



HKFA
AFFILIATED TO FIFA & AFC IN 1954

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

Your Ref.: CB4/PAC/R74

Our Ref.: PW-0457/20

19 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

I refer to your letter of 9 June 2020. Our reply is provided in the ensuing paragraphs.

Item (a)(i)

Meeting minutes is attached in **Annex A to G**. Please kindly note that the minutes are for PAC Internal reference only.

Item (a)(ii)

At the start of 2015-2016 Season when the HKFA Board making various appointments for the new term (2015-2017), the Secretariat had reported to the Board

***Note by Clerk, PAC:** *Annexes A to G not attached.*



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that no membership was confirmed for the Audit Committee on the following three (3) occasions of Board meetings:-

Meeting No. 4 of 2015-2016 held on 7 December 2015

Meeting No. 5 of 2015-2016 held on 1 February 2016

Meeting No. 6 of 2015-2016 held on 5 April 2016

Copies of relevant meeting minutes are provided herewith. Copies are attached in **Annex H to J**. Please kindly note that the minutes are for PAC Internal reference only.

Furthermore, when the HKFA Board making various appointments for the new term (2017-2019) at the start of the 2017-2018 Season, the Secretariat did twice present membership list (proposed and adopted) to the Board for attention (but without highlighting) and discussion at the following meetings:-

Meeting No. 1 of 2017-2018 held on 17 July 2017

Meeting No. 2 of 2017-2018 held on 9 October 2017

Copies of relevant meeting minutes are provided herewith. Copies are attached in **Annex K & L**. Please kindly note that the minutes are for PAC Internal reference only.

Item (a)(iii)

Due to relevant Chairperson being overseas for a long period of time owed to personal reason, relevant Chairperson give no instruction to call meeting during the period. Regarding no meetings were held, no further inputs could be provided from the committee members. Nonetheless, the Marketing & Communication Department was still operated upon the CEO's instruction during the mentioned period of time.

Item (b)(i)

In spite of what is stated in the Audit Committee's 'Terms of Reference' as "*the*

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Chairman of the Audit Committee shall neither be the chairman of the Board, nor the Chairman / member of other functional committee.”, the HKFA Board does not see it inappropriate to adopt a more restrictive appointment policy for the Audit Committee, which is imperatively seen to be independent and impartial. Any direct involvement of Directors to the works of the Audit Committee has a potential conflict of interest and this explains the understanding why the Directors should not be the chairman nor member of the Audit Committee (just like the case of Judicial Bodies and other similar bodies as mentioned above). In fact, the initial formation of Audit Committee was based on, inter alia, the advocacy of FIFA, which stipulates in its own Organization Regulations (article 7.1) that *“The chairman, deputy chairman and the members (of its Audit and Compliance Committee) shall not belong to the FIFA Executive Committee.”* AFC too has the same provision in its counterpart regulations (article 11.1) that *“The Chairperson, Deputy Chairperson and other members of the Audit and Compliance Committee shall be independent and shall not belong to the AFC Executive Committee”*.

HKFA minutes do not usually show common understanding by the time a decision was made that no written record can be found.

Item (b)(ii)

It is true that the first-ever HKFA Audit Committee (2014-2015) was convened by the then Finance & Strategy Committee Chairman and again the current one (2019-2011) was convened too by the incumbent Finance & Strategy Chairman.

It is also true that a Director other than the incumbent Chairman of the Finance & Strategy Committee was appointed the convenor of the Audit Committee (for the term 2015-2017 and 2017-2019). It is surmised that this requirement was not made aware of by the group of newly-elected (in 2015) Directors when working out the ‘division-of-labour’ in an informal setting (this is a common practice when there is a new term of office for committee appointments), nor the Secretariat was in a position

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to advise without being involved in this kind of pre-meeting of Directors. The appointment list was presented and officially endorsed by the Board at the subsequent official setting (i.e. Board Meeting No. 1 of 2015-2016) with a Director other than the Chairman of the Finance & Strategy Committee appointed the convenor of the Audit Committee

Item (b)(iii)

The Marketing and Communications Committee (initially named as Sponsorship and Market Promotion Committee 贊助及市場推廣委員會) was first formed at the start of 2011-2012 Season. A Director was appointed to be in charge of this working purview at the Board Meeting held on 11 July 2011 (Meeting No. 1 of 2011-2012). Just like other committees and bodies, the terms of reference were only drafted up later by the Secretariat and presented to the Board for adoption at the ensuing meeting held on 2 August 2011 (Meeting No. 2 of 2011-2012). Copies are attached in **Annex M & N**. Please kindly note that the minutes are for PAC Internal reference only.

There were no discussions nor changes to the Marketing and Communications Committee's terms of reference in the subsequent terms (2013-2015, 2015-2017 and 2017-2019) until recently. The new Marketing and Communications Committee (for the term 2019-2021) are still working to draft and propose the new terms of reference of the Committee for the Board's adoption.

Item (c)(i)

The split of the works of the Finance & Strategy Committee into Finance Sub-committee and Strategy Sub-committee was proposed by the then Committee Chairman at the Board Meeting held 2 August 2011 (Meeting No. 2 of (2011-2012 when the Board discussed and endorsed the committee membership). The rationale provided by then was that 'finance' and 'strategy' are two very diverse matters and it is inappropriate to invite outside experts to serve both purviews. Thus, the proposal was made then that the (master) Finance & Strategy Committee should compose of

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only core members (chairman, ex-officios, directors), whereas outside experts will be invited to join the sub-committees of their discipline and interest only (i.e. members of the Finance Sub-committee with financial background only). Most of the meetings of the two sub-committees were arranged to be held on the same day one after the other so that the core members can take part in both sessions while the sub-committee members will attend one of their relevance.

The above proposal was not documented in details in the meeting minutes (Meeting no. 2 of 2011-2012 held on 2 August 2011) but only recorded in form of the membership list annexed to the minutes.

This arrangement (split the work of the Committee into two) has been kept until now, though the current Finance Sub-committee and Strategy Sub-committee have the same members virtually.

Item (c)(ii)

The Directors have never come down to such detailed requirement of the Articles of Association. For the Directors, there is Finance & Strategy Committee which operates in such a way of splitting up the finance-related matters and strategy-related matters to be handled by two sub-committee (this is also the case of the Technical & Playing Committee which has even more sub-committees). By hierarchy, Finance Sub-committee and Strategy Sub-committee are subordinated to the Finance & Strategy Committee but doing the respective works on behalf of the (master) Finance & Strategy Committee. There may be a missing formality in having the meetings of the Finance & Strategy Committee (there were only meetings of the sub-committees but not the master committee in record). However, the accounts did go through the three-tier scrutiny, i.e. committee-board-general meeting.

Item (c)(iii)

The information can largely be found in the aforesaid annex to the meeting minutes of Meeting no. 2 of 2011-2012 held on 2 August 2011.

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There is only the terms of reference for the (master) Finance & Strategy Committee for not for the two sub-committees as the meetings of these sub-committees were seen as one of the two sessions of the master Finance & Strategy Committee by practice and understanding. The documents (notice, agenda and minutes) were not kept and presented in such a way.

Item (d)

For record purpose, there are actually five non-club-linked directors in the HKFA Board at a time according to the existing set-up.

All directors (club-linked and non-club-linked) positions are appointed by election and candidates must be nominated by voting members. Non-club-linked directors are required to declare not to 'link' (usually defined as not holding any official position and/or interest) with any member clubs. The Electoral Committee (an independent body) will be responsible for vetting the candidature.

Yours sincerely,

(PUI Kwan Kay)
Chairman

- cc Secretary for Home Affairs (fax no. 2591 5536)
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