



Lingnan 嶺南大學
University

**Code of Practice
for
Members of the Council**

October 2018

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1. Introduction

- 1.1. The University is committed to providing quality whole-person education by combining the best of Chinese and Western liberal arts traditions; nurturing students to achieve all-round excellence and imbuing them with its core values; and encouraging faculty and students to contribute to society through original research and knowledge transfer. The University is an autonomous body with its Ordinance and Governing Council responsible for the management and strategic direction of its own affairs. Members of the Council need to recognize and be committed to the vision and mission of the University in order to contribute to the work of the University.
- 1.2. This document aims to assist members of the Council in discharging their duties with a broad overview of the legal status and governance structure of the University as well as the roles and responsibilities of members of the Council and the conduct of Council business. This document will be updated when deemed appropriate to take into account changes in the University and experiences of best practices in corporate governance.

2. Legal Status of the University

- 2.1 The University is legally independent and is accountable through a governing body which carries ultimate responsibility for all aspects of the institution. The University is incorporated under a Hong Kong Ordinance – Lingnan University Ordinance (Chapter 1165) (the Ordinance) which outlines the University’s powers and duties, and constitution. The Ordinance empowers the University to make, repeal and amend statutes. The Lingnan University Statutes (the Statutes) set out in detail important constitutional and procedural matters for the operations of the University. The Ordinance can only be amended by the Legislative Council, whilst the Council may make statutes for the better carrying out of the provisions of the Ordinance.
- 2.2 The Ordinance and the Statutes can be accessed through the following links respectively:

<https://www.elegislation.gov.hk/hk/cap1165>, and
<http://www.ln.edu.hk/occbga/lingnan-university-statutes>.

3. Governance Framework of the University

3.1. The Court

- 3.1.1 The Court is established as stipulated in the Ordinance. The Court consists of 42 seats in which 35 are external members who are not employees of the University and 7 internal members including the President, Vice-President, 2 members elected by the eligible staff among themselves in accordance with the Statutes, 1 member elected by the Senate from among its members in accordance with the Statutes, a graduate or past student of the Lingnan College referred to in the preamble to the Ordinance or of the University (nominated by Lingnan University Alumni Association (Hong Kong) Limited) and the President of the Lingnan University Students’ Union.

- 3.1.2 Its duties are as follows:
- (a) shall be consulted by the Council on the appointment of a President or Vice-President;
 - (b) may consider the annual budget estimates and make representations to the Council;
 - (c) may consider the annual accounts together with any comments that may have been made by the auditors;
 - (d) may consider any reports made to it by the Council; and
 - (e) may discuss any motion on general university policy.
- 3.1.3 The Court normally meets twice a year to receive from the President his report of the year's highlights and from the Treasurer the Financial Report of the University. Additional special meetings will be arranged if the need arises.

3.2 The Council

- 3.2.1 The Council is the executive governing body of the University. It exercises the powers and duties of the University as specified in the Ordinance. It is responsible for the University's finances and investments and for the management of the University estate and buildings. It has authority to enter into contracts on behalf of the University and to enter into loan and mortgage agreements.
- 3.2.2 The Council has a majority of lay members and consists of 33 members of whom 25 are external members who are not employees of the University and 8 internal members including the President, the Vice-President, 3 members elected by the eligible staff among themselves in accordance with the Statutes, 2 members elected by the Senate from among its members in accordance with the Statutes and the President of the Lingnan University Students' Union.
- 3.2.3 The Council normally meets 4 times each year in October, February, April and June. Additional special meetings will be arranged if the need arises. Most of the work of the Council is conducted through its committees which make regular reports to the main Council meetings.

3.3 The Senate

- 3.3.1 The Senate is the supreme academic body of the University. It is responsible for regulating and directing the academic work of the University. The powers and duties as well as its membership and procedures are defined by the Council as stipulated in the provisions of the Statutes 2 and 3 respectively.
- 3.3.2 The responsibilities of the Senate include:
- (a) review and develop academic programmes;
 - (b) direct and regulate the teaching and research at the University;
 - (c) regulate the admission of persons to approved courses of study and their attendance at such courses;
 - (d) regulate the examinations leading to the degrees and other academic awards of the University; and
 - (e) determine the eligibility of persons to receive degrees, diplomas, certificates and other academic awards other than honorary degrees or honorary awards.

3.4 Officers of the University

3.4.1 The Ordinance provides for a number of officers, *inter alia*, those described in the following paragraphs.

3.4.2 Chancellor

The Chancellor of the University is the Chief Executive.

3.4.3 Chairman of the Council

The Chairman is a lay Council member and is appointed by the Chief Executive. He/She chairs the meetings of the Council, the Honorary Awards Committee of the Council and other committees appointed by the Council under section 14 of the Ordinance.

3.4.4 Deputy Chairman of the Council

The Deputy Chairman is a lay Council member and is appointed by the Chief Executive. He/She shall act for the Chairman in his/her absence. The Deputy Chairman chairs the Staffing Committee of the Council and other committees appointed by the Council under section 14 of the Ordinance.

3.4.5 Treasurer of the Council

The Treasurer is a lay Council member and is appointed by the Chief Executive. He/She chairs the Finance Committee of the Council, the Investment Subcommittee and the Main Tender Board under the Finance Committee.

3.4.6 President

The President is appointed by the Council and shall be subject to the control of the Council. As defined in the Ordinance, the President is the principal academic and administrative officer of the University. During his absence, the Council may appoint a person to act for the President.

3.4.7 Vice-President

The Vice-President is appointed by the Council to assist the President.

4. Powers and Responsibilities of the Council

4.1 The Council is the executive body of the University. As the supreme governing body of the University, it carries responsibility for ensuring the effective management of the University and for planning its future development. Subject to the Senate being the principal academic authority, the Council has ultimate responsibility for all the affairs of the University.

4.2 The constitution and powers of the University are laid down in, and limited by the Ordinance. The Council has to ensure that the University does not extend its activities beyond those permitted. Details of the powers and duties of the Council are specified in the Ordinance and the Statutes.

4.3 All Council members are expected to provide support and advice to the University so as to ensure its well-being and sustainable development. Council members will diligently and faithfully discharge their duties in the best interests of the public, the

University's students, employees and other sectors of the University community. The main responsibilities of the Council are listed below in general terms.

4.3.1 Proper Conduct of Business

The Council is entrusted with funds, both public and private, and therefore has a particular duty to observe the highest standards of corporate governance. This includes ensuring and demonstrating integrity and objectivity in the transaction of its business, and wherever possible following a policy of openness and transparency in the deliberation and dissemination of all its decisions.

4.3.2 Strategic Planning

The Council has a duty to enable the University to achieve and develop its primary objectives of teaching and research. This responsibility includes considering and approving the strategic plan, which sets the academic aims and objectives of the University and identifies the financial, physical and staffing strategies necessary to achieve these objectives.

4.3.3 Monitoring Performance

The Council should monitor regularly the performance of the University against its planned strategies and operational targets through the Senate as well as the various Council Committees.

4.3.4 Finance

The Council's financial and fiduciary responsibilities include:

- ensuring the solvency of the University and safeguarding its assets;
- approving the financial strategy;
- approving annual operating plans and 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 in the grant allocation letter;
- ensuring the existence and integrity of management, financial and control systems and monitoring these through the Audit Committee; and
- receiving and approving annual accounts and financial statements.

The Finance Committee and the Audit Committees assist the Council in discharging its responsibilities as stated above.

4.3.5 Audit

The Council is responsible for directing and overseeing the University's arrangements for internal and external audit. The Audit Committee is established to assist the Council in these matters. The University established the Office of Internal Audit which is independent of all other organisational functions in the University with the Director of Internal Audit functionally reports to the Audit Committee and administratively to the President.

4.3.6 Risk Management

The Council has responsibility for overseeing the University's risk management to ensure the major institutional risks, both financial and reputational, have been clearly identified and are being effectively managed. The Audit Committee assists the Council in this matter with input from the Risk Management Committee

established under the President and Central Administration structure of the University.

4.3.7 Estate Management

The Council is responsible for overseeing the strategic management of the University's land and buildings. As part of this responsibility it should consider, approve and keep under review an estate strategy which identifies the property and space requirements needed to fulfil the objectives of the University's strategic plan, and also provides for a planned programme of capital development and maintenance. The Campus Development and Management Committee assists the Council in discharging its related responsibilities.

4.3.8 Human Resources

The Council has responsibility for the University's employment policy. This includes ensuring that pay and conditions of employment are properly determined and implemented. The Council has established the Staffing Committee to assist in meeting these responsibilities. The Council is also responsible for appointing and setting the terms and conditions of service for the President and Vice-President and such other officers as it may determine.

4.3.9 Charitable Status

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

5. Conduct of Council Business

5.1. Proper Conduct of Public Business

5.1.1 The Council is entrusted with public funds and therefore has a particular duty to fulfill 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. In 1995, the UK Committee on Standards in Public Life has identified 7 principles of public life which are followed by the University Governing Bodies in the UK. Since they are universal principles of good practice, it is recommended that they be followed by the Council. They are as follows:

Selflessness

Council members should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Integrity

Council members should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, members should

make choices solely on merit.

Accountability

Members are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their holding office.

Openness

Members should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

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 interest.

Leadership

Members should promote and support these principles by leadership and example.

- 5.1.2 The Independent Commission Against Corruption promulgated a *Sample Code of Conduct For Members Of Public Bodies* (2014) which stated that a member of the governing body of a public body should uphold the core values in the delivery of services to the public, including honesty and integrity; objectivity and impartiality; accountability for decisions and actions; and dedication, professionalism and diligence.
- 5.1.3 This document outlines the general rules and conventions of the business of the Council, and particularly those features which assist with compliance with the principles mentioned above.

5.2 Rules and Procedures for the Conduct of Business

- 5.2.1 The Council meets at regular intervals, normally four times per year. In order to function efficiently, the Council has established a set of rules of procedure for the meetings of the Council and the Committees under the Council. These cover the calling of meetings, the order of business, procedures and voting, classification of business, confidentiality, etc. Details of the rules of procedure for meetings of the Council and its committees are provided in Part I of Statute 4.
- 5.2.2 The Council should exercise its responsibilities in a corporate manner, that is to say, decisions should be taken collectively by the members acting as a body. Members should not act individually or in informal groups to take decisions on Council business on an *ad hoc* basis outside the constitutional framework of the meetings of the Council and its committees.

5.3 Delegation

- 5.3.1 The Council delegates a major portion of its work to its committees. However, in deciding which tasks should be delegated to committees, the Council retains a schedule of matters reserved to it for its collective decision. Such matters, *inter alia*, include final decisions on issues of strategic planning and development, such as the

University's mission and vision, long-term aims, principal objectives, financial strategy, the review and approval of financial statements, the terms and conditions of employment of staff in the University and the appointment of the President and the Vice-President. Such delegations, clearly defined in writing, are approved by the Council and are available to members of the University, including Council members.

- 5.3.2 There are currently 11 standing committees under the governance of the Council. The following summarises the major objectives of these key standing committees with the latest approved terms of reference and membership compositions of the committees available on the University website (<http://www.ln.edu.hk/occbga/council/committees-under-council>).

Appeals Committee

The Appeals Committee considers and makes decisions on appeals from any eligible staff member whose contract is not renewed or whose continuous employment is terminated on the grounds relating to performance of his or her duties and appeals from any staff member who has right of appeal in accordance with the Staff Grievance Procedures.

Audit Committee

The role of the Audit Committee is to provide independent oversight on the adequacy and effectiveness of financial controls, internal controls and risk management systems.

Campus Development and Management Committee

The role of the Campus Development and Management Committee is to advise and make recommendations on all matters relating to the overall planning and development of the University campus. It also monitors the progress of the master development plan and to recommend any modifications if necessary, as well as to formulate policies and monitor the management and maintenance of the estates of the University campus.

Career Development Committee

The Career Development Committee advises and recommends to the Council and the University on matters relating to employment (including internship) of students and graduates. It also assists to promote employment (including internship) opportunities for the University's students and graduates by identifying and developing appropriate liaison with the community and to increase their employment opportunities.

Christian Activities Committee

The Christian Activities Committee advises on policies of preserving the Christian tradition of Lingnan University and to raise funds for the promotion of Christian faith and related activities.

Ethics and Discipline Committee

The Ethics and Discipline Committee deals with staff discipline and other problems such as plagiarism and sexual harassment on campus, and to formulate policies and guidelines thereof.

Finance Committee

The role of the Finance Committee is to advise and make recommendations on all matters within the jurisdiction of the Council which have important financial implications. It also monitors and oversees all retirement benefit schemes of the University.

Honorary Awards Committee

The Honorary Awards Committee selects candidates for recommendation for the conferment of the awards of honorary degrees, honorary fellows and honorary Court members.

Institutional Advancement Committee

The role of the Institutional Advancement Committee is to consider and recommend strategies for advancement of University's mission and goals through engaging the support of alumni, stakeholders of the University, and the community at large. It also advises and recommends to the Council on matters relating to fundraising.

Lingnan Education Organization Limited (LEO) Donation Management Committee

The role of the LEO Donation Management Committee is to make recommendation on the set up of policies and procedures to manage the LEO donation and any other donations on which the Committee has agreed to manage.

Staffing Committee

The Staffing Committee advises and makes recommendations on the personnel policy matters, including staff and establishment, terms and conditions of service and staff development. It also deals with any personnel matters prescribed by the Council.

- 5.3.3 Apart from the above 11 standing committees, the Council may create and appoint any committee for any special purposes when it deems fit.

5.4 Role of the Chairman of the Council

- 5.4.1 The Chairman is responsible for the leadership of the Council. As Chairman of its meetings, he/she should promote the well-being of the Council and its efficient operation ensuring that Council members work together effectively and have confidence in the procedures laid down for the conduct of business. The Chairman has to ensure that members of the Council are made aware of the Seven Principles of Public Life (as set out in section 5.1.1 above), and that the committees of the Council that play a central role in upholding the highest standards of corporate governance and in the proper conduct of the Council's business report appropriately to the Council. The Chairman is also ultimately responsible for ensuring that the Council operates effectively (which would include, among other things, handling routine and noncontroversial matters on behalf of the Council between meetings), discusses those issues which it needs to discuss, and dispatches its responsibilities in a business-like manner.
- 5.4.2 Through leadership of the Council, the Chairman plays a key role in the business of the University, but should take care not to be drawn into the day-to-day executive

management which is the responsibility of the President. The relationship between the Chairman and the President is mutually supportive but also incorporates the checks and balances imposed by the different roles each has within the University's constitution.

5.4.3 The Chairman is the official spokesperson of the Council.

5.5 Role of the President in relation to the Council

5.5.1 The Council is responsible for determining the overall strategic direction of the University. It establishes the budgetary framework, appoints the President, and exercises general oversight over the University's performance and development. Subject to the control of the Council, the President is responsible for the executive management of the University and its day-to-day direction.

5.5.2 The President should not seek to determine matters reserved for the Council and conversely the Council should avoid involvement in the day-to-day executive management of the University.

5.5.3 The specific responsibilities of the President include, *inter alia*:

- 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 relevant stakeholders as appropriate and with the Senate on proposals concerning the University's future development, and ensuring that such proposals are presented to the Council.

5.5.4 As the principal academic and administrative officer, it is good practice for the President to regularly update members of the Council of the activities and developments in various parts of the University.

5.6 Members of the Council

5.6.1 The University accepts the *Report of Governance in UGC-funded Higher Education Institutions in Hong Kong* (September 2015) published by the UGC (UGC's Governance Report) that members of university councils are in a very real sense trustees of the institution. As the trustees of the University, members of the Council should act and be perceived to act, impartially, and not be influenced in their role as Council members by their own social or business relationships.

5.6.2 Members of the Council, whether they are elected by particular constituencies or appointed by specified authority, should not act as if delegated by the body as their representative. Regardless of how someone becomes a Council member, he/she is selected *ad personam*, and once on the Council he/she must act as a trustee in the best interest of the University as a whole rather than the interests of his/her appointing authority or election constituency. No member may be bound, when speaking or voting, by mandates given to him/her by others.

5.6.3 Members of the Council are members of the University and may use the general facilities of the University, e.g. the library, restaurants, car park, etc.

5.6.4 The attendance records of members at Council meetings are available in University website and the University Annual Report which are accessible to the public.

5.6.5 The Council does not remunerate its members, but it may pay such travelling or subsistence allowances as it may determine when members are engaged on Council business.

5.7 Induction and Development

5.7.1 Members of the Council, when taking up office, should be briefed on the terms of their appointment and be made aware of the responsibilities placed on them for the proper discharge of their duties to the University. They should receive copies of relevant background documents at the time of their appointment. These include, for example, the Code of Practice of Members of Council, the University's annual report, financial statements, the Strategic Plan, and the rules and procedures of the Council. Provision of these documents for new members is the responsibility of the Secretary to the Council.

5.7.2 A briefing session for new members is provided, in order to explain their responsibilities, the function of the Council and other organizations within the Higher Education system of Hong Kong, and the strategic objectives of the University.

5.7.3 Members of the Council regularly receive copies of both the University's newsletter and appropriate publicity materials about the institution to help them stay up-to-date with developments. There is an onus on members of the Council to keep themselves informed on best practice and developments in corporate governance.

5.8 Declaration of Members' Interests

5.8.1 If a member of the Council has a pecuniary or personal interest, whether directly or indirectly, in any matter to be considered at a meeting of the Council and is present at the meeting, he/she shall as soon as possible after the commencement of the meeting state the fact and the nature of the interest and shall, if required by a majority of the members present, withdraw from the meeting while the matter is considered and in any case shall not vote thereon. Such matters include the supply of work or goods or services to or for the purposes of the University, any contract or proposed contract concerning the University, and any other matters relating to the University.

5.8.2 The declaration of an interest is essentially the responsibility of the individual Council member. The declaration of an interest by a Council member in the course of a meeting should always be recorded in the minutes.

5.8.3 Members of the Council who are staff members of the University shall be requested to withdraw from on-going Council meetings whenever discussions on staff matters directly or indirectly relating to themselves or to any other named personnel of their Departments/Units concerned are being presented. By the same token, the members concerned shall not receive those parts of the agenda papers on and minutes of such matters, and in any case shall not vote thereon.

5.8.4 The arrangement on declaration of members' interests applies to members of all the Committees set up under the Council.

5.9 Personal Liability and Indemnity

5.9.1 The law relating to the personal liabilities of members of Councils is complex and its interpretation is ultimately a matter for the courts of the HKSAR. This document does not therefore attempt a statement of the law, but offer some general guidance on conduct, to avoid actions which could involve a personal liability.

5.9.2 Members of the Council should satisfy themselves that they understand their own position in the University:

- act honestly, diligently and in good faith;
- be satisfied that the course of action proposed is in accordance with the University's Ordinance and Statutes;
- not bind the University to a course of action which it cannot carry out;
- seek to 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.

5.9.3 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, it is acknowledged that claims may be made against an individual member of the Council in relation to the collective decisions and actions of the Council, and accordingly the University has general insurance cover for indemnity against the costs of any claims of negligence that may be made against members of the Council in discharging their duties. As soon as a member becomes aware that such a claim could be made against him/her, he/she should inform the Office of the Comptroller, via the Secretary to the Council, in writing.

5.10 Rotation of Members

5.10.1 Continuity of membership, particularly of key members, is important to the University but so is the need for the periodic injection of new blood. The Ordinance prescribes that lay members are normally appointed for 3 years or such lesser period as the Chief Executive may determine.

5.10.2 In order to enable the Council to discharge its duties effectively and efficiently, candidates with expertise in different areas, such as finance and commerce, accounting, engineering, education, legal, human resources, public relations and marketing, fundraising, non-profit board service, and community networking will be essential for assisting the Council to perform its functions. In response to the UGC's Governance Report, a skills template for identification of candidates for Council members for supporting the works and matters under the purviews of these standing committees has been worked out. The Council would periodically

review its skills set composition as a whole and to ensure a good balance of expertise has been maintained with the coverage of all expertise needed.

5.11 Principle of Openness and Transparency in the Operation of the Council

5.11.1 In general the principle of openness applies to the operation of the Council and Council members have access to information about the proceedings of the Council. Council's decisions and policies are communicated to members of the University and the public as appropriate through different channels.

5.11.2 There may, however, be matters, covered in the rules and procedures, where it is necessary to observe confidentiality. Such matters are likely to concern individuals or have a "commercial" sensitivity.

5.11.3 The University's annual report and financial statements are made widely available outside the University.

5.12 Review of the Effectiveness of the Council

5.12.1 Regular reviews on the Council's own effectiveness and the University's performance are essential to foster continuous improvement to the University governance. The Council should conduct a regular, full and robust review of their effectiveness and that of the Council committees, and the starting point for which should be an assessment against this document and the statutory responsibilities alongside those which it has assumed and articulated independently.

Acknowledgements

This document is modelled on a similar non-copyright document entitled *Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland* (Third Edition, 2001) which has been prepared by the Committee of University Chairmen in association with the Higher Education Funding Council for England, the Higher Education Funding Council for Wales and the Department of Higher and Further Education, Training and Employment for Northern Ireland. The content relies heavily on this text.

References have also been made to another non-copyright document, entitled *The Proper Conduct of Public Business, the eighth report of the UK House of Commons' Committee of Public Accounts* (1994). A number of publications have been consulted, including *Guide for Members of Higher Education Governing Bodies in the UK* (March 2009) published by Committee of University Chairs, *Sample Code of Conduct For Members Of Public Bodies* (2014) published by the Independent Commission Against Corruption, *Guide to Corporate Governance for Subvented Organisations* (Second Edition, 2015) published by the Efficiency Unit of the HKSAR Government, and *Governance in UGC-funded Higher Education Institutions in Hong Kong - Report of the University Grants Committee* (September 2015) published by the UGC.