

**UNIVERSITY GRANTS COMMITTEE
OF HONG KONG**

**MANAGEMENT REVIEW OF
THE CHINESE UNIVERSITY OF HONG KONG**

August 1999

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I Introduction

1. This report presents the key findings and recommendations of the UGC Review Panel following its visit to The Chinese University of Hong Kong (CUHK) on 10 and 12 April 1999. This visit was preceded by preliminary information collection and analysis undertaken by PricewaterhouseCoopers consultants involving the review of key documentation related to CUHK's management processes and 21 interviews with the present and immediate past Chairmen of the Council, academic and administrative staff members and students throughout the institution. The latter were undertaken over a three-day period in January 1999. The results of this background research were presented to the Review Panel (hereafter "the Panel") in a briefing paper in advance of the Panel visit.
2. The Panel visit consisted of a number of group and individual interviews and discussions with members of the senior management of CUHK, including the present and immediate past Chairmen of the Council. A list of the people met during the visit is provided in Annex A; the members of the Panel are listed in Annex B.
3. The overall framework for the Management Reviews is described in detail in Annex C. This indicates that, in undertaking this and other management reviews, the Management Review Steering Group (MRSG) recognises the diversity in the existing management structures and processes of individual institutions stemming from their different missions, histories and cultures. For this reason, it considers that it would be wrong for any review to seek to impose a uniform management style across different institutions. The MRSG therefore distinguishes between the principles of good management (as it perceives them) and the form in which these principles are (or perhaps, are not) put in place. A number of generic principles of good management were identified in consultation with the Consultative Group of institutional representatives and distributed to CUHK in advance of the visit. These are listed in Annex D.
4. Following a general introduction to CUHK, this report is structured under the following six headings (consistent with the grouping of the good management principles):
 - strategic planning;
 - resource allocation;
 - implementation of plans;
 - roles, responsibilities and training;
 - service delivery;
 - management information and systems.

Brief reference is also made to any issues raised with the Panel regarding the interface between CUHK and the UGC.

CUHK – general background information

5. The Chinese University of Hong Kong was founded in 1963. The University is composed of four constituent colleges: Chung Chi College, New Asia College, United College and Shaw College. The University contains seven faculties: Arts, Business Administration, Education, Engineering, Medicine, Science, and Social Science. There is also a Graduate School, established in 1966, which offers instruction leading to master's and doctoral degrees through its forty-four Graduate Divisions/Boards. In addition, the University has a School of Continuing Studies (SCS) founded in 1965. During 1998, this School organised 1,500 courses for some 27,500 students.
6. The mission of the University is “to assist in the preservation, creation, application and dissemination of knowledge by teaching, research, and service in a comprehensive range of disciplines, thereby helping to serve the needs and contribute to the well-being of the citizens of, in order of priority, Hong Kong, China as a whole, and the wider world community.” This mission is supported by a clear vision, which sets out the University's objectives of continuing to integrate Chinese and Western cultures, and of building and maintaining a strong international reputation.
7. The University enrolled 13,355 students as at 31 December 1998, excluding 140 special students. Of this figure, 8,984 were enrolled as full-time undergraduates, 430 as part-time undergraduates and 3,941 as post-graduate students. Roughly 70% of the enrolled students are undergraduates, and 30% post-graduates.
8. The Vice-Chancellor provides clear leadership to the University, and works hard to achieve an appropriate balance between executive-led style management and collegial participation. He receives good support from a capable senior management team. The Panel was impressed by the strong sense of identity and ‘family’ which was shared by all the staff it met, and their commitment to the University. All staff participating in the Management Review are to be commended for their understanding of its purpose and for their considerable effort in preparation which was evident in the consistently high standard of materials provided.
9. CUHK has a strong commitment to excellence, and takes pride in its proactive approach to meeting the needs of the Hong Kong community. It has successfully adhered to its original positioning, to provide bi-lingual and bi-cultural tertiary education. Looking to the future, the Panel encourages CUHK to be confident in its ability to build on its current achievements, and to develop an even stronger reputation which stretches beyond Hong Kong into the whole of China and further afield, as described in its strategic plan.

II Strategic direction

10. This section considers the strategic planning processes within CUHK focusing on the relationship between the University's mission and strategy and the mechanisms used for developing strategic plans. The discussion is structured under the following headings:

- overview of the strategic planning process;
- contribution to the plans.

Overview of the strategic planning process

11. The triennial Academic Development Proposals (ADP) forms the University's principal strategic plan. The current ADP covers the period from 1998-2001. It has a clear foundational goal as its starting point, namely "to educate students to meet the new challenges of the 21st Century, through high quality teaching, research and other scholarly activities." Seven specific objectives were identified by senior management, as being critical to the achievement of this goal.
12. The overall goal and objectives described above provided the top-down strategic inputs to guide the development of plans of faculties and departments. Individual academic departments are required to prepare an annual budget plan, which adds operational details to the broad proposals set out in the ADP. These plans are developed by the Department Chairs in consultation with their Departmental Executive Committee (ExCo). The plans are then reviewed at the faculty level by the Faculty Board, following which they are passed up to the Dean and Vice-Chancellor for approval. This process appears to be working well, with Deans playing an increasingly important role in ensuring the co-ordination of plans at the faculty level. For the most part, administrative units also prepare their own three-year development plans. Certain plans stretch over a longer period e.g. preventative maintenance (five years) and campus development (six years).
13. The Panel noted that plans for certain key areas are less formal. With research, for example, the Panel found that staff had a shared understanding of the overall strategic objectives, but could not cite any specific documentation which set out the objectives, such as an overall research strategy. Along side the formal academic and administrative plans, the Panel also identified a number of longer term strategic directions and initiatives, co-ordinated for the most part by special task forces or working groups. These longer term plans appear not to be formally articulated or documented within a single reference document, although there are individual proposals for some initiatives e.g. the development of an overall IT strategy. Whilst the current arrangements appear to be working well, the Panel recommends that CUHK makes additional effort to consolidate its key objectives and initiatives into one overall strategic document, in order to ensure that they are readily accessible and can be easily communicated across the institution.
14. The departmental plans feed into the resource allocation process through the annual resource allocation exercise. Each year, departments and support units prepare an annual budget plan, based on their strategic plans. Further details of the resource allocation process are provided in Section III of this report.

Contributions to the plans

15. The Panel observed that internally, the "top-down" and "bottom-up" elements of the planning process appear to be working well. Initially, the Vice-Chancellor and the

Administrative and Planning Committee (AAPC - or senior management team) developed clear overall strategic objectives, based on several pertinent assumptions about the future external environment and challenges facing the University. These objectives have been communicated to staff through a combination of retreats and circulation of key documents. The wide membership of the AAPC further facilitates ownership of the overall strategic direction. The majority of specific initiatives are developed at the department or unit level, and then reflected in the annual operational plans. Recent exceptions include the establishment of the Hong Kong Centre for Asian Cancer Studies and the development of proposals for the School of Hotel Management and the teaching hotel. Each of these initiatives is the result of a top-down proposal.

16. External inputs are sought from the 34 non-staff members of Council. The Panel was pleased to observe that considerable efforts have been made to involve relevant industry expertise in the exploration and development of new initiatives. A good example is the development of plans for the School of Hotel Management and the teaching hotel. Contributions were gathered from the Hong Kong Tourist Association, the Hong Kong Hotels Association and The Federation of Hong Kong Hotel Owners Limited. CUHK also seeks to make reference to any relevant changes in government policy, or UGC objectives. However, while the Panel praises CUHK in its efforts to date, nevertheless it encourages CUHK to increase the range of external inputs to its planning processes even further, through leveraging on its other important links with business and the community. Key areas of opportunity include the School of Continuing Studies and the various Research Institutes attached to the University.
17. On the whole, the Panel found the ADP to be comprehensive in content. However, it suggests that additional emphasis could in future be given to certain key elements of CUHK's future strategy, including continuing education and collaboration with other institutions, particularly those in the Mainland. It also urges CUHK to consider a more formal process for bringing together all the various strategic plans and initiatives into one summary document, with the aim of further strengthening the integration between all strategic activities. Currently, faculty, departmental plans, and administrative support plans are integrated into CUHK's main plan through the committee structure, and are briefly summarised within the ADP.

Conclusions

18. The ownership of CUHK's mission and overall strategic plan (ADP) is widespread and informs planning at the faculty and departmental levels. The clear management structure ensures that there is consultation and review at the various levels of the University, and plans are scrutinised to ensure that they fit the University's overall strategic plan. Academic, resource and administrative planning are clearly linked through the committee structure.
19. The Panel commends CUHK on the clarity and participative nature of its planning processes. Looking to the future, it suggests that CUHK might benefit from developing a more formal approach to integrating its plans, for example by developing an overall strategic plan which clearly brings together and documents all the strategic initiatives across the University.

CUHK may also wish to consider how it might increase the range of external inputs which feed into the planning process.

III Resource allocation

20. This section considers the resource allocation processes within CUHK covering issues such as the level of transparency in the distribution of funds and the extent to which the resource allocation mechanisms provide incentives for increased value for money. The discussion is structured under the following headings:
- overview of resource allocation processes;
 - transparency in the allocation of resources;
 - incentives for value for money (VFM).

Overview of resource allocation processes

21. On learning the value of the triennial block-grant allocation from the UGC, the Resource Allocation Committee (RAC) draws up a three-year plan for resource allocation across the University. This plan is then adjusted on an annual basis, through the internal annual resource planning exercise.
22. The University developed a New Funding Model (NFM) during 1994/95, and completed the roll-out by 1995/6. Within this model, allocation is guided by a combination of top-down and bottom-up procedures. Departments and non-academic units develop Annual Budget Plans, based on their own strategic plans. These are consolidated at the Faculty level, and passed up to the RAC. The RAC allocates block grants (one-line budgets) to Faculties and administrative units, using the following four broad sets of parameters:
- the balance between recurrent and non-recurrent expenditure;
 - whether to maintain, reduce or expand the expenditure base;
 - the balance between baseline allocation, earmarked and competitive allocation (top-slicing);
 - the balance between teaching and non-teaching baseline allocation.
23. At the faculty level, a largely formula-based approach is used to distribute resources among the departments. The Panel was pleased to observe that the key measures used incorporate performance incentives. For example, teaching allocation is based on full-load equivalent (FLE) numbers and relative unit cost (RUC), reflecting a department's ability to attract students and deliver its courses in a cost-effective manner. Similarly, research allocation is based on the outcomes of an Internal Research Assessment Exercise (IRAE), modelled on the RGC's own RAE. The Panel encourages CUHK to review and refine the performance-related component of the NFM periodically, to ensure that it remains in line with the University's overall strategic direction.

24. Resource allocation to non-teaching units is based on several factors including historical allocation, staffing establishment and additional funding needs such as those arising from changes in service duties. Some 26% of the University's total block grant goes to resource non-teaching units. This is a comparatively low proportion, and one of the lowest within Hong Kong.
25. The Panel concluded that the NFM is working well. Both Deans and Department Chairs are given considerable flexibility in the deployment of their one-line budgets, for example allocating resources between staff and non-staff costs. Department Chairs welcome the flexibility of the one-line budget, and demonstrated a solid understanding of the various formulae and mechanisms used. The Panel was pleased to learn that all budget holders had received training prior to the introduction of the new model, and that a review had been carried out 18 months into the implementation of the NFM, to monitor progress.
26. The Panel was also satisfied that top-slicing is being used effectively. An earmarked allocation representing 8% of the total block grant is used to fund several institution-wide initiatives. These funds, each of which has a clear purpose in line with CUHK's overall strategy, are administered by a number of committees under the AAPC. In addition, the Deans have the option of top-slicing their Faculty's block grant with a proportion ranging as high as 3.6% in 1998-99.

Transparency in the allocation of resources

27. Operation manuals are available to all staff, providing clear guidance on the application of the New Funding Model. The process for the allocation of ad-hoc funds is clear, and understood well by staff. All faculties are invited to submit special funding requests, supported by a full business case, at the initial stage of the annual planning exercise, allowing for the provision of front loading or earmarked allocations if appropriate. The mid-year budget revision exercise then provides an opportunity to consider requests for additional resources. Each faculty and department can also choose to hold back a small proportion of their budgets to provide contingency funds throughout the year.
28. Some 38% of the Colleges' funds are allocated from CUHK's central resources in 1998-99. The remainder of their budget is self-funded. The Panel noted that there was a considerable variation between colleges with respect to their endowments. It hopes that this situation will be carefully monitored over time to ensure that no student is disadvantaged as a result of their allocation to a particular college, and to avoid any difficulties in the relationships between the Colleges.
29. The Panel understands that the RAC is responsible for allocating student numbers to faculties and departments. This reduces the potential for tension between the role of the elected Deans in allocating resources and in representing the departments within their faculties. The Panel recommends that the Vice-Chancellor continues to monitor this situation carefully.

Incentives for value for money

30. The NFM provides some clear incentives for achieving value for money. The allocations to faculties are directly linked to performance in teaching and research. The decentralisation of resources is also considered to have improved administrative efficiency as a result of streamlining the overall decision making process. For non-teaching units, CUHK has introduced a cost reduction exercise and has set up a Management Efficiency Task Force with the aim of identifying 10% cost savings or productivity gains within each unit.
31. The Panel observed that budget holders are well aware of the likelihood of future funding cuts, and have developed their plans accordingly. They demonstrated their understanding of the opportunity to carry over up to 80% of unspent balances from one year to another and a deficit of not more than 1%, within the triennium. The Panel encourages CUHK to sustain its efforts to build a culture of seeking value for money.
32. The Panel noted that CUHK makes good use of opportunities to bring in external funds. The Colleges are largely self-supporting, drawing on their strong links with benefactors and alumni. A number of research centres and the School of Continuing Studies are also self supporting. The Panel suggests that there might be more opportunities for cross-funding some of the University's central needs using these external sources.
33. The various formulae and approaches applied to resource allocation also provide some incentives for rewarding commercial performance. For example, University policy provides for 25% of the proceeds to be given to any member of staff whose research output leads to a commercial application. It will also match these proceeds if they are fed back into CUHK research programmes.
34. The Panel felt the University could give further thought to the processes used to allocate space, to encourage more flexibility in the allocation of space between faculties, if required. Currently, space is allocated on a largely historical basis to faculties, which are then expected to reallocate space between their own departments.

Conclusions

35. The University's resource allocation processes are working well and are widely accepted by staff as being appropriate and transparent. Budget holders welcome the increased flexibility of the devolved responsibility for resource management, and appear to be undertaking their roles effectively. CUHK is to be commended for its clear commitment to achieving value for money.
36. Looking to the future, the Panel suggests that CUHK considers how it might encourage a more flexible allocation of space. It also wishes to encourage CUHK to ensure that it is maximising the potential of external funding sources coming into the University, such as College endowment funds and proceeds from the research centres.

IV Implementation of plans

37. This brief section focuses on several key elements of implementation including the allocation of responsibility for plan implementation and the use of milestones and performance measures for regular monitoring.
38. The Panel was pleased to find clear evidence of the implementation of plans across CUHK. It noted that there has been progress under each of the seven main objectives underlying the ADP. For example, in line with its objective to foster areas of excellence, and in accordance with the recent UGC initiative, CUHK has identified 24 Areas of Excellence (AoEs), from a starting point of 71 two years ago. Whilst eight of these AoEs have been put forward for consideration by the UGC assessment panel, the University plans to provide its own funding towards the remaining AoEs. However, the overall rationale for maintaining all of the remaining AoEs was not completely clear to the Panel.
39. The Panel was pleased to learn of the successful impact of several UGC initiatives. For example, the RAE has been implemented as an internal exercise within CUHK. Similarly, the Areas of Excellence initiative has prompted the University to establish more formal processes for identifying and developing research priorities.
40. The Panel noted that CUHK has worked hard to improve its performance and effectiveness and efficiency. The Panel was given many examples of the successful implementation of the Management Efficiency Review (MER). Further details are provided in Section VI of this report. The Panel was most impressed by the implementation of the early retirement and the special resignation schemes. These schemes have clearly been introduced carefully and sensitively, with the result that some members of staff have already accepted the new options available to them. The Panel was pleased to learn that the University intends to use this process on an ongoing basis, as an important component to its efforts to maintain high standards of teaching.
41. The Panel found evidence of a relatively informal approach to planning in certain areas. For example, there is no overall plan for research, and yet staff appear to be clear of the main objectives and focus areas. The Panel understands that this is the result of close working relationships and effective communication, but is uncertain as to whether or not this process can last in the long run, because its success is largely dependent on individual post holders. It suggests that CUHK should seek to document all its overarching strategies and plans, to assist it further in implementation and monitoring. The Panel also recommends that CUHK gives further consideration to developing an overall plan for continuing education, since this is an increasingly important area, which has a potential impact on many areas of the University (e.g. faculties – particularly Business Administration, support services).
42. The Panel was pleased to observe that CUHK has put in place an effective and participative infrastructure to monitor progress of implementation. Each Department prepares its own Annual Departmental Record, in which it reviews its performance against its strategic plan. These Departmental Records are reviewed by the Department and Faculty Boards. Departments are also required to give periodic updates to relevant policy committees e.g.

research, teaching and learning. The Panel hopes that the outcomes of this monitoring process will continue to feed through into subsequent planning exercises, as well as performance review. As the planning process matures, the Panel urges departments and faculties to establish clear milestones and performance indicators within their plans, to facilitate consistency in monitoring across the University. It notes that some units, such as the Registry, are already seeking to develop such indicators.

Conclusions

43. CUHK has effective processes to ensure the implementation of its plans. The Panel commends the University on its commitment to implementation, and on its efforts to develop clear procedures for monitoring progress. As this process develops further, the Panel suggests that CUHK might seek to formalise some of the best practice in implementation and monitoring across the University. In particular, it will want to ensure that there is a consistent framework of milestones and performance indicators in place to assist assessment of progress.

V Roles, responsibilities and training

44. This section focuses on the extent to which CUHK's management, staffing and committee structures allow for strong lines of accountability and clarity in the distribution of tasks and responsibilities (including the scope of delegation). It also looks at the human resource functions such as the availability of relevant training, the effectiveness of staff appraisal systems and leadership. It is structured under the following headings:

- accountability and distribution of responsibilities;
- training and appraisal systems;
- committee structures.

Accountability and distribution of responsibilities

45. The management structure, reporting lines and accountabilities are clear and well-defined, and are widely understood and accepted. The Vice-Chancellor is the principal academic and administrative officer (CEO). He is responsible to the Council for the management of the university in general. The Panel was impressed by the Vice-Chancellor's clear leadership style, and his relationship with his staff, many of whom commented on his accessibility. The Vice-Chancellor appears to have achieved a good balance between providing strong executive leadership management and yet maintaining a spirit of collegiality.
46. The Vice-Chancellor is supported by three Pro-Vice-Chancellors (PVCs), who each has institutional responsibilities for academic, research and administration matters. Whilst the

PVCs do not have clearly demarcated titles, their respective roles are clear and well understood by staff.

47. The Pro-Vice-Chancellors, College Heads, Faculty/Graduate School Deans and major administrative heads are all accountable to the Vice-Chancellor. Together they form the Senior Management Team (also known as the Administrative and Planning Committee (AAPC)). The wide membership of the AAPC contributes to the ownership of key decisions. For completeness, given the growing importance of continuing education, the Panel suggests that development of continuing education should be represented more adequately at the AAPC. One way of doing this would be to include the Director for the School of Continuing Studies (SCS) as a member of the AAPC, and of the Senate.
48. The Deans are elected by their faculties, and are considered to be an important link between management and faculty. As described in Section III of this report, the Deans are responsible for sub-allocating one-line budgets to their departments, and for co-ordinating planning at the faculty level. The Panel was impressed with the calibre and commitment of the Deans it met.
49. The Panel understands that the system of elected Deans is currently working well. However, it is concerned that there is an inherent tension in these arrangements. The Panel notes that the role of Deans is currently made easier by the fact that they do not have to allocate staff numbers, but recognises that the Deans already have a lot of responsibilities to juggle. Over time, as the Dean becomes more involved in co-ordinating joint programmes across the University and monitoring the allocation of resources, it may be appropriate for the Vice-Chancellor to consider developing the Dean's role into a full time position. This would allow them to have more thinking time, thus enhancing their ability to contribute to strategic planning. It would also remove the risk of tensions in the resource allocation process, and would facilitate the delegation of responsibility for the allocation of staff numbers. The Panel accepts that a shift to full time Deans would affect the relative proportion of budget spent on administrative costs, but feels that the benefits would be of a sufficient nature to warrant such a change. In time, the Panel considers that a move to appointed Deans would be appropriate.
50. Department Chairs are appointed annually, although many hold office for several years. Their performance is reviewed by the Dean on an annual basis. Again, the Panel found the Chairs it met to be confident and clear about their roles.
51. The Colleges are an integral and unique facet of the University. They play an important role in the delivery of general education, and in the provision of pastoral care. There appear to be good mechanisms in place to ensure co-operation. For example, input of departmental staff into teaching at the Colleges is credited during their annual appraisal. Similarly, if the College wants to implement a significant infrastructure investment, it needs to clear this with central administration first. Whilst the Colleges have strong individual identities, these seem to balance well with the institutional aims, thus avoiding the risk of any fragmentation. The Panel noted that these identities were of critical importance in generating a strong sense of belonging, and hence were important in facilitating alumni networks. Looking to the future,

CUHK will want to ensure as far as possible that the four Colleges move forward together, so that students are given equal opportunity, regardless of which College they are allocated to.

52. The Panel was slightly concerned by the potential for conflicts between the School of Continuing Studies and other areas of the University, perhaps most notably the Faculty of Business Administration. It therefore strongly recommends that the development of continuing education be represented more adequately at the AAPC, for example by making the Director of the SCS a full member. This will provide an opportunity for any issues concerning the role of the SCS in relation to other faculties to be discussed at a senior level, and will help CUHK to maximise the potential benefits of its involvement in continuing education.

Training and performance appraisal

53. The Deans carry out a formal appraisal for Department Chairs annually. Each year, the Deans themselves are appraised by staff within their faculties. The Vice-Chancellor will deal with any complaints or issues. With the introduction of an enhanced developmental appraisal scheme in 1998/99, all staff will be given an annual appraisal in line with the University's objective to place increased emphasis on continuing development. Some faculties, such as the Faculty of Science, are now applying 360 degree review of staff. The Panel was pleased to learn that the new performance appraisal system is designed to introduce two-way communication to identify development needs and agree targets to improve professional performance. For academic staff, the scheme is linked to the Annual Departmental Records, so that staff are only asked to collate data relating to their performance on one occasion. The appraisal process also feeds into related initiatives such as the Special Resignation Scheme and the Early Retirement Scheme.
54. The Panel understands that funding for staff training and development is available centrally. Individual departments can also take responsibility for allocating funds to training, from their own one-line budget. A variety of training takes place across CUHK. The Panel suggests that CUHK might like to consider how it might co-ordinate the provision of training and development opportunities more formally, in line with the overall strategic plan.

Committee and overall governance structure

55. The Council is the supreme governing and executive body of the University. It has responsibility for co-ordinating all aspects of policy formulation and developmental direction. It participates in all major decision making exercises relating to University governance, finance, personnel matters, land and buildings, government and community relations. The membership consists of 57 members including: 6 persons nominated by the Chancellor (the Chief Executive of the Special Administrative Region), 3 persons elected by the members of the Legislative Council, 25 other non-staff members and 23 staff members of the University. The Council considers its role to be similar to that of a Board of Directors, which delegates many of its responsibilities to the Vice-Chancellor (as the chief academic and administrative officer of the University). The process by which the Council evaluates the Vice-

Chancellor's performance is relatively informal, but draws upon the Vice-Chancellor's Annual Report as well as ongoing monitoring of the quality and numbers of students entering the University. The Council supports an executive-led style of management, but prefers evolutionary change to rapid revolutionary change, given the strong traditions of the University.

56. The Panel learned that the Council makes valuable inputs into strategic planning e.g. the proposed School of Hotel Management and teaching hotel, and monitors the performance of the Vice-Chancellor through the formal submission of the annual report, and through informal discussion sessions. The membership, although a little large, appears to work effectively. However, the Panel suggests that CUHK review the composition of the Council, with a view to reducing the number of internal members.
57. Each committee has a clear Terms of Reference, and special working groups / task forces generally have a clearly defined life-span. The University undertook a review of the committees of Senate in 1996, and eliminated a number of committees as a result. The Panel was pleased to learn that the University is currently reviewing its committee structure, resulting in a streamlining of the overall number of committees. It is aware that Deans in particular are spending a significant proportion of their time in committees. Whilst this is important in supporting a collegial approach to decision making, the Panel suggests that CUHK might find it interesting to compare the proportion of time its staff spend in committees to that within other similar organisations.

Conclusions

58. The Panel was impressed with the overall calibre of staff at the university, and their commitment to and understanding of their responsibilities. Reporting lines appear to be clear and widely accepted. The elected Deans are comfortable with their role and responsibilities. However, the Panel senses that there is potential for a certain tension to develop within the current structure. It suggests that the Vice-Chancellor gives some further thought as to whether the post of Dean should become full-time in the future, and whether it should become an appointed post rather than elected.
59. The introduction of the enhanced developmental appraisal scheme is an important step towards a more comprehensive assessment of performance and development needs. It is also an important component of other new initiatives such as the early retirement scheme and the special resignation scheme. The Panel commends CUHK on the successful introduction of these new processes. It recommends that as the new appraisal scheme becomes more established, CUHK might consider how to build stronger links between the identification of developmental needs and the provision of training to meet these needs, in line with the overall strategic plan.

VI Service Delivery

60. This section looks at service delivery issues including the processes for reviewing services, gaining user feedback and responding to external or internal audits. The discussion is structured under the following headings:
- overview of service delivery processes;
 - incentives to increase efficiency.

Overview of service delivery processes

61. The Panel found that departments are generally satisfied with the services they receive from the various support units. This is almost certainly a result of administrative units' regular efforts to monitor their performance carefully. All units make use of user surveys, and many also seek feedback from consultative committees. Students are invited to nominate representatives for many of these key committees. All service units can be contacted on-line by users to make inquiries and complaints or to provide feedback.
62. The Panel was pleased to learn that a number of the larger administrative units, such as the Bursary, the Personnel Office and the Registry, are seeking to implement a 'one-stop shop' approach to their service delivery, and have developed their own performance pledge. However, the Heads of such units are also weighing up the comparative costs of providing a complete one-stop shop service. The Personnel Office has currently decided that it may not have the resources to continue with this particular approach.
63. Review mechanisms are also well-established across other parts of CUHK. Academic units conduct annual course evaluations, and are subject to periodic audit reviews. The Colleges conduct a range of surveys with respect to their facilities and specific events, as well as for staff performance. The Research Centres follow similar customer-centred processes.

Incentives to increase efficiency

64. A key initiative for the current triennium (1998-2001) is the Management Efficiency Review. A Task Force on Management Efficiency (METF) was established in November 1996, to conduct management efficiency reviews of all the major administrative units. The review has four clear objectives:
- to assess and enhance management efficiency of key units
 - to consider possible re-organisation and/or re-engineering of procedures and processes
 - to identify opportunities for 10% productivity gains or cost savings
 - to identify an appropriate set of performance indicators for each unit under review.

65. Each review has been conducted by the Internal Audit Office together with, in some instances, external consultants. Up to April 1999, reviews have been conducted of the Buildings Office, University Health Service, Security Unit, Transport Unit, the Bursary and the Personnel Office. The Panel found considerable evidence of the success of these reviews. For example, the target savings of about 10% have been achieved and the Buildings Office has been divided into the Estates Management Office and the Campus Development Office. Both offices are working towards ISO 9002 requirements. Within the Bursary and the Personnel Office, substantial time savings on existing processes have enabled the departments to undertake new initiatives such as the SAP implementation and the administration of the new special resignation and early retirement schemes, whilst maintaining current staff levels.
66. Looking to the future, the Panel suggests that the university may want to consider to look further afield to stimulate its ideas for continuous improvement. It understands that the Personnel Office has already worked with its counterparts in other UGC funded institutions, to compare approaches to service delivery. The Panel recommends that CUHK gives further thought to how it might compare itself to institutions both within and outside of Hong Kong, as it strives to introduce and sustain best practices across its activities. Senior management might also wish to consider how it might in future roll out its Management Efficiency Review to include academic departments.

Conclusions

67. The Panel found significant evidence to suggest that CUHK has been successful in generating a service culture, in particular within its administrative units. Looking to the future, the University will want to consider how it might benchmark itself against other leading institutions, as a way of ensuring that its service delivery is indeed comparable with the best in Hong Kong and further afield.

VII Management information and systems

68. The Information Technology Services Unit (ITSU) is responsible for overseeing the development of the University's systems and for co-ordinating the provision of management information. The ITSU has a number of sub-divisions, each of which takes responsibility for a particular aspect of service provision. The Information Management Unit (IMU) handles all information requests. The IMU is divided into six project teams, although in practice all work is shared. Special points of contact exist for requests from individual units such as the Registry, Bursary, and Personnel Office. For the most part, requests are dealt with on an ad hoc basis.
69. The Panel was impressed by the range and validity of the data available across the University. It learned that the reliability of data is ensured, because the centrally stored data is used to produce management information reports for its clients. One year ago, the University successfully implemented SAP modules to provide an on-line finance system. The Financial and Accounting System links with Student Fee Account System, University

Personnel and Payroll System, and many related sub-systems. All these contribute to the development of the central 'data warehouse'. Users appeared to be satisfied with the content and accessibility of the information available to them.

70. The Panel was pleased to find that users' needs are regularly assessed through a number of different media including cross-section meetings, user committee meetings, and open systems meetings. All meetings have a prepared agenda, minutes are taken and action points are identified with names of persons identified. For the student residence network (ResNet) a connection survey takes place. Several types of user group meetings take place, including LAN administrator group meetings, project meetings in user departments, and representation in colleges and faculty computer committees. There are hotlines and electronic mailboxes for users to submit enquiries.
71. All Y2K equipment, both IT and non-IT has been identified and assessed according to a plan which incorporates deadlines for actions to be taken. The assessments have all been completed and systems tests are currently being performed, the latest of which are due to be finalised by July 1999. Risk assessments for all building services systems have been completed, and target dates have been set. Disaster recovery procedures exist for all centrally managed IT systems. CSC/ITSU professional staff are on call 24 hours per day, and are well trained in these procedures.
72. The use of IT is clearly part and parcel of the daily activities of most departments across the University. The Panel found many examples of departments and faculties which have set up their own web-sites and which are using IT to increase awareness of key policies, manuals and decisions. IT is also being used appropriately to enhance the transparency of core processes. For example, each department member is able to access the annual departmental budget plan and budget reports on-line. At present, co-ordination between the library services and the ITSU is informal. Over time, the Panel suggests that the University may wish to review this arrangement, as a result of the growing importance of IT in accessing research resources.
73. Looking to the future, it will be very important for the University to develop and maintain a coherent over-arching IT strategy. To this effect, the Panel commends CUHK on the recent work by its IT Strategy Committee, which has identified key goals for the next five years. Contributions were sought from all departments, both academic and administrative. The Panel encourages CUHK to build on this excellent start.

Conclusions

74. The Panel wishes to commend CUHK on its widespread and effective application of IT across the University. It was pleased to learn about the breadth of management information available to budget holders and staff in general, and was satisfied that sufficient effort was made to assess and address user requirements.
75. Looking to the future, the Panel hopes that CUHK will continue to develop a coherent strategy to IT development. A key component of this strategy might be plans to develop

closer and more formal integration between the Library and the ITSU, as well as the ongoing co-ordination of responses to management information requirements.

VIII Interface with the UGC

76. The University is generally content with the support provided by the UGC and regards the role of the UGC as important in maintaining academic freedom. However, the University expressed some concerns about the operation and interface of UGC. These included:
- the role played by middle level management within the UGC Secretariat;
 - the number of requests for information at short notice which require significant investments of time and resources at the institutional level. The University acknowledges that at time the UGC Secretariat itself may have relatively short notice for such requests from the government;
 - the length of time taken to deal with specific request seeking advice on policy, for example the Home Financing Scheme. The University submitted a request and received no answer for six months and no indication of what progress was being made during this period. Again, the University acknowledged that such requests may be outside the remit / control of the UGC;
 - the constraints applied in pursuing particular policies, for example the allocation of student numbers, the quota of research students allocated to the University and the lack of clarity relating to the Areas of Excellence. The lack of transparency and clear justification does not help the University to conduct its own planning;
 - the transparency of the UGC's own funding methodology, for example the research funding formula.

ENDS

List of CUHK staff met during the Review Panel visits

(in order of the interviews)

1. Professor Arthur K C LI, Vice-Chancellor
2. Professor Ambrose Y C KING, Pro-Vice-Chancellor
3. Professor P W LIU, Pro-Vice-Chancellor
4. Professor Kenneth YOUNG, Pro-Vice-Chancellor
5. Professor Richard M W HO, Registrar
6. Mr. Terence CHAN, Bursar
7. Mr. Jacob LEUNG, University Secretary
8. Mr. S W LEE, Deputy Registrar
9. Mrs. Alice YIP, Director of Research & Technology Administration Office
10. Mrs. Kim CHENG, Head of Internal Audit Office
11. Professor Rance P L LEE, Head of Chung Chi College
12. Professor Y M YEUNG, Head of Shaw College
13. Mr. Louis HEUNG, Senior Finance Manager (Finance Operations)
14. Mr. Patrick YIU, Senior Finance Manager (Business Operations)
15. Mr. Vincent CHEN, Director of Campus Development Office
16. Mr. Benny TAM, Director of Estates Management Office
17. Ms. Amy YUI, Director of Administrative Services
18. Dr. LEE Hon-Chiu, Chairman of Council
19. Dr. the Honourable LEE Quo-Wei, Life Member and Immediate Past Chairman of Council
20. Professor K H LEE, Dean of Business Administration
21. Professor Joseph C K LEE, Dean of Medicine
22. Professor Kenneth CHAU, Dean of Social Science
23. Professor O W LAU, Dean of Science
24. Professor Y P CHUNG, Dean of Education
25. Professor P C CHING, Dean of Engineering
26. Professor S T KWOK, Dean of Arts
27. Dr. F C CHEN, Acting Director of School of Continuing Studies
28. Professor Raymond C P CHIANG, Chairman, Department of Finance
29. Professor LEUNG Kwok, Chairman, Department of Psychology
30. Professor Jack LAM, Chairman, Department of Educational Administration & Policy
31. Professor DANG Shu Leung, Chairman, Department of Chinese Language & Literature
32. Professor Philip JOHNSON, Chairman, Department of Clinical Oncology
33. Professor Leo LAU, Chairman, Department of Physics
34. Professor WONG Wing Shing, Chairman, Department of Information Engineering
35. Dr. Stanislaus HU, Director of Computer Services Centre and Information Technology Service Unit
36. Dr. Michael LEE, Librarian
37. Mr. Nelson NGAN, Assistant Director, Computer Services Centre
38. Mrs. Sophie LAU, Director of Personnel
39. Mr. K C YUEN, Senior Assistant Secretary (Personnel)
40. Mr. S S TAM, Senior Assistant Secretary (Personnel)
41. Professor S T KWOK, University Dean of Students

42. Mrs. Clara LEE, Director of Student Affairs
43. Professor Leslie YOUNG, Executive Director, Asia Pacific Institute of Business
44. Professor Y M YEUNG, Director, Hong Kong Institute of Asia-Pacific Studies

List of Review Panel members

Professor William Massy	(Chairman)
Mr. Tim Lui	
Professor Sir Ronald Oxburgh	
Professor dr Frans A van Vught	
Professor Wee Chow Hou	
Dr. Anne Wright	
Professor Cheng Kai Ming	(Institutional representative - HKU)
Mr. Nigel French	(Secretary-General, UGC - ex-officio)
Mr. Quentin Thompson	(PricewaterhouseCoopers)
Mrs. Emma Watson	(PricewaterhouseCoopers - Secretary)

Framework for the Management Reviews

This annex describes the framework used by the UGC in conducting and reporting on the Management Reviews. The Management Review Steering Group (MRSG) in consultation with the Consultative Group of institutional representatives developed this framework during the preparation for the reviews. It has been developed during the course of the reviews following feedback from the institutions.

Scope and objectives of the reviews

The reviews cover all the management processes and systems in the areas of academic administration, research administration, maintenance and development of the estate, procurement, student support services, human resources, IT and finance. They are qualitative in nature and seek to promote self-assessment and self-improvement within the institutions through dialogue, discussion and analysis of issues with the consultants and members of the Review Panels. They also seek to promote the sharing of experiences and best practice.

Overall approach

The approach to the review is informed by recognition of the diversity in the existing management structures and processes of individual institutions stemming from their different missions, histories and cultures. The MRSG considers that it would be wrong for any review to seek to impose a uniform management style across different institutions. It therefore distinguishes between the principles of good management (as it perceives them) and which it would therefore expect all institutions to display, and the form in which these principles are (or perhaps, are not) put in place. The MRSG is concerned with the manifestation of these principles and recognises that there is a wide range of valid approaches to their implementation.

A list of good management principles was developed with the Consultative Group of institutional representatives. These relate to the identification of strategic direction and its implementation, the overall planning, budgeting and resource allocation processes and the mechanisms for feedback, self-learning, adjustment and control. This list may evolve during the course of the Management Reviews following feedback from institutions and members of the Consultative Group. The current list is provided in Annex D.

Role of the Consultative Group

The Consultative Group comprises a representative of each of the UGC-funded institutions. Its role is to comment on the framework and processes for the Management Reviews, so as to help ensure their appropriateness and effectiveness, and to facilitate the process of sharing good practices among the institutions. As noted below, each Review Panel will include one member of the consultative group.

Processes involved in the Management Reviews

The Management Reviews involve four key steps:

- information collection and analysis;
- preparatory visits by PricewaterhouseCoopers consultants;
- Review Panel visits;
- report preparation.

In terms of information collection and analysis, the intention is that the Review Panels are well briefed on the institutional context, management structures and processes in advance of their visits. For this purpose, each institution is asked to provide some background documentation. This does not require institutions to prepare extensive new documentation nor to undertake further internal reviews. In order to help minimise the burden of preparation, the MRSG (again in consultation with the Consultative Group) developed a proforma providing a list of questions to which institutions may respond either by providing existing documents which address the same issues or by drafting brief (one paragraph) answers.

The next stage is the preparatory visits by PricewaterhouseCoopers consultants. These preparatory visits provide an opportunity for institutions to discuss the issues raised in the background documentation in more detail. The outcomes of these visits are then written up by the consultants in a briefing paper for the Review Panel in advance of the Panel visit.

The reviews themselves are undertaken by Review Panels consisting of about 10 or 11 members in total: seven or eight from the MRSG, two members from PricewaterhouseCoopers (one of whom will act as the Review Panel Secretary); and one member from the Consultative Group. The Review Panel works according to the principle of peer review - each member will have management experience in institutions of higher education. The main role of the Review Panels is to examine and test the institution's management processes and systems through discussion and dialogue with institutional staff.

The Review Panel visits last for about one and a half days. They involve a series of meetings and discussions with the senior management including the heads of academic and non-academic departments. At the end of the visits, the Review Panel provides some initial feedback. This is followed at a later date by a comprehensive report on the effectiveness of the management of the institution including good practice observed and suggestions for improvements (see below).

Report preparations

The reporting preparations involve three key stages:

- preparation of a draft report by the Review Panel;
- submission of the draft report to the institution to check factual accuracy;
- finalisation and publication of the report.
- The institutions are invited to also publish a statement describing their comments on the report and any actions they plan to make by way of improvement.

Principles of good management practice

Introduction

This annex presents the Principles of Good Management Practice which guide the work of the Management Review Steering Group (MRSRG) and the Review Panels in their work.

The MRSRG recognises that each institution has its own mission, history and culture, as well as varying in size and disciplinary spread. For that reason, it considers that it would be inappropriate for this review to impose or even suggest that the management style or processes should be the same in each institution. Therefore, in consultation with the Consultative Committee, the MRSRG has developed the following Principles of Good Management. The form in which these principles are put in place will differ according to the circumstances of each institution.

The principles relate to all the management processes across an institution in the different areas of academic administration, research administration, maintenance and development of the estate, procurement, student support services, human resources, IT and finance.

The Principles of Management Practice

1. Development of the strategic plan

- The strategic plan is consistent with the mission of the institution
- The strategic plan is developed using both internal and external contributions and information. The development process provides the opportunity for the institution to learn from its own performance and from external developments
- The development of the strategic plan is an iterative process whereby different elements of the plan - academic direction, academic facilities and services, staffing, estates, finance, IS - are brought together to form a consistent and coherent plan
- Mechanisms are in place to ensure that any decision, which has significant resource implications (for revenue, expenditures and capital), is only incorporated in the strategy after those implications have been identified, estimated and built into future plans
- There is a mechanism to facilitate the 'ownership' of the strategic plan and supporting operational plans through use of the management structure

2. Resource allocation

- There is a clear mechanism and criteria to determine priorities for resource allocation - the criteria follow from the strategy and inform the planning process

- Mechanisms and formulae, if any, for allocating resources (for example, performance-based formulae and the use of ‘top-slicing’) are understood and transparent
- There are agreed ways of allocating resources on an ad hoc basis as necessary
- The resource allocation process provides incentives for increased value for money in all functions (academic and non-academic)

3. Implementation of plans

- Operational plans are developed from the strategic plan and include milestones and performance measures for regular monitoring
- It is clear who is responsible for the implementation of each plan component and how that responsibility is to be discharged
- Appropriate action is taken as a result of the outcomes of monitoring the implementation of the operational plans

4. Roles, responsibilities and training

- There is a clear management structure, with the managerial responsibilities, reporting lines and means of accountability well defined and accepted by all concerned; the scope of any delegated authorities is clear to both parties
- The responsibilities of each member of staff is defined and included in a job description; there is a staff appraisal process for the performance of individuals against their tasks
- For each committee, its terms of reference are clear, unambiguous and accepted by its members; in particular it is clear whether a committee is consultative, advisory or decision making; each is subject to periodic review explicitly to consider its continuing usefulness
- The competencies of committee members and staff are appropriate to their roles, with training available relevant to their needs, especially for those with new managerial responsibilities (e.g. financial responsibilities)
- There is clarity in roles and responsibilities with respect to committees and individual staff members, especially in relation to the roles of professional staff

5. Service delivery

- There is a process to ensure that the University is meeting the administrative and operational needs of its students, staff and external constituencies - this includes mechanisms whereby service users can comment on the level of service, priorities and

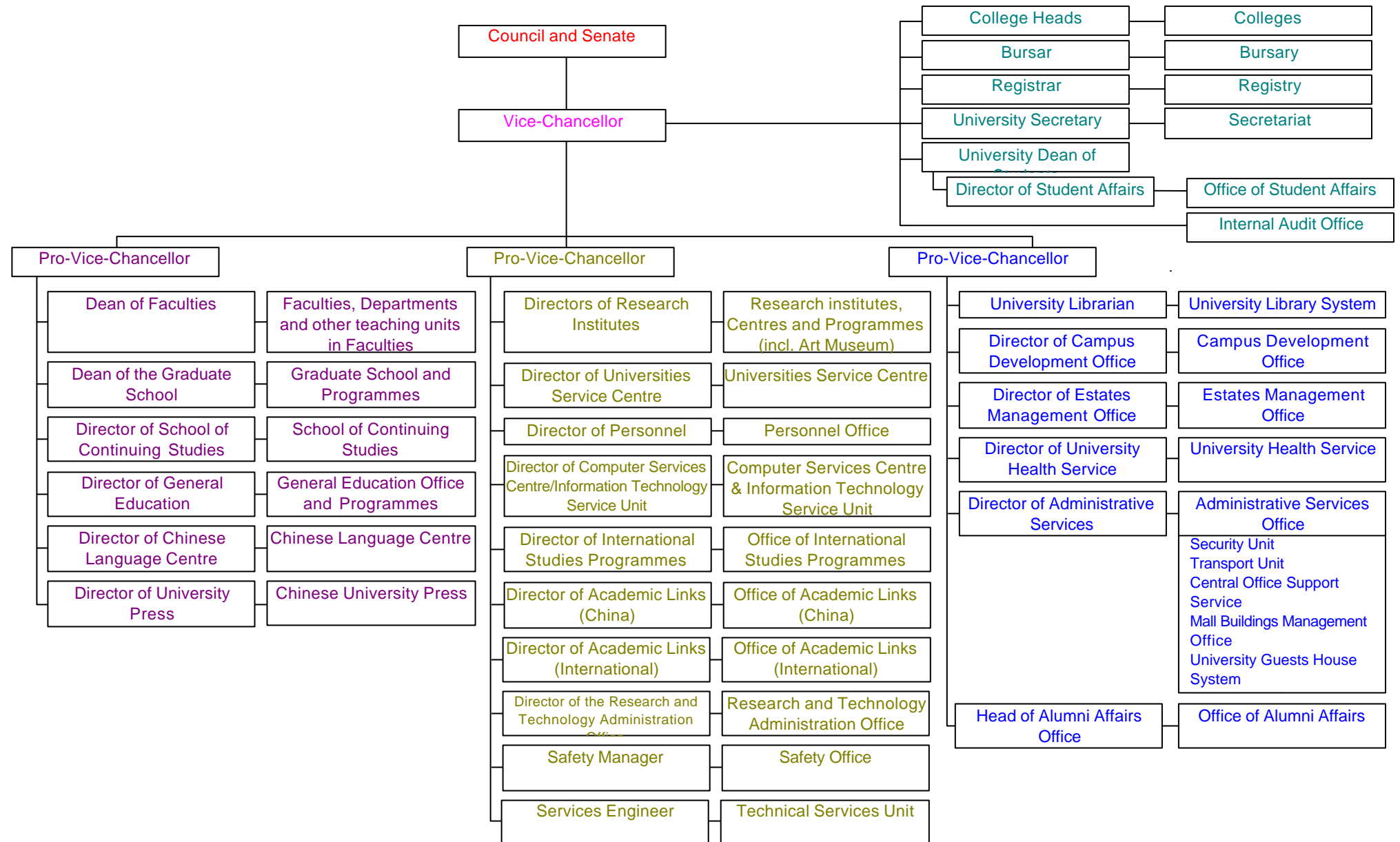
related performance improvement plans and mechanisms to ensure that the plans are acted upon

- There is a regular review processes (or audits) in place to assess and improve the performance and structure of all administrative, academic and committee functions and services (e.g. to ensure that there are no unnecessary steps, duplication of activities or levels of management)
- There is appropriate means to respond to external and internal audits or reviews of functions with structures and processes such that change is possible within reasonable time scales

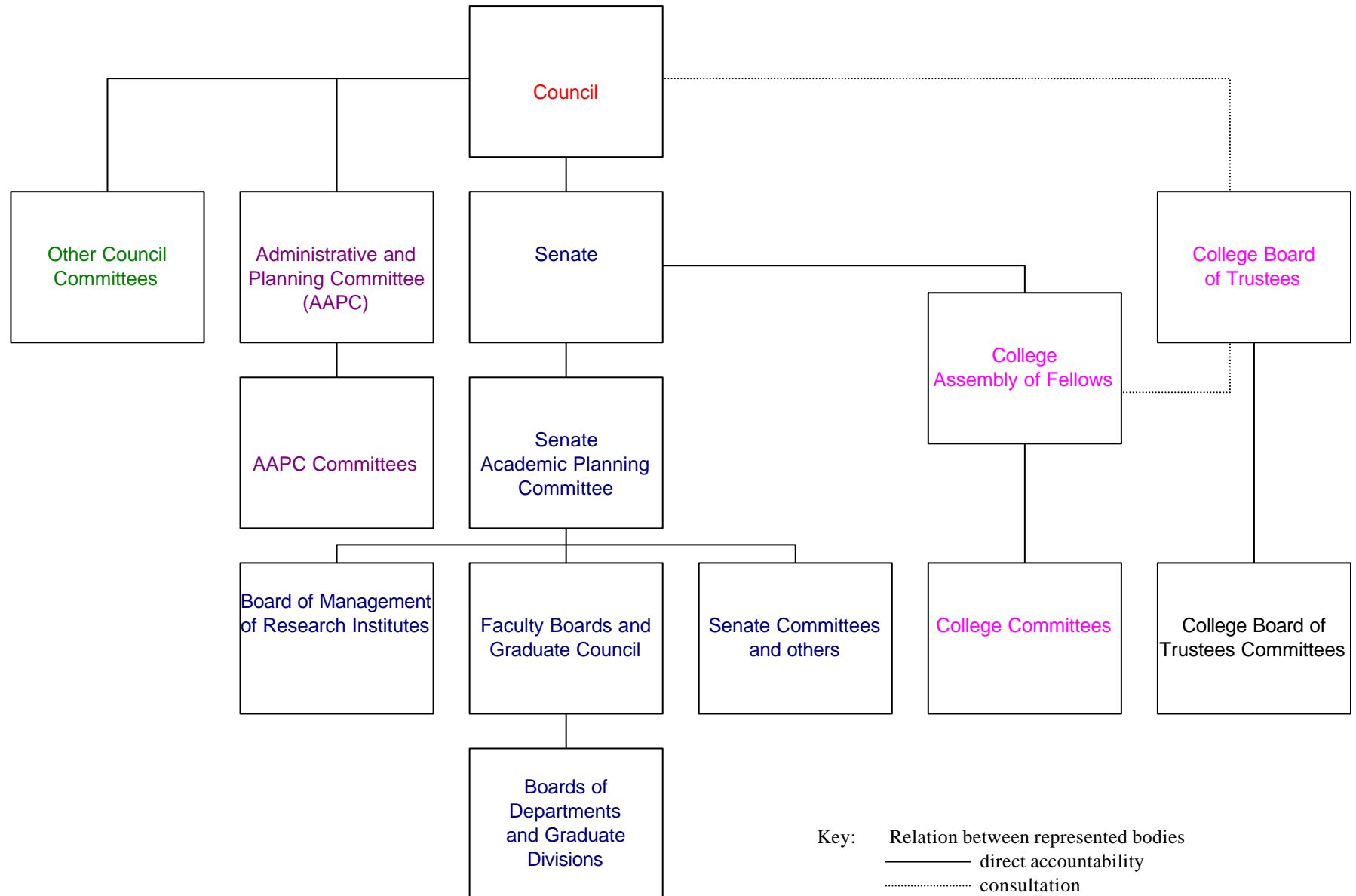
6. Management information and systems

- In producing management information, both financial and non-financial - the differing needs of different users are established, assessed and reflected in the information provided to users
- There is a procedure in place to ensure that all management information used in decision making and monitoring is adequately reliable, valid and consistent and that the level of detail given to users is appropriate to their needs
- Systems in place support administrative and management processes across the institution. Systems are developed and operated on the basis of user need
- Systems are reviewed on a regular basis taking full account of user feedback and other benchmark information
- Disaster recovery plans exist for all systems, for example with respect to the Year 2000 issue.

Annex E: Organisation Structure of The Chinese University of Hong Kong



Annex F: Committee Structure of The Chinese University of Hong Kong



Annex F: (Continued) Committee Structure of The Chinese University of Hong Kong

