

Content

Title :	National University Endowment Fund Establishment Act Ch
Date :	2015.02.04
Legislative :	Amended on February 4, 2015
Content :	<p>Chapter I General Provisions</p> <p>Article 1 In order to respond accordingly 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 (herein under in the English translation of this Act the words “university” and “universities” refer collectively to both universities and tertiary colleges) shall establish a university endowment fund, and this Act has been enacted.</p> <p>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, with a subordinate unit budget compiled.</p> <p>Article 3 The sources of funding for a university endowment fund are as follows: 1. Government normal budget appropriations. This is separate to any subsidies or income specified in Subparagraph 2, item 4. 2. Self-generated income of the following nature: (1) Income from tuition and other fees. (2) Income from continuing education. (3) Income from academia-industry cooperation. (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.</p> <p>Article 4 A university endowment fund is to be used for the following: 1. Teaching and research payments. 2. Personnel expense payments. 3. Student scholarship and grant payments. 4. Continuing education payments. 5. Academia-industry cooperation payments. 6. Asset and property addition, expansion, and improvement related payments. 7. Other university development related payments.</p> <p>Chapter II Organization</p> <p>Article 5 Each university endowment fund shall have a university endowment fund management committee (hereinafter abbreviated to the “management committee”) of seven to fifteen members established, with the president of</p>

the university serving as the management committee's ex-officio convener. The other members shall be nominated by the president and appointed after the nominations have been approved by the university affairs board.

At least one third of the committee members referred to the preceding paragraph must be teacher representatives who do not hold an administrative position; when necessary, professionals from outside the university may be appointed as members. Committee members are appointed for two years.

Article 6

The management committee has the following responsibilities:

1. Review of the university endowment fund's annual budget estimate.
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 accounts, income and expenditure, custodian, and use.

Article 7

To strengthen internal controls and to ensure the continuing effective operation of the internal control system, each national university shall operate in accordance with the following provisions:

1. If the university's annual gross income is two billion New Taiwan Dollars, or more, one or several full-time auditing personnel directly subordinate to the university president shall be appointed. When 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 two billion New Taiwan Dollars, the provisions of the preceding subparagraph may apply, mutatis mutandis, or 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. Each university shall appoint the required number of personnel by reorganizing its currently budgeted for number of staff. The auditing supervisor may be employed on a contract basis.

The handling of matters related to conflicts of interest when the auditing personnel referred to in the previous paragraph carry out the tasks specified in Article 8 shall be prescribed by the Ministry of Education.

Article 8

The auditing personnel or auditing unit of a national university have the following responsibilities:

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 case-specific auditing 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 affairs board.

Chapter III Business Operations and Supervision

Article 9

All income and expenditure of each national university shall be transacted through its university endowment fund, and be handled in accordance with law.

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

Article 10

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

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.

Tuition fee income and other self-generated income that has specific uses may 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 these 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 examination and consideration of the state 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 run 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 and content, release date, style, and other compliance requirements of the annual finance planning report and the university endowment fund performance report referred to in the two preceding paragraphs shall be prescribed by the Ministry of Education.

Chapter IV Accounting and Financial Affairs

Article 12

A uniform accounting system for university endowment funds accounting matters shall be formulated by the Ministry of Education and provided to each national university to use as the basis to formulate and implement its own performance-oriented accounting principles, based on its specific

academic research and teaching profile.

Article 13

Annual budget preparation and implementation, and compilation of final accounts for university endowment funds shall be undertaken in accordance with the provisions of the Budget Act, the Accounting Act, the Financial Statement Act, the Audit Act, and their related ordinances. 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 university that receives the donation shall be the administrative authority, and the Ministry of Education the competent authority, and this is not subject to the procedural requirements set out in Article 37 of the National Property Act.

Article 15

A legally incorporated foundation established by a national university in its name which explicitly states in its donation by-laws that the university president or administrative director(s) of the university are ex-officio members of its board shall regularly submit financial statements and board meeting minutes to the management committee. When 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 V Supplementary Provisions

Article 16

The provisions of this Act may apply, mutatis mutandis, to an endowment fund for its institutional affairs established by a national junior college, and other public tertiary professional and educational institutions.

Article 17

This Act shall become effective on the date of promulgation.