

# CORPORATE GOVERNANCE

## INTRODUCTION

The URA places high priority on the standard of Corporate Governance to ensure accountability, openness and transparency in the work of its Board and Committees.

### Board and Committees

The URA is governed by a Board appointed by the Chief Executive under Section 4 of the URA Ordinance, currently comprising a Chairman and 26 other members. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Deputy Director of Home Affairs (2) are Board members who are non-executive directors and public officers. In addition, the current Board includes four legislative councilors plus professionals and academics from various fields, including legal, accounting, finance, property, planning, surveying and social work who are non-executive directors and not public officers. The Board met on seven occasions between April 2016 and March 2017.

For the better carrying out of the purposes and powers of the URA, the Board has established seven standing committees, each chaired by a Board member and comprising other Board members and co-opted members with the relevant expertise and experience. The committees and their function areas are listed as follows:-

Committees	Function Areas
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Internal control and risk management</li> <li>• Reliability, integrity, timeliness and conformity of financial and operational information</li> <li>• Compliance of business operations and management practices</li> <li>• Economy, efficiency and effectiveness in the employment of URA's resources</li> <li>• Special projects and investigations</li> <li>• Accounting policies</li> <li>• External audit reviews and internal audit charter</li> <li>• Annual financial reporting and auditing</li> </ul>
<b>Development Project Objection Consideration Committee</b>	<ul style="list-style-type: none"> <li>• To consider and deliberate on objections lodged under Section 24(1) of the URA ordinance</li> <li>• To prepare URA's deliberations on the objections, which will be submitted to SDEV in accordance with Section 24(3)(b) of the URA ordinance.</li> </ul>

Committees	Function Areas
<b>Finance Committee</b>	<ul style="list-style-type: none"> <li>• URA's funding requirements</li> <li>• Financial and treasury policies</li> <li>• Investment of surplus funds</li> <li>• Financial aspects of the Annual Business Plan and Five-year Corporate Plan</li> <li>• Annual budgets</li> <li>• Market selling prices and target rents of development projects</li> </ul>
<b>Human Resources and Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• Remuneration policies (level and mix) of senior and general staff</li> <li>• Proposals for adjustments to salary and variable pay</li> <li>• Organisation effectiveness and human resources management</li> </ul>
<b>Land, Rehousing and Compensation Committee</b>	<ul style="list-style-type: none"> <li>• Policies and matters relating to land grants, property acquisition, compensation and rehousing</li> <li>• Acquisition strategies, approaches and offers for individual projects</li> <li>• Policy and criteria for loans under Section 12 of the URA Ordinance</li> </ul>
<b>Planning, Development and Conservation Committee</b>	<ul style="list-style-type: none"> <li>• Selection of projects in the Five-year Corporate Plan and Annual Business Plan</li> <li>• Submission of Development Scheme Plan to the Town Planning Board</li> <li>• Planning and development parameters and design issues</li> <li>• Conservation proposals</li> <li>• Revitalisation proposals</li> </ul>
<b>Review Committee</b>	<ul style="list-style-type: none"> <li>• Review of the Management's decisions on application of relevant URA's policies as requested by affected owners or occupiers</li> </ul>

## Decision Making System

By virtue of the URA Ordinance, the Board is vested with the powers and duties as are conferred and imposed on it. Over the years, some of these decision-making powers have been delegated to Committees established under the Board. The Managing Director is the administrative head of the URA. As authorised and directed by the Board, the Managing Director, in consultation with the two Executive Directors, decides on the appropriate levels of approval authorities for all matters and affairs and activities of the URA except for those matters that require approval of the Board as stipulated in the URA Ordinance and those matters for which the Board stipulates a different approval authority from time to time. Such levels of approval authorities are documented in a corporate operational and authorization manual which must be followed. These arrangements provide proper checks and balances on the one hand and enhance operational efficiency on the other.

## Internal Audit

Reporting directly to the Board's Audit Committee, the Internal Audit Department conducts regular independent reviews of activities undertaken by all other functional units within the URA. The main purposes of the operational and value-for-money audits are to ensure compliance with all of the various statutory requirements, Board directions and prevailing internal policies and procedures, as well as cost-effective use of the URA's resources. Before the start of each fiscal year, the Department presents an internal audit plan setting out the audit assignments to be carried out in the year to the Audit Committee for its approval.

The Department also advises on the adequacy and effectiveness of the URA's annual internal control and risk management review. This annual organisation-wide review exercise includes reviews of risks at the corporate level by all in-house directors and reviews of operational risks and the effectiveness of the systems of internal controls in managing identified significant risks by all functional units. Treatment plans are then implemented wherever appropriate to mitigate the identified significant risks in key business processes to the extents possible. The overall results of the annual review are reported to the Audit Committee. In addition, the Department coordinates with other assurance functions, such as the URA's External Auditors and the Independent Commission Against Corruption's Corruption Prevention Department, to achieve optimal audit coverage of the URA.

## Measures to Promote Transparency of Work

In line with the spirit of the Urban Renewal Strategy, the URA holds a large variety of public engagement activities such as exhibitions, surveys, public forums and workshops from time to time to gather community stakeholders' views on the planning and design of urban regeneration projects. Open briefing sessions are held for owners, tenants and other stakeholder groups upon the commencement of urban redevelopment projects and after the respective acquisition offers have been made. To enhance the wider community's understanding of the work of the URA, we also speak at relevant seminars, conferences and meetings of professional and other organisations and give briefing sessions to secondary schools.

We value our partnerships with local communities in undertaking renewal work in old urban areas. We regularly brief the relevant District Councils on the progress of URA projects. We have established five District Advisory Committees comprising representatives of the local communities including district councillors, affected owners/tenants and district organisations to advise on community needs and aspirations with respect to urban renewal and to enhance community understanding of the URA's work in the districts concerned.

Corporate decisions and issues discussed by the Board are briefed to the media via management representatives from time to time. These interactive media sessions, together with other media interviews throughout the year, seek to promote better understanding of the mission and role of the URA and the rationale and objectives of its work.

The URA's website serves as a primary electronic platform to communicate to the public about any salient corporate development and the status of various projects and activities undertaken by URA in a timely manner. Bilingual press statements issued on important occasions or after major events and e-newsletters published quarterly are both accessible from the URA's website.

As a further measure to publicise our work and decisions, the Board has since February 2009 adopted the practice of uploading bilingual summaries of confirmed minutes of Board meetings to the URA's website. These summaries cover the numbers of Board members and management representatives in attendance, the agenda items discussed and the Board's resolutions.

To increase the transparency of our redevelopment work, URA has, with effect from June 2010, begun the practice of disclosing annually to the Legislative Council's Panel on Development the financial results of the redevelopment projects completed in previous years.