of Key Performance Indicators.

### 3.3. Monitoring Effectiveness and Performance

The Council should regularly monitor and evaluate the performance and effectiveness of the University in achieving its goals and operation targets.

### 3.4. Finance

The Council's financial responsibilities include:

- ensuring the solvency of the University and safeguarding its assets;
- approving the financial strategy and evaluating the financial results;
- approving and monitoring annual budgets which should reflect the University's strategic plan;
- ensuring that funds provided by the UGC are used in accordance with the terms and conditions specified by UGC;
- ensuring that the financial controls are in place, that financial reports are accurate, and that the University is in compliance with relevant laws and contractual commitments through the Audit Committee and Finance Committee; and
- reviewing and approving Annual Return on the Use of UGC Funds and financial statements of the University.

### 3.5. Audit

The Council appoints the Audit Committee and through it, to monitor the University's arrangement for internal and external audit. For the roles of the Audit Committee, please refer to Section 1.6 of this Code.

### 3.6. Estate Management

The Administrative and Planning Committee and the Campus Planning and Building Committee assist the Council to oversee the strategic management of the University's land and buildings, to approve and keep under review a Campus Master Plan which identifies the property and space requirements needed to fulfil the objectives of the University's strategic plan.

### 3.7. Human Resource Management

The Council has the responsibility for the University's human resource and employment policy. This includes ensuring that pay and conditions of employment are properly determined and implemented for all

categories of employee. The Administrative and Planning Committee and Terms of Service Committee established under the Council will assist in meeting most of these responsibilities.

According to the University Ordinance, the Council is also responsible for appointing the Vice-Chancellor and all other University Officers.

### 3.8. Charitable Status

The University enjoys charitable status under the Inland Revenue Ordinance. The Council must ensure that the property and income of the institution are applied only in support of purposes which are defined as charitable.



# 4

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## Conduct of Council Business



## 4. Conduct of Council Business

### 4.1. Proper Conduct of Public Business

The Council is entrusted with public funds and therefore shall commit to the highest standards of corporate governance at all times, and to ensure that it is discharging its duties with due regard for the proper conduct of public business.

Council members, in conducting themselves, should make reference to the seven principles of public life (also known as “Nolan principles”), which are set out in the first report of the UK Committee on Standards in Public Life established in May 1995 and widely followed by university governing bodies. The principles are as follows:-

- Selflessness  
Council members should act solely in terms of the public interests.
- Integrity  
Council members must avoid placing themselves under any obligation to people or organizations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- Objectivity  
Council members must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability  
Council members are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness  
Council members should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- Honesty  
Council members have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.
- Leadership  
Council members should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

#### 4.2. Council Proceedings

The Council shall meet at least 3 times in each academic year and additionally on the written request of the Chairman of the Council or the Vice-Chancellor or any 5 Council members. The quorum at any meeting of the Council shall be 12.

The Secretary of the Council is generally responsible for developing the agenda and supporting papers for Council meetings, in consultation with the Chairman of the Council and the Vice-Chancellor. They shall be provided to Council members 7 days in advance of the meeting. All resolutions are formally recorded in the minutes, and a resolution in writing which is approved in writing by a majority of Council members shall be valid and effectual as if they have been passed at a meeting of the Council.

#### 4.3. Corporate Decision Making

The Council should exercise its responsibilities in a corporate manner; that is to say, decisions should be taken collectively by all Council members acting as a body. Council members should not act individually, or in groupings, to take decisions on Council business on an *ad hoc* basis outside the constitutional framework of the meetings of the Council and its committees.

#### 4.4. Delegation

The Council may, subject to the University Ordinance and Statutes and such conditions as it may impose, delegate any of its powers and duties to any Board, committee or to any officer.

Such delegation must be clearly defined in writing and be formally approved by the Council. Although the Council may delegate its authority to other bodies or individuals to act on its behalf, the Council is nevertheless still ultimately accountable and has to accept corporate responsibility for the actions taken.

#### 4.5. Role of the Chairman

The Chairman is responsible for the leadership of the Council and its effectiveness, such as

- promoting the well-being and efficient operation of the Council, discussing those issues when it needs to discuss, and dispatching its responsibilities in a business-like manner;
- ensuring that all Council members observe the highest standards of corporate governance, probity and integrity;
- facilitating the proper discharge of its functions and delegated responsibilities by the Council committees, and its timely report back duty in contributing to the proper conduct of Council business;



- monitoring the business and overall performance of the University, particularly its senior management, without being drawn into the day-to-day executive management; and
- representing the University in its connection and relationship with stakeholders and external bodies.

The relationship between the Chairman and the Vice-Chancellor is mutually supportive, but must also incorporate the checks and balances imposed by the different roles each has within the University's constitution.

#### 4.6. Role of the Vice-Chancellor

Appointed by the Council, the Vice-Chancellor is the chief academic and administrative officer of the University. S/he shall hold office for such period and on such terms as may be determined by the Council.

The Vice-Chancellor is responsible for the executive management of the University and its day-to-day direction. The Vice-Chancellor should not seek to determine matters reserved for the Council. The specific responsibilities of the Vice-Chancellor in relation to the Council include:

- implementing the decisions of the Council or ensuring that they are implemented through the relevant part of the University's management structure; and
- initiating discussion and consultation including, where appropriate, consultation with the staff and the Senate on proposals concerning the University's future development, and ensuring that such proposals are presented to the Council.

The Vice-Chancellor shall advise the Council on any matter affecting the policy, finance and administration of the University. S/he shall be generally responsible to the Council for the maintenance of the efficiency and good order of the University and for ensuring the proper enforcement of the Statutes, decrees and regulations.

#### 4.7. Role of the Secretary of the Council

The Secretary of the Council is appointed by the Council and has a key role to play in the operation and conduct of the Council, and in ensuring that the appropriate procedures are followed. S/he is responsible for providing legal advice to, or obtaining it for, the Council, and advising it on all matters of procedure.

Although the Secretary of the Council normally combines this function with a senior administrative or managerial role within the University, the University and the Secretary of the Council shall exercise care in maintaining a separation of the two functions. When carrying out his/her role as the Secretary to the Council, s/he is solely responsible to the Council and therefore has direct reporting link to the Chairman of the Council for conduct of Council business (i.e. agendas, papers, minutes etc.).

The Secretary of the Council shall be the custodian of the common seal of the University and, with the Registrar, the joint custodian of the records of the University. The Secretary of the Council shall perform such duties as specified in the University Ordinance and Statutes, and as may be determined from time to time by the Council.

#### 4.8. Matters Concerning Council Members

##### 4.8.1. Declaration of Council Members' Interests

The University is fully committed to the principles of honesty, integrity and fair play in the delivery of services. It is included in Schedule 1 to the Prevention of Bribery Ordinance (Cap. 201) as one of the "Public Bodies" governed by the Ordinance. Hence, all members of the University are "public servants" for the purpose of the Ordinance.

Managing conflict of interest is important to good governance and maintaining trust in public bodies. Conflict of interest if improperly managed, give rise to criticism of favouritism, abuse of authority or even allegation of corruption and undermine the integrity of Council members, their decisions and eventually the University.

A conflict of interest situation arises when the "private interests" of Council members compete or conflict with the interests of the University. "Private interests" means both the financial and personal interests of Council members or those of their connections including:

- family and other relations;
- personal friends;
- the clubs and societies to which they belong; and
- any person to whom they owe a favour or are obligated in any way.

Use of official position, use of official information, private investment and outside employment are some common areas in which a conflict of interest may arise between a Council member's official duties and private interests.

To maintain public confidence in the integrity of Council members (including the chairman), as well as in the impartiality of their advice tendered to the committee, it is important that all Council members should disclose their general pecuniary interests on appointment to the Council, in addition to the report of conflicts of interests as and when they arise. To achieve greater transparency, such declarations should be kept by the Secretary of the Council and made available for inspection by other Council members.

The Chairman and Council members shall register in writing their personal interests, direct or indirect, pecuniary or otherwise, when they first join the Council, and annually thereafter, to the Secretary of the Council. The Secretary of the Council will keep the registers of Council members' interests, which should be made available for inspection or request by other Council members.

If any Council member (including the Chairman) has any direct personal or pecuniary interests in any matter under consideration by the Council, s/he must, as soon as practicable after s/he has become aware of it, disclose to the Chairman (or the Council) prior to the discussion of the item.

The Chairman (or the Council) shall decide whether a Council member disclosing an interest may speak or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting.

If the Chairman declares an interest in a matter under consideration, the chairmanship may be temporarily taken over by the Vice-Chairman.

When a known direct pecuniary interest exists, the Secretary of the Council may withhold circulation of relevant papers to the Council member concerned. Where a Council member is in receipt of a paper for discussion which s/he knows presents a direct conflict of interest, s/he should immediately inform the Secretary of the Council and return the paper.

All cases of declaration of interests shall be recorded in the minutes of the Council meeting.

#### 4.8.2. Undertaking by Council Members

New Council member will be invited to undertake in writing the acceptance of commitment to service in the Council, providing their range of skills and pledging to comply with the principles of this Code. They will then have to sign the undertaking on an annual basis to affirm their commitment.

#### 4.8.3. Council Members as Representatives

Council members are not the delegates of the constituencies from which they are nominated; nor are their roles of advancing the interests of those constituencies. Council members are nominated in an individual capacity and should not be bound, when speaking or voting, by mandates given to them by others.

#### 4.8.4. Attendance Records and Service Records of Council Members

Council members discharge their duties and responsibilities through attending the Council meetings and Council committees.

Their attendance records and service records of the Council will be recorded and published in the Annual Report and on the University's website which is accessible by the general public.

#### 4.8.5. Induction and Development

Once the appointments or elections of the new Council members are confirmed, they will receive a letter from the Secretary of the Council together with the meeting arrangement for the year and a copy of the University Calendar which contains, among other information, the University Ordinance and Statutes (the organization and procedures of the Council are provided under Statute 11). Courtesy visit and a full-day induction programme will be arranged for the new Council members to explain the background of the University, the University's strategic objectives, the responsibilities of being a Council member, the functions of the Council and the landscape of higher education in Hong Kong. The UGC will also arrange induction programmes for Council members once or twice a year.

Council members will on a regular basis receive copies of the University's publications, such as Newsletters, Annual Report, Chinese University Bulletin, Facts and Figures, etc., and a Council Away Day will be organized annually for them. These would help them stay up-to-date with the University's developments.

#### 4.8.6. Personal Liability and Indemnity

Council members should satisfy themselves that they understand their own position in the Council, and should:

- act honestly, diligently and in good faith;
- be satisfied that a course of action proposed is in accordance with the University Ordinance and Statutes;
- not bind the University to a course of action which it cannot carry out;
- ensure that the University does not continue to operate if it is insolvent;
- seek to persuade colleagues by open debate, and register dissent if they are concerned that the action would be contrary to any of the above; and
- avoid putting themselves in a situation where there is actual or potential conflict between their interests and those of the University.

If this advice is followed it is unlikely that personal liability could arise, particularly since the powers and responsibilities of the

Council are exercised in a collective manner and decisions are made by formal resolution. Moreover, the University is a separate legal entity, distinct from its members or officers. However, claims may be made in relation to the collective decisions and actions of the Council. The University has Directors' & Officers' Liability and Company Reimbursement Insurance that can cover the costs of any claims of negligence that may be made against Council members in carrying out their duties. A Council member should inform the Bursary, *via* the Secretary, in writing once s/he becomes aware that such a claim would be made against him/her.

#### 4.8.7. Monitoring of University's Subsidiary Companies & Institutes

The Council has a responsibility to ensure the long-term sustainability of the University and maintaining its reputation. It will therefore want assurance on external activities with significant potential financial or reputational risks. Where such activities involve commercial transactions, care must be taken to ensure that arrangements conform to the requirements of charity law and regulation. This is particularly the case where the University has established subsidiary entities, for example separate operating companies or charitable trusts, and institutes outside Hong Kong.

The Council should obtain assurance that the board of any subsidiary entity possesses at those attributes necessary to provide proper stewardship and control. The Council should be clear about its responsibilities in relation to any other corporate governance arrangement and associated reporting regarding any subsidiary.

#### 4.8.8. Confidentiality in the Conduct of Council Business

Council members are expected to comply with the following rules for ensuring that Council business is conducted in confidence. They are also applicable to persons in attendance at the Council meetings. The rules consist of the following elements:

- a. **Council documents** - All Council documents, including agenda, papers presented at meetings, minutes, circulars, etc., are confidential to Council members, and shall not be copied or otherwise disclosed to non-members except with the permission of the Chairman as confirmed in writing by the Secretary of the Council. Council members shall only make use of the information contained in the Council documents solely for the purpose of discharging their functions as Council members, unless the information is already in the public domain. Council members will be responsible for ensuring that their assistants/ secretaries handling Council documents on their behalf are appropriately briefed on the proper handling of these confidential documents.

- b. **Disclosure to non-members** – If any Council member believes that by talking to non-members in a general way, s/he will better discharge the functions of a Council member (e.g. in understanding how things are done elsewhere), s/he may discuss the principles or background related to the agenda item(s) with non-members on a confidential basis, without making specific references to information contained in the papers.
- c. **Conduct at meetings** – No recording shall be made by Council members on its proceedings with any audio-visual aids or other instruments of communication technology. Decisions of the Council shall be made under the principle of collective responsibility, and no comments shall be attributable to any individual(s) in respect of specific policies or decisions.
- d. **Official communication** – Official dissemination of a Council policy or decision shall be the responsibility of the University management, supported by the relevant administrative office(s). The Secretary of the Council normally prepares a summary report of each Council meeting after the relevant minutes have been approved, for publication on the University website. Once published, Council members may freely discuss matters, without attribution, that have been recorded in the summary report. However, individual Council members should refrain from speaking on behalf of the Council unless authorized to do so.
- e. **Applicability** – These rules are applicable to all Council members, persons (without voting right) specifically invited to attend a meeting of the Council (or part thereof), and other University staff members in attendance at meetings and servicing the Council (without voting right, and may only address the meeting if invited to do so by the Chairman). In the event that a member is found to have breached these rules, the Council may, subject to the University's Ordinance and Statutes, decide to take action against the individual concerned, provided that any decision is made after a due process.

#### 4.8.9. Council Members Bidding for the Contracts of the University

As a matter of principle, Council members should avoid entering into any business contract (e.g. for the supply of goods or services) with the University in their personal capacity to prevent the public perception of Council members using their capacity to obtain financial gains from the University. Where this is unavoidable, Council members shall adhere to the guidelines on managing possible conflict of interests in bidding for the University's business contracts as follows:-

- a. When the need for a contract is discussed, Council members should be asked at the outset to declare whether they or any company associated with them are interested in bidding for the contract.
- b. Council members who have declared an interest to bid should not take part or be present at any subsequent discussions or meetings concerning the proposed contract, and should be prohibited from access to any information in relation to the contract (other than in the capacity of a bidder).
- c. Council members who have not declared an interest to bid (and the companies concerned) should not be allowed to bid subsequently.
- d. When a Council member (or a company associated with him/her) has expressed an interest to bid, the Council should ascertain whether any information relating to the contract has already come to the possession of that Council member in the course of his/her duties as a member. If so, such information should be made available to other bidders as well to ensure a level playing field.
- e. If a Council member (or a company associated with him/her) has put in a bid, care should be taken to ensure that s/he subsequently has no access to the submitted tender documents which may contain commercially sensitive information.
- f. Bidder identity should be anonymized before the evaluation of bids if a Council member (or a company associated with him/her) is one of the bidders.
- g. If a Council member (or a company associated with him/her) is successful in bidding for the contract, s/he should withdraw from all discussions relating to the contract, except when attending in the capacity of a supplier or a service-provider.

#### 4.8.10. Misuse of Official Position

Council members should act impartially and should not use their official position for personal gains, nor accord preferential treatment to University or persons with whom they have connections. They should not use or permit the use of their official position or title or an authority associated with their public office in a manner that is intended to coerce or induce another person to provide any benefit to himself/herself or his/her relations, friends or associates. Nor should they use their official position or title in a manner that could reasonably be construed to imply that the University sanctions or endorses their personal activities or those of another.

#### 4.8.11. Principles of Openness and Transparency in the Operation of the Council

The general principle applies that students, alumni and staff of the University should have appropriate access to information about the proceedings of the Council.

The University's Annual Report and audited financial statements are made widely available outside the University, and always welcome the comments on the University from the public, or the local community.

#### 4.8.12. Review the Effectiveness of the Council

The Council needs to adopt an approach of continuous improvement to governance, in order to enhance its own effectiveness and provide an example to the University about the importance of review and evaluation.

Accordingly, the Council should conduct a regular, full and robust review of its effectiveness and that of its committees, the starting point for which should be an assessment against this Code and the statutory responsibilities alongside those which it has assumed and articulated independently.

#### 4.8.13. Compliance

Council members should understand and comply with this Code when performing duties of the Council. They should adhere to the spirit and the letter of any rules or orders made for the Council's practices and procedures or for members' behaviour in relation to the business of the Council.

Council members should comply with all local laws and regulations when conducting the Council's business, and also those in other jurisdictions, when conducting business there. In case of suspected corruption or other criminal offences, a report will be made to the ICAC or the appropriate law enforcement agencies.





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