

Lingnan University
Guidelines for Solicitation and Acceptance of Donations and Sponsorships

1. Preamble

1.1 It has been a common practice among tertiary institutions in Hong Kong and elsewhere to solicit and accept donations/sponsorships to support its mission and programmes. Since donations/sponsorships may be offered in a wide range of situations, perceptions of corruption, favoritism or friendly deals can arise if the potential donors/sponsors are approached directly by individual staff without formal authorisation and when there are no accountability mechanisms in place in the institutions.

1.2 Most tertiary institutions in Hong Kong are financed by public funds and are defined as public bodies under the Prevention of Bribery Ordinance. In view of the consideration described in paragraph 1.1, the Corruption Prevention Department of the Independent Commission Against Corruption has requested tertiary institutions to establish guidelines and mechanisms to administer the solicitation and acceptance of donations and sponsorships.

2. Guiding Principles

2.1 Donations/sponsorships should benefit the University's students and contribute to enhancing the quality of teaching, learning and scholarship and the overall development of the University.

2.2 A control system should be set up to make sure that procedural guidelines are followed and the operating principles of impartiality, integrity, accountability and obtaining the best deal should be built into the solicitation and acceptance processes.

2.3 There should not be conditions attached to a donation/sponsorship, which may affect the University's ability to carry out its functions fully and impartially.

2.4 The acceptance of a contribution from a donor/sponsor should not adversely affect the reputation of the University.

3. Fundraising Office¹

3.1 A Fundraising Office accountable to the President of the University should be designated to coordinate the administrative work arising from the solicitation and acceptance of donations/sponsorships. Its role is to ensure that consistent policies be adopted by different programmes/departments/centres/units in the University. It should function independently, with no direct association with the other functions of the University (e.g. student admissions, purchasing and tendering functions), so that donors and sponsors do not perceive their contributions to be linked in any way to other official dealings they may have with the University.

3.2 For practical reasons, potential donors/sponsors may have to be approached by individual staff/departments at the initial stage. The Fundraising Office (which

¹ The Fundraising Office is the Office of Institutional Advancement and Alumni Affairs.

maintains a database of donors of the University for networking purposes) should be consulted in the first instance so as to avoid approaching the same donors for the same or different events at the same time, or at short intervals. As soon as a proposal is firming up, either monetary donation or in-kind donations/sponsorships², solicitation should be taken up formally by the Fundraising Office. The Fundraising Office is responsible for the formulation of suitable arrangements to ensure consistency of practice and monitor effectively the receipt and disbursements of funds and any other non-monetary donations.

4. **Guidelines**

4.1 *Solicitation*

4.1.1 The University will not solicit donations/sponsorships exclusively from individuals or companies which are suppliers/potential suppliers of goods and/or services to the University.

4.1.2 Acceptance of a donation/sponsorship should not in anyway give or be perceived as to give the donor/sponsor an unfair commercial advantage over others in the same trade, industry or profession in relation to regular business dealings with the University.

4.1.3 Having regard to the nature and purpose of the project or activity concerned, if any, a donation/sponsorship should not be so excessive that the University may unnecessarily be placed in an obligatory position.

4.1.4 For sponsored attendance at conferences, seminars etc., the sponsor should not name an individual staff as beneficiary. Beneficiaries of sponsorships should be selected by the University in accordance with its own nomination and selection procedures. The selected beneficiary should be delinked for a specified period of time from any decision process in the University which may involve the commercial interest of the sponsor.

4.1.5 Donations and sponsorships will be sought from individuals or companies of a reputable source. In considering and approving donations/sponsorships, the University should evaluate the source of donations/sponsorships.

4.1.6 Some sponsorships provide valuable marketing opportunities for business. Such sponsorship opportunities could represent significant financial benefits to both the sponsor and the University. The University should test the market to get the best possible return, and should widely advertise those sponsorship opportunities and invite competitive proposals for its assessment against pre-determined criteria.

4.1.7 No staff should ask for or receive any personal benefits connected with the donations/sponsorships.

4.1.8 All contacts with potential donors/sponsors should be recorded. The circumstances leading to and surrounding the acceptance of donations/sponsorships should be open and fair and a Register must be developed in which the details of

² In-kind donations/sponsorships, include but not limited to publicly traded securities, real estate, equipment for teaching and research, works of Art and insurance policies.

contacts with potential donors/sponsors, progress and outcome of any solicitation/offer/acceptance of donations and sponsorships are recorded. This Register should be subject to regular monitoring and checks by the President who is the supervisor of the Head of Fundraising Office.

4.1.9 Appropriate accountability mechanisms should be in place to ensure that the extent and nature of donations/sponsorships, and the exchange of benefits or acknowledgment between the University and the donors/sponsors are well documented and available for monitoring by the Head of Office of Internal Audit. Regular Audit Review will be arranged and conducted by internal or external auditors. The Audit Review Report should be submitted to the Audit Committee and the Council.

4.2 *Approval Mechanism*

4.2.1 Donation of up to HK\$10 million

The President has the delegated authority from the Council to approve the acceptance of a donation or sponsorship, including one that is seeking a naming recognition³, of a value that is at or below HK\$10 million.

4.2.2 Donation of more than HK\$10 million and up to HK\$20 million

For donations/sponsorships with value of more than HK\$10 million and up to HK\$20 million individually, the Institutional Advancement Committee will consider, and approve the acceptance of donations/sponsorships and/or naming recognition, as appropriate.

4.2.3 Donation of more than HK\$20 million

The Institutional Advancement Committee will also consider donations/sponsorships with value of more than HK\$20 million individually and/or naming recognition, and recommend their acceptance to the Council for approval, as deemed appropriate.

4.3 *Written Agreement*

4.3.1 It is necessary to have a written understanding to spell out the contribution of the donor/sponsor and the limitations he/she is required to observe. This can be in the form of notes of meetings followed by a letter/an email of confirmation. For long-term donations/sponsorships, such as the setting up of an endowment fund for the annual award of scholarships, the arrangements should be based on a written agreement between the sponsor and the University.

4.3.2 A written agreement should record the exact nature of the benefits to the donor/sponsor and the University as a beneficiary upon commencement of the donation/sponsorship relationship. It also serves as an important accountability mechanism because it ensures that the full extent and nature of the donation/sponsorship arrangements including any exchange of benefits, be visible to the public. The written agreement may set out the following:

³ Naming of a/an Faculty, Chair Professorship, facility, Institute, Programme, Centre of the University.

- (a) the preamble that the donation/sponsorship will not carry any advantage in the donor's/sponsor's normal dealings with the University;
- (b) the benefits, including financial benefits, available to the University as a beneficiary and to the donor/sponsor;
- (c) the form or forms of donation/sponsorship acknowledgment which will be available;
- (d) the range of ways that the sponsor can use the sponsorship relationship, and the University's right to review specific uses, such as advertisement or magazine articles, before they are released to the public;
- (e) the terms of the donation/sponsorship and any conditions affecting renewal;
- (f) financial accountability requirements (e.g. an annual financial report to the donor/sponsor giving an account of the use of the donation/sponsorship);
- (g) for in-kind donation, the Deed of Gift for receipt of in-kind donations should be signed by the donor or its representative to the University; and
- (h) any special conditions which may apply.

4.4 *Receipt of Donations/Sponsorships*

All donations/sponsorships should be sent direct to the Fundraising Office by cash, credit card, telegraphic transfer and/or cheque made payable to the University. The Fundraising Office should forward the donations/sponsorships to the Comptroller's Office within 3 working days following the day of receipt. Letters of thanks, accompanied by official receipts issued by the Comptroller's Office, should be signed by the Council Chairman or the President or a person designated by the President, and sent to the donors/sponsors concerned by the Fundraising Office within two weeks.

4.4.1 In-kind donations

Faculties, academic and administrative departments are given authority to accept in-kind donations but documentary support for the value of in-kind donation⁴ must be provided to the Fundraising Office, and approval from the President obtained for such donations that value up to HK\$10 million.

For an in-kind donation that values over HK\$10 million and up to HK\$20 million, approval must be obtained from the Institutional Advancement Committee. For in-kind donation that values more than HK\$20 million, the Council may approve the acceptance of donation upon the recommendation of the Institutional Advancement

⁴ Each in-kind donation should be recorded at the fair market value upon receipt of the documentary support from the Faculties, academic and administrative department. It can also be on a good faith estimate by the donor if the in-kind donation lacks a ready means of independent valuation (e.g. a piece of art). An independent valuation is required if the value exceeds HK\$300,000.

Committee.

Disposal of in-kind donations which are no longer useful, should be reported to the Fundraising Office for seeking direction on how they should be disposed of by the relevant Head of Department/Unit. If an in-kind donation to be disposed of is of considerable amount of value, the Fundraising Office will ask the respective Head of Department to donate the disposed items to a charitable organisation. If it is to be disposed of as waste, the disposal process should be witnessed by at least two staff members, one from the Fundraising Office and one from the Comptroller Office. The disposal of in-kind donations by whatever means has to be properly recorded by the relevant Head of Department/Unit with a copy of such record submitted to the Fundraising Office.

The Fundraising Office shall keep a register to record all received in-kind donations.

4.5 Use and Allocation of Donations without Specific Purpose

Donations without specific purpose will be allocated to the “University Development Fund”. Funding requests are considered by the President and/or University Administrative and Planning Committee (UAPC). The Comptroller Office will prepare an annual report on the allocation of the University Development Fund to the President and copy to the Fundraising Office.

4.6 Publicising the Guidelines

4.6.1 Upon approval by the Council, the policy and guidelines should be published by the University for compliance by staff. A checklist of the essential aspects to be considered in the course of solicitation and acceptance of donations/ sponsorships is set out in Annex I.

4.6.2 A checklist of the essential terms and conditions to be included in the written agreements for donations/sponsorships is set out in Annex II.

Summary Checklist for Solicitation and Acceptance of Donations and Sponsorships

Procedural guidelines have been laid down to establish control and to ensure that the operating principles of impartiality, integrity, accountability and best deal are built into the solicitation and acceptance process.

The following checklist, which includes the essential aspects of the guidelines, is for the reference of programmes/departments/centres/units when initiating solicitation of a donation/sponsorship.

Checklist		Yes	No
1.	Donations and sponsorships are from reputable sources. (reference to University Guidelines)	<input type="checkbox"/>	<input type="checkbox"/>
2.	Acceptance of donations/sponsorships follows the established approval mechanisms of the University. (reference to University's <i>Guidelines for Solicitation and Acceptance of Donations and Sponsorships</i>)	<input type="checkbox"/>	<input type="checkbox"/>
3.	A written understanding/agreement which spells out the contribution of the donor/sponsor and the limitations he/she is required to observe is drawn up.	<input type="checkbox"/>	<input type="checkbox"/>
4.	Adequate documentations covering the solicitation, processing, and approval of a donation/sponsorship are kept to ensure accountability and transparency.	<input type="checkbox"/>	<input type="checkbox"/>
5.	Donations/sponsorships are/shall be sent to the Fundraising Office by cheque, credit card, cash or bank transfer.	<input type="checkbox"/>	<input type="checkbox"/>
6.	The Fundraising Office is consulted to avoid approaching the same donors for the same or different events at the same time or at short intervals.	<input type="checkbox"/>	<input type="checkbox"/>
7.	Acceptance of a donation/sponsorship does not in any way give or be perceived to give the donor/sponsor an unfair commercial advantage over others in the same trade, industry or profession in relation to regular business dealings with the University.	<input type="checkbox"/>	<input type="checkbox"/>

Should there be any discrepancy between the Guidelines and this Checklist, the Guidelines shall prevail.

Checklist for the Terms and Conditions of Donation/Sponsorship Agreement

The following checklist, which covers essential terms and conditions of agreement, is for the reference of programmes/departments/centres/units when entering into such agreements of donations/sponsorships.

	Checklist	Yes	No
1.	<u>Background information</u> a) Name of donor b) Amount of donation c) Name, purposes and objectives of the Scholarships/Project/Programme d) Effective and expiry dates of donation/sponsorship/agreement for the Scholarships/Project/Programme.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2.	<u>Uses of donations</u> The centres/departments/units need to discuss with the donors regarding the uses of donations. a) Nature, criteria and duration of the Scholarships/Project/Programme, such as merit-based scholarships, bursaries, exchange programme and service or research projects; b) For scholarships/bursaries, the amount of each scholarship/bursary/award and the no. of awardees; c) Eligibility of awardees.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.	The payment schedule of donations	<input type="checkbox"/>	<input type="checkbox"/>
4.	<u>Project implementation</u> a) The administrative department/centre/unit and the budget holder of the Scholarship/Project/Programme; b) Procedures for application and selection criteria; c) Obligations of beneficiaries and recipients, e.g. scholarship recipients.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5.	<u>Recognition of Donor</u> Acknowledgement of the donor, such as the naming of a scholarship, programme, project, faculty, facility, or professorship, arrangements on recognition ceremonies, press conferences or other publicity arrangements.	<input type="checkbox"/>	<input type="checkbox"/>
6.	<u>Signing of agreement</u> The donor and the President or his authorised representative.	<input type="checkbox"/>	<input type="checkbox"/>