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Vice Chancellor UKM &
Chairperson
CAP Governance

CONSULTATIVE FORUM ON UNIVERSITY GOVERNANCE AND AUTONOMY
12-13 JULY 2011, HOTEL ISTANA, KUALA LUMPUR
CAP GOVERNANCE TEAM

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DR ZAHARAH MOKHTAR
EN ZULKIFLEE OTHMAN
PUAN MAZULA SABUDIN
7 STRATEGIC THRUSTS FOR TRANSFORMING HIGHER EDUCATION

INTERNATIONALISATION
LIFE LONG LEARNING
EFFECTIVE DELIVERY

ACCESS & EQUITY
QUALITY T&L
R&D&I&C

Service

R&D & I & C

Quality education to produce innovative
& entrepreneurial human resource

GOVERNANCE
LEADERSHIP
ACADEME
TEACHING & LEARNING
R&D&I&C

PILLARS IN INSTITUTIONAL STRENGTHENING FOR HE TRANSFORMATION
GOVERNANCE

• UNIVERSITY GOVERNING BOARD (LPU)
  – HIGH PERFORMING
  – EFFECTIVE
  – FULFILLS MAIN RESPONSIBILITIES & ROLES

UNIVERSITY AUTONOMY

Dynamic, competitive --→ Excellence

NATIONAL STRATEGIC HIGHER EDUCATION ACTION PLAN
2007-2010, pg 19
creating new economic and social value (innovations) for different stakeholders in society

**Academia**
pushing the frontiers of knowledge, making discoveries & inventions, educating next generation

**Greater Autonomy**

Indirect steering or regulatory mechanisms (financial, QA, performance & information measures)

**Accountability**

**State control**
SUBSTANTIAL STATE CONTROL
(CENTRAL PLANNING & CONTROL OF DECISION-MAKING PROCESSES)

AUTONOMY
SELF REGULATION CAPACITY
DECENTRALISED DECISION-MAKING

REGULATORY & SUPERVISORY
(SELF REGULATION STRATEGY)

• FRAMEWORK OF RULES & STATE INTERVENTIONS IN CASES OF NON COMPLIANCE
• MONITORING OF GOVERNANCE PRACTICES USING PERFORMANCE INDICATORS
• INNOVATIVE FUNDING
  • PARTNERSHIP IN HE PROVISION (PROVIDER-PURCHASER RELATIONSHIP)
  • CO FUNDING
  • PERFORMANCE-LINKED FUNDING & INCENTIVES
AUTONOMY

SELF REGULATION CAPACITY
DECENTRALISED DECISION-MAKING

GUIDING PRINCIPLES

RESPECTED UNIVERSITY GOVERNANCE

• INSTITUTIONAL AUTONOMY
  • SUBSTANTIVE – POWER TO DETERMINE OWN GOALS & PROGRAMMES
  • PROCEDURAL – POWER TO DETERMINE THE MEANS TO PURSUE & ACHIEVE GOALS & PROGRAMMES

• ACADEMIC FREEDOM OF SCHOLARS TO PURSUE TRUTH (WITHIN LIMITS OF LAW)

• GOVERNANCE ARRANGEMENTS – OPEN, FAIR, ACCOUNTABLE, ETHICAL
UNIVERSITY AUTONOMY

Power and authority of an institution to run its own affairs without undue influence or direction of government.

Power is derived from UUCA (amended 2009) & the university Constitution

**Institutional:** devolution of major decisions previously made by the central agencies to the University Governing Board

**Academic:** Senate exercises its functions and power granted under UUCA 2006, as the highest body which decides on academic matters

**Human Resource Management:** sufficient control over human resource planning, attracting and retaining talents and leadership development.

**Finance:** sufficient control over its financial management and ability to generate wealth

**VICE CHANCELLOR**
What autonomy is not

• Autonomy is not Privatisation
• The aim of autonomy is not to generate revenue
• Having self generated revenue helps in viability but autonomy is NOT contingent on the university generating a predetermined revenue
• Government must continue to invest in education, although the way it finances education may change with university autonomy
• Autonomy is not free rein – University is subject to the laws of the land

Autonomy is about good governance & devolution of decision making in major areas to the university with the purpose of making it more dynamic & competitive in leading change for excellence
CONDITIONS FOR UNIVERSITY AUTONOMY

CHANGES AT STATE LEVEL

INDIRECT STEERING, NO MICROMANAGEMENT, DEMAND FOR ACCOUNTABILITY

CHANGES AT UNIVERSITY LEVEL

ACCOUNTABILITY THROUGH UNIVERSITY GOOD GOVERNANCE
TOR CAP GOVERNANCE

- Develop principles of good governance towards autonomy
- Develop good practices in university governance
- Develop procedures & tool for assessing university governance & readiness for autonomy
- Identify areas for devolution of decision-making to university board (Focus Group)
- Use activity-based costing as a tool to develop costs of educational services
GOOD GOVERNANCE PRACTICES

- GOVERNMENT-LINKED CORPORATIONS GOVERNANCE & PRACTICES (GREEN AND ORANGE BOOKS OF PUTRAJAYA COMMITTEE ON GLC HIGH PERFORMANCE)

- GOOD GOVERNANCE CODE OF PRACTICE, COMMITTEE OF UNIVERSITY CHAIR, 2009, IRISH UNIVERSITIES GOOD GOVERNANCE

PRODUCT: GUIDE TO ASSESSING GOOD GOVERNANCE IN MALAYSIAN UNIVERSITIES

• CODE OF UNIVERSITY GOOD GOVERNANCE (CUGG)
  – PRINCIPLES OF GOOD GOVERNANCE
  – PRACTICES OF GOOD GOVERNANCE

• GUIDE FOR PREPARING AND CONDUCTING AN AUDIT TO DETERMINE THE READINESS FOR AUTONOMY

• UNIVERSITY GOOD GOVERNANCE INDEX (UGGI) - TOOL FOR ASSESSING UNIVERSITY GOVERNANCE & READINESS FOR AUTONOMY
Section one
Code of University Good Governance (CUGG)

PRINCIPLES
GOOD PRACTICES
INSTITUTIONAL AUTONOMY

• Autonomy = **devolution of major decisions** previously made by the central agencies to the **Governing Board (BoD)**.

• Power & functions derived from UUCA (amended 2009) and the university’s Constitution:
  – fulfill stakeholders’ interests and the long term survival of the university
  – policy formulation, monitoring of the university’s strategic plan, organisational, human, financial & other resource management

Devolution facilitated by **enhancing the accountability of the Governing Board** through good practices in 2 aspects of institutional governance:
(a) roles and responsibilities and (b) board structure.

**Features**
• appropriate structure
• strong monitoring, risk management and internal control mechanisms that can provide a check and balance on all activities.
• Use of a performance management approach, which includes clear and agreed key performance indicators which are reviewed periodically.
ACADEMIC AUTONOMY

- Autonomy = ability of the Senate to exercise its functions and power granted under UUCA 2006, as the highest body which decides on academic matters such as establishment of academic entities, standards, teaching-learning approaches and research programs.
- The power is exercised with accountability that upholds scholarship, academic freedom, ethics, professional excellence and innovation.

The accountability is enhanced through 2 aspects of good academic governance:
(a) senate structure and composition, (b) senate roles and responsibilities.

Features:
- Policies, programs and procedures that increases competitive ability, sustainability and nurtures a knowledge exchange culture.
- Fulfilling societal expectations with regards to relevance, equity, diversity and quality assurance.
FINANCE

• Autonomy = ability of the university to have sufficient control over its financial management to rapidly respond to societal expectations, implement its strategic plan and ensure long term viability.

• Achievement of objectives better realised through the devolution of major financial decisions made by central agencies to the university & better revenue generating ability (wealth generation)

• The process of devolution is facilitated by enhancing the accountability of the university’s financial governance

Accountability is enhanced through three aspects of governance for finance: (a) policies and procedures for financial management, (b) financial planning, control, reporting and monitoring, (c) generation of funds and wealth, Features an internal control of financial management which specifies policies, rules and procedures that safeguards financial sustainability, transparency, efficiency and integrity. strengthening of productive capacities and revenue generation to safeguard financial independence and viability.
HUMAN RESOURCE MANAGEMENT

• Autonomy = ability of the university to have sufficient control over the human resource management (HRM) to meet its strategic objectives as well as to increase its competitive ability and sustainability.

• Devolution of major HRM decisions previously made by central agencies to the university.

• Devolution is facilitated by enhancing the accountability of the university’s HRM governance in the recruitment, appointment, development, promotion, retention and dismissal of human resources.

• Accountability is enhanced good practices in three aspects of HRM governance: (a) human resource planning, (b) attracting and retaining talents (c) and leadership development.

Features

Policies, programs and procedures that safeguard transparency, efficiency, fairness and integrity that gain employees’ trust and motivate behaviours that contribute to mutual benefits.
SECTION TWO
GUIDE FOR PREPARING AND CONDUCTING AN AUDIT TO DETERMINE THE READINESS FOR AUTONOMY

Principle

SELF REVIEW to identify own strengths and areas of concern as well as the steps to be taken for improvement or enhancement, followed by

FAIR EXTERNAL SCRUTINY for verification in an objective and transparent way.
GUIDE FOR PREPARING AND CONDUCTING AN AUDIT TO DETERMINE THE READINESS FOR AUTONOMY

• Institutional Preparation:
  – Task Force
  – Documentation of evidence of good practice & self analysis

• MOHE: Appointment of panel of auditors, disclosure of interest & ethical conduct

• Audit Procedures

• Use of UGGI by auditors & institutions
AUDITORS
(4-5)

• COMPETENT & UNDERSTAND PRINCIPLES OF GOVERNANCE, AUTONOMY & ACCOUNTABILITY

• COLLECTIVELY, HAVE EXPERIENCE IN THE 4 AREAS TO BE AUDITED

• INDEPENDENT (NOT FROM IPTAs) – PREFERABLY FROM PRIVATE AUDITING AGENCIES

• DISCLOSURE OF INTEREST (POTENTIAL PERSONAL, PROFESSIONAL OR IDEOLOGICAL CONFLICTS)

• EFFECTIVE COMMUNICATION SKILLS, DILLIGENCE, WORK AS A TEAM, HIGH COMMITMENT
ETHICAL CONDUCT

• BOTH INSTITUTION & AUDITORS MUST EXHIBIT HIGHEST DEGREE OF INTEGRITY, DISCRETION, TIMELINESS & CONFIDENTIALITY IN THE AUDIT PROCESS

• UNDERSTAND THAT AUDIT IS TO ENHANCE GOVERNANCE, NOT TO PUNISH INSTITUTIONS

• INTERACTION MUST BE MUTUALLY CORDIAL & RESPECTFUL

• DECISIONS ARE GUIDED BY CUGG, NOT BY OTHER CONCERNS
SECTION THREE
UNIVERSITY GOOD GOVERNANCE INDEX (UGGI)

• Tool designed to assist auditors and institutions evaluate governance practices in a systematic way

• not exhaustive and users are advised not to be constrained by the structure of the UGGI

• should be read together with the CUGG

• In making an evaluation, the auditor should be guided by the principles and good practices that will help the university move towards autonomy.
<table>
<thead>
<tr>
<th>QUESTIONS TO HELP AUDITORS DEFINE THE SCOPE OF GOOD PRACTICES IN EACH COMPONENT AS SPECIFIED IN CUGG</th>
<th>THE KIND OF EVIDENCE THAT SHOULD BE OBTAINED TO HELP AUDITORS ASSESS THE DEGREE (TO WHAT EXTENT) OF ADOPTION OF GOOD PRACTICES IN THE CORRESPONDING CUGG.</th>
<th>AUDITOR’S OBJECTIVE EVALUATION OF THE UNIVERSITY’S GOVERNANCE PRACTICES FOR EACH ELEMENT OF THE CUGG (A) SCORE (B) COMMENTS SUCH AS SCOPE AND DEGREE OF ADHERENCE TO CUGG, HARMFUL PRACTICES, IDENTIFICATION OF EXEMPLARY PRACTICES THAT CAN BE SHARED WITH OTHER INSTITUTIONS.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UGGI</strong></td>
<td></td>
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</tbody>
</table>
ILLUSTRATION ON THE USE OF UGGI

GOOD PRACTICE IN INSTITUTIONAL GOVERNANCE FROM CUGG

1.1 Board roles and responsibilities

1.1.1 Guides and co-owns strategic direction

Does the Board provide inputs and clarifies the university’s overall strategic direction and aspiration?
### ILLUSTRATION ON THE USE OF UGGI

#### 1.1 Board roles and responsibilities

<table>
<thead>
<tr>
<th>Questions</th>
<th>Evidence</th>
<th>Score &amp; comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1.1 Guides and co-owns strategic direction</strong></td>
<td>Minutes of meeting or programs where decisions on strategic directions or needs are made with directors; Information verified by interview with directors</td>
<td></td>
</tr>
<tr>
<td>• Does the Board provide inputs and clarifies the university’s overall strategic direction and aspiration?</td>
<td></td>
<td></td>
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</table>
## RATING OF GOOD PRACTICES

<table>
<thead>
<tr>
<th>SCORE</th>
<th>CATEGORY</th>
<th>INTERPRETATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0-4.0</td>
<td>EXCELLENT</td>
<td>The institution is able to provide evidence of adoption of more than 90% of good governance practices; there is evidence of university-wide innovation to increase quality and productivity; some practices are exemplary and can be used as benchmarks by other universities; practices are accompanied by relevant documents, verified by observation and interview during the audit process</td>
</tr>
<tr>
<td>2.0-2.9</td>
<td>GOOD</td>
<td>The institution is able to provide evidence of adoption of 70-89% of good governance practices, there is some evidence of scattered innovation to increase quality and productivity; some practices are exemplary and can be used as benchmarks by other universities; some good practices are not supported by relevant documents and not verified by observation or interview during the audit process</td>
</tr>
<tr>
<td>1.0-1.9</td>
<td>SATISFACTORY</td>
<td>The institution is able to provide evidence of adoption of 50-69% of good governance practices, some practices are not adopted university-wide; relevant documentation is incomplete, some documented practices are not verified by observation and interview during the audit process</td>
</tr>
<tr>
<td>0.0-0.9</td>
<td>WEAK</td>
<td>shows 0-49% adoption of good governance practices; some practices are unacceptable from the view of accountability; minimal documentation; when documentation is available they are not verified by observation and interview during the audit process</td>
</tr>
<tr>
<td>component</td>
<td>score</td>
<td>total</td>
</tr>
<tr>
<td>---------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td>actual</td>
<td></td>
</tr>
<tr>
<td>Institutional</td>
<td>n1</td>
<td>56</td>
</tr>
<tr>
<td>Finance</td>
<td>n2</td>
<td>44</td>
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<tr>
<td>HRM</td>
<td>n3</td>
<td>36</td>
</tr>
<tr>
<td>Academic</td>
<td>n4</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>n5=n(1+2+3+4)</td>
<td>172</td>
</tr>
</tbody>
</table>

**UGGI score sheet**
DECISIONS ON READINESS FOR AUTONOMY

1. The university is deemed ready for full autonomy when:
   1.1 the overall score is at least 80 percent; and
   1.2 the score in each component, Institutional Governance, Finance and Wealth Generation, Human Resource Management and Academic Governance is at least 80 percent.

2. The university is deemed ready for partial autonomy in a component or components, namely, Finance and Wealth Generation, Human Resource Management and Academic Governance when:
   2.1 the overall score is below 80 percent, and
   2.2 the overall score for Institutional Governance is at least 80 percent; and
   2.3 the score in the component is at least 80 percent.

3. A university is deemed not ready for autonomy when:
   3.1 the overall score is less than 80 percent and
   3.2 the score in each component is less than 80 percent.
STEPS TAKEN SO FAR

• PILOT (DONE on 3 UNIVERSITIES)
  – ADEQUACY OF CUGG
  – ADEQUACY & EASE OF USE OF UGGI
  – APPROPRIATENESS OF RATING & SCORING SYSTEM
  – APPROPRIATENESS OF DECISION POINTS

• PREPARING TO AUDIT OTHER RESEARCH UNIVERSITIES

• NEGOTIATE WITH CENTRAL AGENCIES ON DEVOLUTION OF DECISIONS
DEVOLUTION OF POWER

1. A UNIVERSITY THAT IS DEEMED FULLY OR PARTIALLY READY FOR AUTONOMY IS ELIGIBLE TO NEGOTIATE THE DEVOLUTION OF POWER WITH ALL CENTRAL AGENCIES SUCH AS TREASURY, JPA, MOHE AND MQA

2. THE MATTERS FOR NEGOTIATION ARE PREPARED BY THE FOCUS GROUPS ON GOVERNANCE UNDER THE CONCEPT OF ELIMINATE, REDUCE, RAISE, CREATE (ERRC)

   EXAMPLE:

   – DEVELOP NEW SERVICE SCHEME
   – CREATE NEW FUNDING MODEL BASED ON FEE STRUCTURE & “PURCHASE OF SERVICES”
   – DEVOLUTION OF ACADEMIC DECISIONS TO SELF ACCREDITING UNIVERSITIES
   – REDUCE MICROMANAGEMENT & DEVOLVE TO UNIVERSITIES MANY DECISIONS RELATED TO FINANCE
THANK YOU