

**FINANCIAL AFFAIRS  
OF INSTITUTIONS**  
院校財務事宜



## Financial Affairs Working Group (FAWG) and FAWG Report

To help ensure institutions uphold their good financial governance and sound financial planning, the UGC established a Financial Affairs Working Group (FAWG) in January 2011 with professional expertise to work with institutions with a view to acquiring a better understanding of the institutions' finances. Apart from focusing on the long-term financial outlook and the appropriate use of UGC funds for UGC-funded activities, the review also covered cost recovery and cost charging mechanisms, the demarcation and deployment of surpluses derived from self-financed activities, and the financial transparency of the institutional finances.

The purpose of the review is to offer recommendations in cost allocation practices and financial transparency, so as to provide more assurance to the public that the use and application of public funds is appropriate. Other than sending out questionnaires to all the eight UGC-funded institutions for their completion, the Group also met and discussed with the senior management of the institutions the findings and observations of the review, and exchanged views on areas for improving the financial governance within institutions. The FAWG completed its review, and published the FAWG Report in October 2013 after consultation with the institutions and the endorsement of UGC. The full report is available on the UGC website.

The review was not intended to be a comprehensive review of the financial operations of the institutions and the effectiveness of the institutions' internal control and governance practices. Neither was it an internal audit nor an external audit/assurance engagement. The FAWG had adopted a forward looking approach in conducting the review. During the course of the review, nothing had come to the FAWG's attention that would suggest that there were glaring irregularities in the financial governance of the institutions nor any use of public funds that was outside the mission of the institution.

## 財務工作小組及其報告

為協助院校維持良好的財務管治及作出穩健的財務規劃，教資會於2011年1月成立包括專業人士的財務工作小組(工作小組)，通過與院校合作，進一步了解院校的財務。除集中研究院校的長遠財政狀況及教資會撥款是否妥善用於教資會資助活動外，該次檢討亦涵蓋收回成本和按成本收費的機制、自資活動所得盈餘的劃分和調配，以及院校的財政透明度。

檢討的目的，是在院校的成本分攤方法和財政透明度方面提出建議，以便加強向公眾保證公帑會得到妥善使用和運用。工作小組除向八所資助院校發出問卷收集資料外，亦與院校的管理層會面，討論檢討結果及觀察所得，並就院校在財務管治方面有待改善的地方交換意見。工作小組於2013年10月完成檢討，經諮詢院校並取得教資會確認後發表報告，全文現已上載教資會網站。

該次檢討並非要全面檢視院校的財務運作及其內部監控與管理措施的成效，其性質既非內部審計，亦非外部審計/核證。工作小組是從前瞻的角度進行了該次檢討。工作小組察悉，檢討期間並無發現任何情況，顯示院校在財務管治方面有不當之處或有撥款並非用於履行院校的使命。

## FAWG Report recommendations

The FAWG considered that there is room for improvement in the cost allocation practices and the level of financial transparency in institutions, and put forward nine recommendations which fall under two main areas:

### (a) Cost allocation practices

- (i) Institutions should allocate costs to both the UGC vote and the non-UGC vote using appropriate and consistent methods. Indirect overheads charged to non-UGC-funded research projects and all other self-financed activities should be charged on exactly the same basis (*Recommendation 1*).
- (ii) Institutions should re-examine their practices concerning staff cost recovery (*Recommendation 4*).
- (iii) Institutions should amend their overhead charging practices to recognise that the cost of buildings is a direct cost to be charged to a self-financed programme (*Recommendation 5*).

### (b) Financial transparency

- (iv) Institutions should make an appropriate disclosure in the documents submitted to their respective Councils and an annual declaration submitted to the UGC explaining the nature of the research projects for which exemptions on overhead charge have been applied together with a note of the quantum involved (*Recommendation 3*).
- (v) Each institution should explain clearly in a publicly available document the way in which the institution allocates costs to UGC-funded and non-UGC funded activities (*Recommendation 6*).
- (vi) The UGC should consider mandating the requirement of segment reporting by funding source (*Recommendation 7*).

To implement some of the above recommendations, the UGC should:

- (vii) update the Statement of Recommended Accounting Practice for UGC-funded institutions (SORP) to reflect both current and recommended accounting practices and disclosures (*Recommendation 8*), and modify the UGC's "Notes on Procedures" as appropriate;

## 工作小組報告的建議

工作小組認為院校在成本分攤方法及財政透明度方面，均有改善空間，並就這兩大範疇提出了九項建議：

### (a) 成本分攤方法

- (i) 院校應採用適當而一致的方法把成本分攤入教資會撥款帳和非教資會撥款帳。非教資會資助研究計劃及其他所有自資活動的間接費用應按同一基準收取 (*建議1*)。
- (ii) 院校應重新審視其收回員工成本的做法 (*建議4*)。
- (iii) 院校應修訂其收取間接費用的方法，把建築物成本確認為自資課程的直接成本 (*建議5*)。

### (b) 財政透明度

- (iv) 院校應在提交其校董會的文件中作出適當披露，以及按年向教資會作出聲明，解釋獲豁免間接費用的研究計劃的性質及所涉金額 (*建議3*)。
- (v) 各院校應在可供公眾查閱的文件內清楚解釋院校如何在教資會資助活動與非教資會資助活動之間的分攤成本 (*建議6*)。
- (vi) 教資會應考慮強制執行編製按撥款來源的分部報告的規定 (*建議7*)。

為落實部分上述建議，教資會應：

- (vii) 更新供資助院校依循的《建議會計準則》，以反映現行和建議的會計方法，以及披露資料的情況 (*建議8*)，並視乎情況修訂教資會的《程序便覽》；

- (viii) form a Working Group to review the cost allocation recommendations with a view to establishing detailed guidance for institutions and to explore the possibility of introducing the Transparent Approach to Costing (TRAC) and Full Economic Costing (fEC) guidelines similar to the manner in which they have been introduced in the United Kingdom (*Recommendation 2*); and
- (ix) identify an appropriate mechanism by which the cost allocation practices of the institutions can be periodically reviewed and endorsed (*Recommendation 9*).

The FAWG envisaged that the adoption of the recommendations as set out in the FAWG Report would further enhance the cost allocation practices and financial transparency of the institutions, so as to provide more assurance to the public that the use and application of public funds is appropriate, i.e. institutions shall only use the UGC funds for the activities eligible for public support. Recognising the complexities of the implementation of some recommendations, the FAWG has adopted a phased implementation schedule to allow the institutions to implement them over a reasonable timeframe, having regard to the resources and time span that would be required.

### Implementation of the FAWG Report recommendations

Following the disbandment of FAWG in November 2013 upon completion of the review report, the UGC has set up two new groups namely the Financial Affairs Group and the Financial Affairs Expert Working Group, comprising members with financial and accounting backgrounds, to take forward some of the implementation tasks in consultation with the institutions. An external consultant was also engaged in June 2014 to provide technical support and professional advice to the Groups.

The UGC continues to work with the institutions to implement the other recommendations with a view to ensuring good financial governance practices in institutions.

- (viii) 成立專責小組，檢視成本分攤建議，以期為院校制訂具體指引，並研究是否可參照英國的模式，在港引入透明為本計算成本法及全部經濟成本法作為指引(建議2)；以及

- (ix) 訂定合適機制，以定期檢視並批核院校的成本分攤方法(建議9)。

工作小組相信，工作小組報告所載的建議獲採納後，可進一步改善院校的成本分攤方法及財政透明度，以加強向公眾保證公帑會得到妥善使用和運用，亦即院校只會把教資會撥款用於可以公帑資助的活動。工作小組明白部分建議在落實時涉及複雜問題，因此提出分階段實施，容許院校因應所需資源及時間在合理時間內落實有關建議。

### 落實工作小組報告的建議

隨着工作小組完成報告並於2013年11月解散，教資會成立了兩個新小組：財務小組和財務專家工作小組。小組成員均具有財務及會計背景，他們會在諮詢各院校後，執行各項落實報告建議的工作。此外，小組已於2014年6月委聘顧問公司，負責向兩個小組提供技術支援和專業意見。

教資會會繼續與院校合作，落實報告的其他建議，以確保院校維持良好的財務管治。