

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 authorization 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/or 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 and 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

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

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 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, solicitation should be taken up formally by the fundraising office. The fundraising office with its formalized procedures will ensure consistency of practice and monitor effectively the receipt and disbursements of funds.

4. **Guidelines**

4.1 *Solicitation*

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

4.1.2 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 as deemed necessary.

4.1.3 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.

4.1.4 Acceptance of a donation/sponsorship should not in anyway 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.

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

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

4.1.7 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 formally recorded. The circumstances leading to the acceptance of donations/sponsorships should be open and fair and must be fully documented.

4.1.9 Appropriate accountability mechanisms should be in place to ensure that the full extent and nature of donations and sponsorships, and the exchange of benefits or acknowledgment between the University and the donors/sponsors are well documented and available for public scrutiny, whenever necessary.

4.2 *Approval Mechanism*

4.2.1 The President has the delegated authority from the Council to approve donations with value of up to HK\$10 million individually. For donations with value of more than HK\$10 million and up to HK\$20 million individually, the Institutional Advancement Committee will consider, and approve the donations, as appropriate. The Institutional Advancement Committee will also consider donations with value of more than HK\$20 million individually, and recommend their acceptance to the Council for approval, as deemed appropriate. For donations which involve the naming of scholarship(s), a building, a facility, a faculty, a professorship or other designations, the relevant approving authority can also approve the naming arrangements in accordance with the University's guidelines on naming rights for donations. All approvals should be clearly documented to show that the case has been thoroughly and fairly considered. The President will report to the Institutional Advancement Committee/Council at regular intervals details of the donations/sponsorships accepted.

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 recipient before the start 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/scholarship arrangements including any exchange of benefits, be visible to the public. The written agreement may set out the following:

- (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 recipient 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); and
- (g) any special conditions which may apply.

4.4 *Receipt of Donations/Sponsorships*

4.4.1 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 upon 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.

4.5 *Publicising the Guidelines*

4.5.1 Upon approval by Council, the policy and guidelines should be publicized in the University for reference and compliance by staff. A checklist of the essential aspects to be considered in the course of solicitation and acceptance of donations and sponsorships is given in the Annex I.

4.5.2 A checklist of the essential terms and conditions to be included in the written agreements for donations and sponsorships is given 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.

1. Donations and sponsorships should come from reputable sources. (reference to University Guidelines)
2. The fundraising office 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.
3. Acceptance of a donation/sponsorship should 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.
4. Acceptance of donations/sponsorships should follow the established approval mechanisms of the University. (reference to University's *Guidelines for Solicitation and Acceptance of Donations and Sponsorships*)
5. A written understanding/agreement should be drawn up which spells out the contribution of the donor/sponsor and the limitations he/she is required to observe.
6. Adequate documentation covering the solicitation, processing, and approval of a donation/sponsorship should be kept to ensure accountability and transparency.
7. Donations/sponsorships should be sent to the fundraising office by cheque made payable to the University.

**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.

1. Background information
 - 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.

2. Uses of donations
 - a. The centres/departments/units need to discuss with the donors regarding the uses of donations.
 - b. Nature of the Scholarships/Project/Programme, such as academic performance, bursaries, and exchange programme. The amount of each scholarship and bursary and the no. of awardees are mutually agreed between the University and donor.

3. Terms of payments of donations
 - a. The date/s of payment of donations should be included in the agreement.

4. Project implementation
 - a. Who is the responsible department/centre/unit for organizing the Scholarship/Project/Programme? Who is the budget holder for approving payments for scholarships/expenses of project/programme?
 - b. The responsible centres/departments/units will need to develop the procedures for application and also selection criteria.
 - c. Obligations of beneficiaries and recipients: For instance, the obligations of students who are the awardees of scholarships and bursaries should be mentioned in the agreement.

5. Recognition of Donor

The agreement should specify how to acknowledge the generous donation of the donor, such as the naming rights of a faculty, community college, a building a facility, programme or named professorship, arranging recognition ceremonies, press conferences or other publicity programmes.

6. Signing of agreement

- a. Who will sign the agreement? The donor and the President or his authorized representative will sign the agreement.