

## Content

Title :	Act Governing the Establishment of Endowment Fund at National Universities <b>Ch</b>
Date :	2015.02.04
Legislative :	1. February 3, 1999, Presidential Decree No. 8800024760 The entire content of the promulgation contains 12 articles 2. December 21, 2001, Presidential Decree No. 9000252760 The promulgated decree revises Articles 7 and 10 of the Act and amended Article 7-1 to the Act 3. Amended on February 4, 2015
Content :	Chapter 1 General Principles  Article 1 In response to higher education development trends, enhance the quality of education, strengthen educational performance, and facilitate the flexible operations of university finances, each national university and tertiary college (hereinafter the words "university" or "universities" refer collectively to both universities and tertiary colleges) shall establish a university endowment fund, and this Act is hereby enacted.  Article 2 A national university endowment fund (hereinafter referred to as a "university endowment fund" ) is categorized as a Special Fund, under Article 4, Paragraph 1, Subparagraph 2, of the Budget Act, and shall be compiled as a subordinate unit budget.  Article 3 The sources of a university endowment fund are as follows: 1. Appropriations from the government in accordance with budgetary procedures. However, it does not include the grants or revenues specified in Subparagraph 2, item 4. 2. Self-generated income of the following nature: (1) Income from tuition and miscellaneous fees. (2) Income from continuing education. (3) Income from industry-academia collaboration. (4) Income from government subsidies for scientific research or from government commissions. (5) Site facility management income. (6) Donation income. (7) Investment income. (8) Other income. The government subsidies for scientific research referred to in Subparagraph 2, item (4) of the preceding paragraph are government subsidies for national universities in accordance with the relevant provisions of the Fundamental Science and Technology Act to advance the development of science and technology research.  Article 4 A university endowment fund is to be used for the following purposes: 1. Teaching and research expenses. 2. Personnel expenses. 3. Scholarships and grants for students. 4. Continuing education expenses. 5. Academia-industry cooperation expenses. 6. Expenditures for acquisition, expansion, and improvement of assets. 7. Other expenses related to university development.

## Chapter 2 Organization

### Article 5

Each university endowment fund shall have a university endowment fund management committee (hereinafter referred to as "management committee" ) with seven to fifteen members, one of whom shall be the president of the university serving as the management committee' s convener, and the rest of whom shall be nominated by the president and appointed after the nominations have been approved by the university councils.

No less than one third of the committee members referred to the preceding paragraph must be teacher representatives who do not hold an administrative position; if necessary, external professionals may be recruited to serve as members, and the term of office of the members shall be two years.

### Article 6

The tasks of the Management Committee are as follows:

1. Review of the university endowment fund' s annual budget estimates.
2. Performance assessment of the income and expenditure, and the use of the university endowment fund.
3. Review of the annual financial plan and annual investment plan.
4. Review of the revenue and expenditure management of self-generated income, in accordance with the provisions of Article 13, Paragraph 2.
5. Review of other matters related to the university endowment fund' s budgets and final statements, revenues and expenditure, safekeeping, and utilization.

### Article 7

To strengthen its internal control and to ensure that its internal control system continues to operate effectively, each national university shall comply with the following regulations:

1. If the university' s annual gross income is NT\$2 billion or more, one or several full-time auditing personnel directly subordinate to the university president shall be appointed. If necessary, a unit specifically responsible for auditing may be set up, and one person be appointed as auditing manager.
2. If the university' s annual gross income is less than NT\$2 billion, the provisions of the preceding paragraph may apply mutatis mutandis, or a part-time auditing personnel directly subordinate to the university president may be appointed.

Full-time and part-time auditing personnel shall all have auditing work experience and a relevant professional background. The required manpower will be adjusted from the existing budgetary personnel headcount of each university, and the audit supervisor may be employed on a contract basis. When the auditing personnel in the preceding paragraph perform the tasks specified in Article 8, the matters related to recusation / recusal shall be determined by the Ministry of Education.

### Article 8

The tasks of the auditing personnel or auditing unit of a national university are as follows:

1. Post auditing of personnel matters, financial affairs, operations, and related-party transactions, and matters affecting the transaction cycle of the university endowment fund.
2. Post auditing of cash movements, and handling of bad debts.
3. Auditing and inventory-taking of cash, bank deposits, securities, stocks, bonds, and fixed assets.
4. Regular assessment, checking and working to ensure that deadlines are met, and collation of reports of and in relation to the business performance of each of the university endowment fund' s undertakings and the extent to which their objectives have been achieved.
5. Examination and assessment of the efficiency of the use of the university endowment fund and of the benefit of each of the various expenses.
6. Other special audit matters.

The transaction cycle referred to in Subparagraph 1 of the preceding paragraph includes the revenue cycle(s), acquisition and payment cycle(s),

payroll cycle, property management cycle(s), investment cycles, financing cycles, and research and development cycle.

A national university shall draw up an annual audit plan, based on the results of a risk assessment, and prepare an annual audit report, and provide the report to the university councils.

### Chapter 3 Business Operations and Supervision

#### Article 9

All revenues and expenditures of each national university shall be included in its university endowment fund, and be handled in accordance with law.

The regulations governing the management and supervision of university endowment fund shall be prescribed by the Ministry of Education.

#### Article 10

To ensure the sustainable operations of the university endowment fund and to enhance its effectiveness for the development of the university, a national university may make the following types of investments after the annual investment plan has been proposed and approved by the Management Committee:

1. Deposits in public and privately run financial institutions.
2. Purchases of government bonds, treasury bills, or other short-term bills.
3. Investment in companies and enterprises associated with the university's development or research activity. Apart from equity shares acquired as a result of research achievements or the capitalized value of proprietary technology, self-generated income may be used as a source of investment capital.
4. Other profitable and secure investments that help improve returns.

The maximum permissible amounts for the investments referred to in Subparagraph 3 and Subparagraph 4 of the preceding paragraph shall be determined by the Ministry of Education.

Income from tuition and miscellaneous fees and other self-generated income for specific purposes shall not be used as a source of funds for the type of investment referred to in Paragraph 1, Subparagraph 3.

To handle matters pertaining to the investments referred to in Paragraph 1, a national university shall set up an investment management team to prepare an annual investment plan and carry out evaluations and decision-making for each investment, and provide regular reports on investment returns to the management committee. The regulations governing the selection of members of its investment management team, the eligibility criteria, and other compliance matters shall be formulated by each university.

The investment plan and returns referred to in the preceding paragraph shall be incorporated into each national university's finance planning report and the university endowment fund performance report, and shall be submitted to the Ministry of Education for reference.

#### Article 11

Each university endowment fund budget shall be compiled based on that national university's middle-term and long-term development plans, and consideration of the status of fund's financial affairs and anticipated revenue and expenditure, on the principle that the fund will maintain a budget balance or generate a surplus, and the university's clearly defined educational performance objectives, and incorporate these details into the annual finance planning report that shall be publicly released by each national university.

Each university endowment fund shall be implemented in conjunction with its annual finance planning report. A national university shall release each year's annual university endowment fund performance report in the following year.

The regulations governing the format, content, date and manner of release, and other compliance requirements of the annual finance planning report and the university endowment fund performance report referred to in the preceding two paragraphs shall be prescribed by the Ministry of Education.

## Chapter 4 Accounting and Financial Affairs

### Article 12

For the accounting affairs of university endowment fund, the Ministry of Education shall formulate a unified accounting system for each university to formulate and handle performance oriented accounting principles based on the features of its academic research and teaching.

### Article 13

The preparation of the annual budget and its implementation, as well as the final accounts of the university endowment funds shall be handled pursuant to the regulations of the Budget Act, the Accounting Act, the Financial Statement Act, the Audit Act, and their related ordinances. However, self-generated income of a university endowment fund from the sources specified in Article 3, Paragraph 1, Subparagraph 2 is not subject to this restriction.

Each national university shall independently formulate regulations governing the revenue and expenditure management of the self-generated income referred to in the preceding paragraph, and this management shall be supervised by the Ministry of Education in accordance with the regulations referred to in Article 9, Paragraph 2.

### Article 14

If a national university acquires donated property and/or assets, except when the property and/or asset donation has some encumbrance in the category subject to the provisions of Article 29, Paragraph 2 of the Regulations for the Enforcement of National Property Act, the recipient university shall be the administrative authority and the Ministry of Education the competent authority, and shall be exempted from the procedural requirements set out in Article 37 of the National Property Act.

### Article 15

A legally incorporated foundation established in the name of a national university whose articles of incorporation stipulate that the university president or the administrative director(s) of the university are ex-officio members of its board shall regularly submit financial statements and minutes of the board meetings to the Management Committee. If necessary, the management committee may invite the university's president or administrative director(s) who are ex-officio board members of the legally incorporated foundation to attend a management committee meeting in a non-voting capacity and give a report.

A national university is not permitted to use the legally incorporated foundation referred to in the preceding paragraph to enter contracts to undertake research projects or academia-industry cooperation projects commissioned by a public or private institution (organization).

## Chapter 5 Supplementary Provisions

### Article 16

The provisions of this Act may be applied mutatis mutandis to govern the endowment fund established by national junior colleges, and other public colleges and universities.

### Article 17

This Act shall become effective on the date of promulgation.