

Fu Jen Catholic University School Legal Person

Public Statement of the Board of Trustees

November 15, 2018

The Board of Trustees of this School Legal Person and its supervisor received the report from Jin Tzung-Li, the former director of the Office of Internal Audit of Fu Jen Catholic University, on July 31, 2018. The Board of Trustees immediately convened an interim meeting on August 14 and resolved that an impartial third party should be appointed to conduct a thorough investigation of the case. After the meeting, PricewaterhouseCoopers, Taiwan (PwC) and PwC Legal, both well-established and credible firms in Taiwan, were selected to execute the agreed-upon procedures on the specified issues.

Under the leadership of President Vincent Han-Sun Chiang, Fu Jen Catholic University shoulders the social responsibility for fostering talent and promoting higher education. When the Board of Trustees approved the large-scale project to construct the Fu Jen Catholic University Hospital, President Chiang followed through on the resolution of the Board of Trustees and led the team to accomplish the mission entrusted to it by the Board members. Despite the fact that there are different opinions regarding the process, the Board of Trustees does not deny the President's overall contribution and service to Fu Jen Catholic University.

The report of the investigation of the clinic found neither tax evasion nor misappropriation of funds. The situation for making a supplementary tax payment arose because of an adjustment, which was the result of a discrepancy between Financial Accounting and Tax Accounting at the National Taxation Bureau. In addition, due to some imprecise clauses in the Contract signed with the Fu Jen Clinic, internal and external parties have different understanding about the status of the Clinic. Some flaws were found in business operation,

property management, administrative procedures and accounting. The Board of Trustees has instructed the University to correct and improve these shortcomings within a specific period of time.

Moreover, the establishment of Fu Jen Clinic has its historical background and mission. It played a preparatory role during the construction of the hospital, before its official opening. Now with the smooth operation of the hospital, the Board of Trustees shall take this opportunity to reevaluate the role of Fu Jen Clinic and its operational model in the future in order to eliminate possible doubts. The status of the Fu Jen Clinic will be a priority issue that the Board of Trustees will decide. In the meantime, the Board instructs the University to propose possible plans, including the gathering of professional opinions, and submit them to the Board for a final decision, with the hope that the faculty, staff, students of the University and the residents in the surrounding communities can receive improved medical care.

As to the operation of the Dental Department at Fu Jen Catholic University Hospital, the investigation report states that the cooperative model followed is that of independent management rather than outsourcing. The language and wording of the contract should be more precise in order to avoid inappropriate conceptual associations. Given that the business model for the Dental Department in the Hospital is such that it should be under the managerial authority of the hospital, and given the importance of the issue, the Board of Trustees resolved that the University should choose either to submit a report or to make a proposal for approval by the Board of Trustees.

Regarding the establishment of the Fu Jen International Health Consultancy, the investigation report indicates that some Fu Jen faculty members served as members of the Board; but they have since resigned. In addition, the company is currently undergoing dissolution and liquidation. The internal inspection also showed that Fu Jen Catholic University

(including the affiliated Hospital) and Fu Jen Clinic have had no prior business contacts with the company. Still, the School Legal Person reminded the university authority to be more cautious and, in principle, asked that cooperative enterprises or entities should not bear the name of “Fu Jen Catholic University” because the University’s name is well known and the exclusive attribute of the University.

For the successful bidding of TY Architects & Planners in the construction and design of Fu Jen Catholic University Hospital, internal inspection found that the Architect, Mr. Shih Yo-Shen, and President Chiang are in the fifth-degree of kinship. Article 15 of the Government Procurement Act stipulates, “The procurement personnel and procurement supervision personnel shall withdraw themselves from procurement and all related matters thereof if they or their spouses, relatives by blood or by marriage within three degrees, or other relatives who live with and share the property with them have interests involved therein.” Kinship in the fifth-degree does not fall under the range where recusal is required due to conflicts of interests. Nonetheless, the Board of Trustees entrusted the University to decide, after a thorough review, whether the University should adopt the government regulations or establish stricter rules regarding conflicts of interest in major construction projects or procurement cases. The regulations governing recusal due to conflicts of interests shall come into force for the entire university on the date of promulgation.

Regarding the clinical practice of President Chiang during his presidency, the School Legal Person considers President Chiang’s identity as a physician and allows him to continue his clinical practice in order that his professional medical and clinical experience can continue without being interrupted during the time of his contract. Therefore, there is no breach of contract with the School Legal Person when President Chiang maintains part-time clinical hours.

Lastly, the School Legal Person appreciates members of the university community and society at large for their concern and guidance. We will cling to our educational philosophy and continue to supervise the management of the university in order to prepare young people as the future pillars of the society who can serve the country and benefit the people.

God bless,

Fu Jen Catholic University School Legal Person