

HIGHER EDUCATION COMMISSION

ENDOWMENT FUND RULES

2009

HIGHER EDUCATION COMMISSION
(Endowment Fund)
Rules, 2009

Higher Education Commission (HEC) was established under “Higher Education Commission Ordinance, 2002” as a body corporate having perpetual succession with common seal with powers to acquire hold and dispose off property in its own name vide Clause 10 (1) (w) of the Ordinance HEC has to “establish an endowment fund for higher education with contribution from government as well as non-government resources”.

Draft rules of HEC Endowment Fund are proposed.

In exercise of the powers entrusted under section 21, the Commission prescribes following Endowment Rules for carrying out business of the Commission economically and efficiently by the authorities responsible for discharging the functions.

Section 1 These rules shall be called the **Higher Education Commission – (Endowment Fund) Rules, 2009.**

Section 2: Definitions; - In these rules unless there is anything repugnant to the subject or context:

- (a) “Appropriation” means the assignment to meet specified expenditure of funds at the disposal of the assigning authority;
- (b) “Bank” means the Bank approved by the Commission;
- (c) “Chairperson" means the Chairperson of the Commission;
- (d) “Commission" means the Higher Education Commission;
- (e) “Adviser Finance” means the Adviser Finance of the Commission;
- (f) "Director General Finance" means the Director General Finance of the Commission;
- (g) “Executive Director” means Executive Director of the Commission;
- (h) “Internal Auditor” means In charge of Audit Section of the Commission;

- (i) "Finance Planning Committee" means the Finance Planning Committee constituted by the Commission;
- (j) "Fund" means Higher Education Commission Endowment Fund;
- (k) "Ordinance" mean Higher Education Commission Ordinance NO.LIII of 2002;
- (l) "Recurring expenditure" means all expenditure which is not non-recurring;
- (m) "Re-appropriation" means the transfer of funds from one unit of appropriation to another such unit;
- (n) "Director General Administration" means the Director General Administration of the Commission;
- (o) "Month" means the calendar month;
- (p) "Financial Year" means the year beginning on the 1st July and ending on the 30th June following;
- (q) "SAP" means Systems Application Products, an Enterprise Resource Planning (ERP) solution deployed in HEC;
- (r) "Register" means and includes SAP generated reports and statements in lieu of register.

AIMS & OBJECTIVES

Section.3. Aims & objectives of Endowment Fund shall be the same as that of Higher Education Commission as specifically the following: -

1. For performing functions as described under Section-10 (1) of the Higher Education Commission Ordinance No. LIII of 2002.
2. To promote, organize, establish, finance, administer, manage and maintain academic programmes & research, technical/professional institutes of higher learning, universities, research organizations for imparting knowledge and for undertaking studies and research for the advancement of various Sciences, as well as Arts, Humanities and Management Sciences.
3. Capacity building of teachers, professors, HEC employees, instructors and experts of universities & institutes of higher learning.
4. To bring out, encourage and develop research faculties of the University/Degree Awarding Institutes (DAI's) and to afford them opportunity for research in art, science and industrial undertakings.
5. To provide for the graduates and education of the highest possible academic standard and internationally recognized professional excellence in various fields through universities and DAI's.
6. To encourage, promote, support and undertake academic and scientific investigations, innovative research, inventions and developments in various fields of study.
7. To establish and maintain well equipped libraries for general use.
8. To provide scholarships to deserving students, HEC employees, their families and other Welfare purposes.
9. To take such other steps as may be necessary for the promotion of research and training in identified intellectual academic and scientific fields by maximizing the use of local resources of men and materials.
10. Others/ such allied activities as determined by the Commission.

Section.4 THE ENDOWMENT FUND:

- 1) The Endowment Fund shall come into existence/operative/ effective/created immediately from the date of its approval by the Commission.
- 2) The Endowment Fund shall be strengthened by the following sources:
 - i. Contribution from HEC.
 - ii. Contribution from Federal and Provincial governments.
 - iii. Donations/Contributions from other sources, national or international, acceptable to the Board of Governors and
 - iv. The Income generated by the investment of the Endowment fund after allocation of admissible expenditure to be paid out of that income.
- 3) The amount financed to the Endowment Fund, from time to time, shall remain in perpetuity and only the income derived there from shall be applied towards meeting the operating expenses.
- 4) The Endowment Fund shall be non-transferable and shall be invested in the name of Higher Education Commission.

Section.5 BOARD OF GOVERNORS:

The profit from Endowment Fund shall be managed by the Board of Governors, to be appointed by the commission, consisting of the following members: -

- 1) The Chairperson, Higher Education Commission
- 2) The Secretary, Ministry of Education, Government of Pakistan, or his nominee not below the rank of a Joint Secretary.
- 3) An eminent chartered accountant to be nominated by the Commission
- 4) Three nominees of the Commission
- 5) Executive Director, HEC.
- 6) Representative of the Ministry of Finance.
- 7) The Advisor Finance / D.G, Finance HEC (Non-Member Secretary)

Section.6. CHAIRPERSON BOARD OF GOVERNORS

The Chairperson HEC shall act as the Chairperson of the Board of Governors of HEC Endowment Fund.

Section.7. APPOINTMENT AND DISCHARGE OF MEMBERS

- a. The Official Members shall hold office during their service against the office and hold the post, and in case of death or departmental transfers or termination or fulltime assignment outside Pakistan, then the post shall be deemed to be vacant. The Board of Governors in consultation with HEC Commission may appoint any other person as a Member provided that vacancy is likely to continue for a continuous period of six months.
- b. Nominee of the Commission shall hold office for four years or until completion of tenure as members of the Commission, whichever is earlier.
- c. A Member shall be discharged from the office on becoming bankrupt, insolvent, insane or if found guilty of any offence involving moral turpitude or resigns or retires from his office or is otherwise mentally or physically incapacitated from discharging his duties as a Member, however, BOG will forward the recommendation to HEC Commission for the removal. HEC Commission will appoint the new Member in place of such Member.

Section.8. RESPONSIBILITIES & POWERS OF THE BOARD OF GOVERNORS

Subject to the advice and general supervision of the Commission, the

BOG shall have and may exercise at any time the following powers:

- i. Power to effect or concur in effecting any transaction concerning or affecting any part of the Endowment Fund or any other property whatsoever if the BOG think the transaction is for the benefit of the Endowment Fund or the persons interested in it as if the BOG was a sole absolute beneficial owner of the Endowment Fund and for the purpose of this paragraph 'transaction' includes any sale, exchange, assurance, grant, lease, surrender, re-conveyance, release, reservation or other disposition and any purchase or other acquisition and any covenant, contract, licence option or right of pre-emption and any compromise,

partition, insurance or other dealing or arrangement and 'effect' has the meaning appropriate to the particular transaction and references to property include references to restrictions and burdens affecting property.

- ii. Power to acquire moveable/immovable property and make improvements to or to develop any land or building or other structure, to erect, enlarge, improve or rebuild any building or other structure on such land if the BOG think it will be for the furtherance of the purposes of the Endowment Fund and to pay the cost of such improvement and development and all incidental costs out of the Endowment Fund.
- iii. Power to borrow money for any purpose and objects of the Endowment (including the making of investments to be held as part of the Endowment Fund) and to mortgage, charge, assign or pledge the whole or any part of the Endowment Fund by way of security for the repayment of any money borrowed in the same unrestricted manner as if the BOG was absolute beneficial owners thereof.
- iv. Power to purchase any movable property to be held subject to the Endowment hereof and for that purpose to enter into contracts and to bind themselves by promissory notes or by any other security for the purchase price and generally to acquire such additional property as fully and as freely as a beneficial owner might do.
- v. Power from time to time as they may in their absolute discretion think fit to collect or accept donations (whether periodical or otherwise) and to issue appeals for donations and periodical reports on the work of the Endowment..
- vi. Power to carry on or assist in carrying on whether by themselves or in partnership with any other corporation (whether or not such persons or corporation shall be beneficially or otherwise interested under the trusts of this Endowment Deed) any business which they shall in their absolute discretion consider to be for the benefit of the Endowment and for that purpose may employ in any such business any part or parts of the Endowment Fund as they shall from time to time see fit to advance for the purposes of such business and for this purpose may engage or concur in engaging on such terms as they shall think fit any managers (whether corporate or not) and other employees of the business.
- vii. Power to enter into and execute any agreement, contract, joint ventures, partnerships and any other business arrangements and dealing

whatsoever with companies, corporations, associations, organizations, agencies, authorities or other bodies and things whatever which the BOG may in their absolute discretion think expedient in the interests of the Endowment Fund.

- vii (a) Power to make and approve the rules and regulations for the management and administration of the Endowment Fund.
- viii. Power to appoint and constitute such committees or other bodies as the BOG may think fit for the purpose of defining the functions, powers and organisation of any such committee or body and power also (if the BOG think fit) to pay expenses to any member of any such committee or body incurred while executing such functions.
- ix. Power to delegate from time to time to any such committee or body or to any other person or persons all or any of the powers and duties relating to the management and administration of the Endowment except management and application of the Endowment Fund.
- x. Power to appoint such officers, servants, consultants and advisers as it may consider necessary for the achievement of aims / objectives on such terms and conditions as may be prescribed by the federal Government.
- xi. To raise the funds;
- xii. To prescribe the policies regarding investment of funds;
- xiii. To prescribe the general terms and conditions of funds management;
- xiv. Deleted
- xv. Deleted
- xvi. To appoint, promote, remove and exercise discipline and control over its employees;
- xvii. deleted
- xviii. To approve the Annual Audited Accounts of Endowment Fund;
- xix. To approve the annual budget of Endowment Fund on the recommendation of Finance Planning Committee;
- xx. Exercise all such powers as may be necessary or incidental to the performance of any of its functions or the exercise of any its powers.
- xxi. To make the rules, regulations, pay scales for the employees of Endowment Fund and approve it.
- xxii. To make the policy regarding donors acknowledgement.

- xxiii. Power to make or support or finance or contribute to any appeal for funds to be added to the Endowment Fund and by any other means to raise or seek to raise funds to be so added.
- xxiv. Power to:
 - a. incur costs and pay expenses for running the forum, holding discussions, consultations, training workshops advertisements and all other necessary expenses to pursue the purpose of the Endowment Fund; and
 - b. pay out of pocket expenses and all other expenses incurred by the BOG for executing the objects of the Endowment, the management and administration of the Endowment and any other matters ancillary thereto.
- xxv. Power to open and operate one bank account of the Endowment fund in a local bank in local currency
- xxvi. Power to invest the Endowment Fund in the Government approved profitable securities, term finance certificates (TFC) or in any other form of investment in accordance with the approved policy of the Government.

Section.9. MEETINGS:

MEETING OF BOARD OF GOVERNORS:

- i) That the General Meeting of the Board of Governors of the Endowment Fund may be held at least once in a year or as required.
- ii) The Board shall meet as often as necessary for carrying out the objects of this Endowment Fund and shall conduct their affairs according to their mutual agreement.
- iii) A prior notice of seven (7) days of a meeting of the Board shall be given to each Member. This prior notice requirement can be dispensed if agreed by the BOG at the start of the meeting.
- iv) Presence of 2/3 Members in any meeting of the Board shall constitute a valid quorum for the board meeting.
- v) Manager/Secretary of the BOG shall be appointed by BOG. The Manager of the Board of Governors shall be responsible for the operational matters, administrative control over the employees of the Endowment Fund and day to day working of the Endowment Fund as may be assigned by the BOG.

- vi) The Manager/Secretary of BOG shall record all the proceedings in writing and all resolutions passed or decisions taken at the meetings and shall maintain minutes thereof duly signed by Chairperson of BOG.
- vii) Any member may submit the resignation to Chairperson of BOG.
- viii) Services of Members shall be on honorary basis however expenses of TA/DA etc may be reimbursed as prescribed by the Federal Government rules.
- ix) The decision of the BOG shall be taken with the consent of at least 2/3 of the Members present in meeting.
- x) Any fraction will be counted as one.

Section.10. INDEMNIFICATION OF BOARD OF GOVERNORS:

The Board of Governors shall be indemnified out of the Endowment Fund, in respect of any loss arising from or contingent upon any investment made of any of the monies of the Endowment Fund, unless such loss shall have been occasioned by their own willful negligence, theft or fraud. The Board of Governors shall also be indemnified out of the Endowment Fund, against all proceedings, suits claims, damages and expenses occasioned by any claim in connection with the Endowment Fund, not arising from their own willful negligence, theft or fraud.

Section.11. ACCOUNT AND AUDIT OF THE ENDOWMENT FUND:

- (a) The existing system of accounting, procedures, policies, internal audit and all other checks as applicable in HEC, shall be applicable, mutatis mutandis, for accounting and reporting of the Endowment Fund as concurred / vetted by CGA vide letter No. 220-AC-II/4-244/2002 dated 03-11-2007.
- (b) The accounts of the Endowment Fund shall be scrutinized by the HEC internal auditor to ensure that the profit of endowment is being spent in accordance with the aims & objectives of Endowment Fund.

- (c) The accounts & balance sheet of the Endowment Fund shall be prepared at the end of each financial year and audited by a firm of Chartered Accountants appointed by the Board of Governors and shall be placed before the Board and HEC Commission.
- (d) A list of all properties vested in the treasurer and abstract of the accounts of the profit shall be caused to publish annually.
- (e) All expenses including auditors fee, cost of clerical staff, remuneration of the secretary, account books and stationery and all other costs, charges and expenses to which the Board of Governors shall be put in connection with the Endowment Fund shall be borne out of profit of the Endowment Fund.

Section.12. REMUNERATION AND EXPENSES OF BOARD OF GOVERNORS:

No Members shall receive any salary or remuneration from the Endowment Fund for acting as such except such honorarium and allowances as may be prescribed by Federal Government rules.

Section.13. LIFE OF THE ENDOWMENT FUND:

The endowment Fund shall be irrevocable save by the HEC Commission on the recommendation of the Board of Governors except in the event of the Endowment Fund being wound up in accordance with the provisions of Clause 14 hereof.

Secton.14. WINDING UP OF THE ENDOWMENT FUND:

The fund shall not be dissolved except in extremely critical and adverse liquidity position, the Board of Governors, at any time, shall if so decided in the meeting windup the Endowment Funds. In case of winding up of the Endowment Fund, its assets left after meeting its liabilities, if any, shall be transferred to the fund of Higher Education Commission immediately.

Section.15. DELEGATION:

1. The Board shall have power to appoint in writing any one or more of the Members for the purposes of operating any bank account of the Endowment Fund, collecting any rents or income (if any) received from the Endowment Fund, managing or administering any property comprised in the Endowment Fund, conducting day to day business of the Endowment Fund or for any other purpose for which the Members is appointed provided that such Member shall fully and promptly report all acts and proceedings to the Board.
2. The tasks delegated to the Members under this clause for any of the purposes above can be revoked, modified and varied as per rules and regulations adopted by the Board from time to time.

Section.16. COMMITTEES:

- 1) The Board of Governors shall be authorized to constitute as many committees as they deem fit and proper for the management and operations of the Endowment Fund.
- 2) The Members may prescribe in writing the rules of business for the proper performance of the committees. The rules of business may prescribe, inter-alia, the following:
 - i) Rules relating to management and operations of the investments of the Endowment Fund.
 - ii) Rules prescribing the mode and manner of reporting to the Board of Governors..
 - iii) Rules relating to recommendations to the Board of Governors for investment opportunities.
 - iv) Rules relating to appointments of external financial consultants.
 - v) Rules relating to appointments, resignations, terminations and disciplinary issues of the employees of the Endowment Fund.
 - vi) Rules relating to investment strategy, asset allocation, custody of securities, investment performance evaluation and liquidation of securities.
 - vii) Rules relating to contributions; and rules relating to membership of Endowment Fund and

- viii) Any other matter, which the committee(s) deem proper in the interests of the Endowment Fund.
- 3). At least one Official Member shall be the member of any committee constituted by the Board of Governors under this clause.

Section.17. RELAXATION OF THE ENDOWMENT FUND RULES:

Unless there is any thing repugnant to the aims & objectives of the Endowment, the Board of Governors, may in exceptional cases for reasons to be recorded in writing, may relax any of these rules.