

# Professional Integrity and Corruption Prevention in Testing & Certification Industry

Hong Kong Business Ethics Development Centre, ICAC

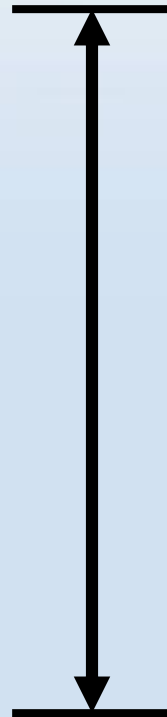
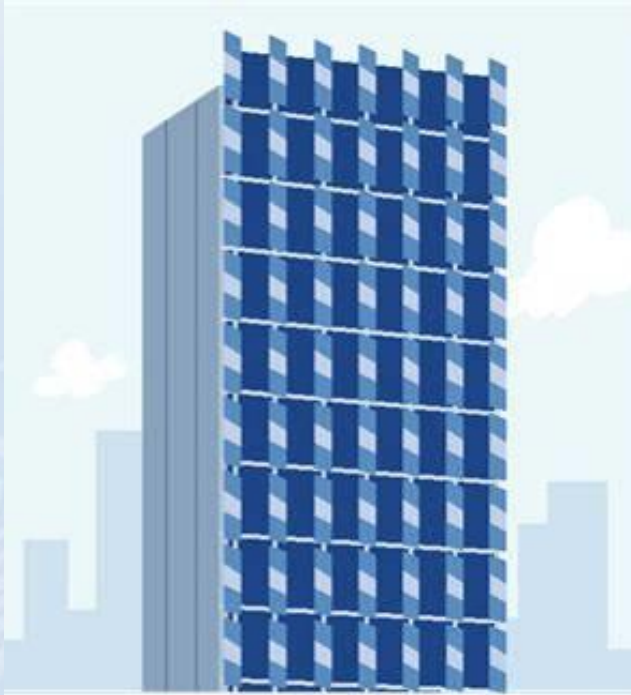
19 June 2019



# Outline

- **Importance of Professional Integrity**
- **Legal Requirements & Administrative Controls**
- **Corruption Prone Areas in the T&C Industry**
- **Your Roles in Corruption Prevention**
- **Services Provided by HKBEDC**

# Professional Integrity

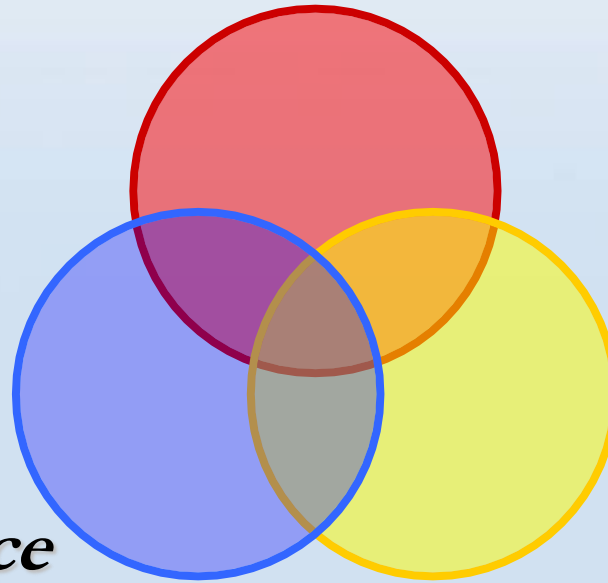


Professional Integrity  
(Higher requirement)

**Law**  
(Minimum requirement)

# Hong Kong Brand

*Professional Integrity*



*Quality Assurance*

*High Efficiency*



# Importance of Professional Integrity

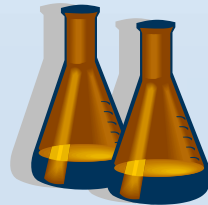


**Tested in Hong Kong  
Certified in Hong Kong**

# 3 Tests of Professional Integrity



**Legal Test**



**Compliance Test**



**Sunshine Test**



# Legal Test



# Prevention of Bribery Ordinance (POBO)

Cover both public servants and private sector employees

Protect the interests of different stakeholders

Prevent abuse of trust between  
**Agent** and **Principal**

Ensure fair play



# POBO Section 9 – Corrupt Transactions with Agents

**A**gent (Employee)

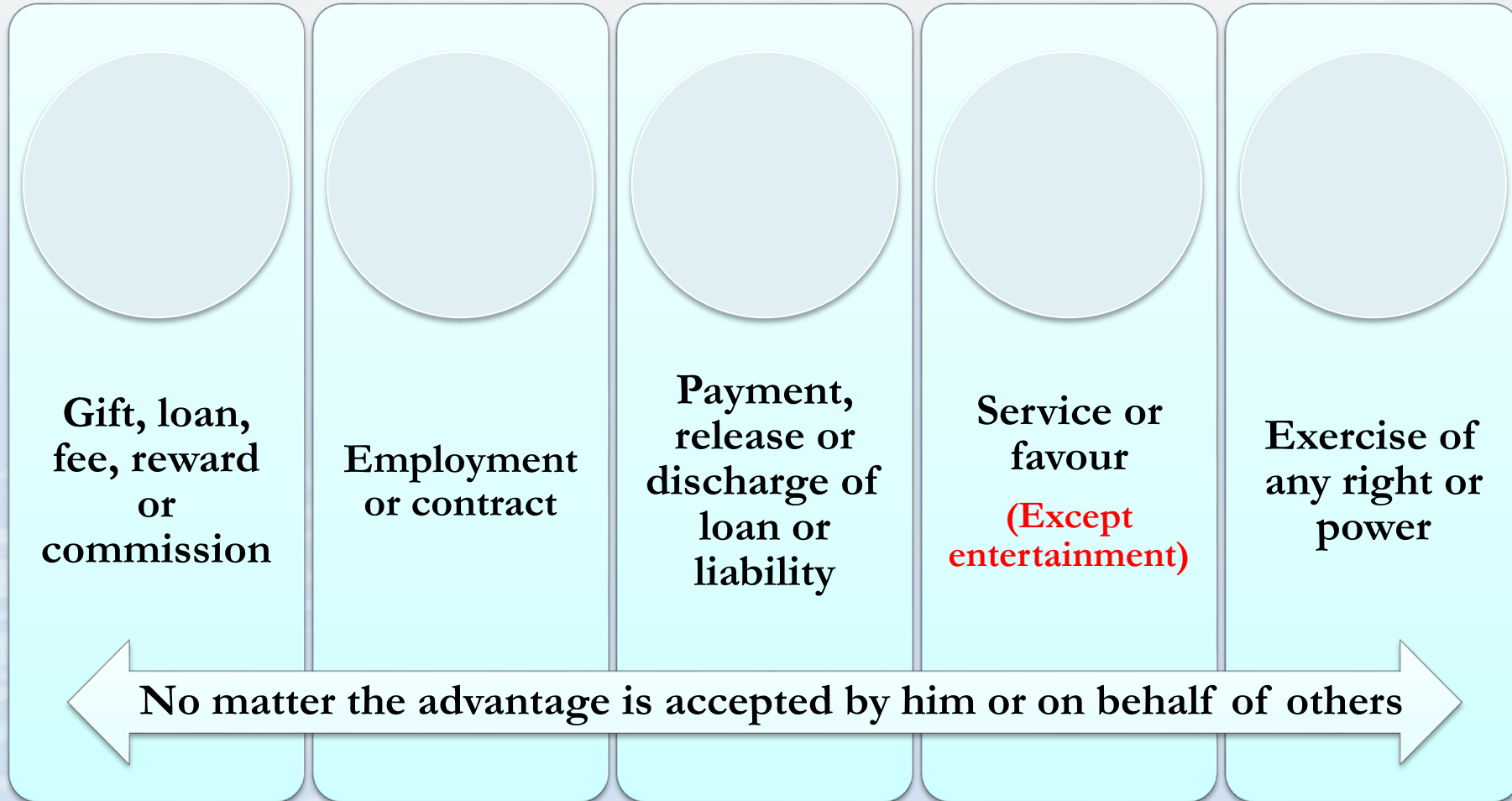
Without **A**pproval from principal (Employer)

Solicits / accepts **A**dvantages

An **A**ct in relation to principal's (employer's) business

Maximum penalty:  
7 years' imprisonment and HK\$500,000 fine

# Advantage



# Entertainment

- The provision of food or drink for consumption on the occasion
- Any other entertainment provided at the same time

## Frequent / lavish entertainment

May result in :

- \* Conflict of interest
- \* Obligatory position
- \* Sweetening trap

# Principal's Approval

- Be given by the **recipient's** principal before the advantage is accepted  
(e.g. employer, board of directors, **but not the direct supervisor**)
- If the advantage is accepted without prior approval, the recipient should make application **as soon as reasonably possible**
- Employees' **Code of Conduct** – Stipulate the policies on, among other things, acceptance of advantages by employees

# POBO Section 19

**No defence even if:**

The advantage is customary in any  
profession / trade / vocation / calling



# POBO Section 11

## No defence even if:

The recipient:

- \* did not actually have such power/right/opportunity to do so;
- \* had no intention to do so; or
- \* did not in fact do so

# POPO Section 9(3) – Using False Information to Deceive Principals

Any agent (employee)

Use false / erroneous / defective receipt,  
account or other document

With an intent to deceive his principal (employer)

Maximum penalty:  
7 years' imprisonment and HK\$500,000 fine

# POBO Section 8 – Bribery of Public Servants by Persons Having Dealings with Public Bodies

Any person

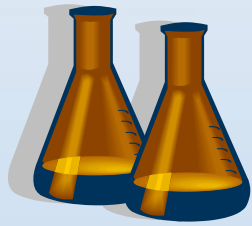
Without lawful authority / reasonable excuse

**While having dealings** with any  
government department or public body

Offers an **advantage** to any **public servant** employed  
by that department / public body

Maximum penalty:  
7 years' imprisonment and HK\$500,000 fine





# Compliance Test



# Administrative Controls over Malpractices

HKAS Regulations and  
Supplementary Criteria

International Standards

e.g. ISO 17025/ 17020/  
17021/ 37001

Professional Code of Ethics  
e.g. HKTIC, HKICA, HKIE

Company's Code of Conduct

# Essential Elements of a Code of Conduct

- Acceptance of Advantage
- Offer of Advantage
- Entertainment
- Records, Accounts and Other Documents
- Outside Employment
- Conflict of Interest
- ...

# Conflict of Interest



When *private interests* compete or conflict with interests of organization or official duties

# Conflict of Interest

## What are Private Interest?

- **Financial and other interest of**
  - The staff member himself
  - Family or relations
  - Personal friends
  - Organisation / association with personal or social ties
  - Any person to whom the staff member owed favour or obligated

# Managing Conflict of Interest

✓ Avoid

✓ Declare





# Sunshine Test



# Sunshine Test

- Perception of others
  - Can I disclose to, or openly discuss the situation with others (e.g. supervisor, colleagues)?
  - Would others doubt my integrity or accuse me of abuse or impropriety?



# Corruption Prone Areas in the T&C Industry



# Corruption Prone Areas in the Testing and Certification Industry

- **Acceptance of advantage**
  - Fabricate test results / forge test reports
  - Meddle with samples
  - Expedite testing and certification process
  - Guarantee a passing accreditation / certification result
  - Subcontract testing and certification, and related services
  - Procurement
- **Offer of advantage**
  - Obtain business

# Corruption Prone Areas in the Testing and Certification Industry

- **Other areas of concern:**
  - Entertainment
  - Confidentiality
  - Conflict of interest
  - False claim of reimbursement



# Your Roles in Corruption Prevention

- Abide by the laws, professional standards and company's code of conduct
- Should not accept entertainment from organisations under assessment
- Avoid and declare conflict of interest
- Stay vigilant against malpractices and corruption
- Report suspected corruption or other crimes (e.g. deception and money laundering) without hesitation

# Report Corruption



## In-person

Report Centre or 7 Regional Offices



## 24-hour Hotline

25 266 366



## Mail

GPO Box 1000, HK

# Hong Kong Business Ethics Development Centre (HKBEDC)



Hotline: 2587 9812  
[www.hkbedc.icac.hk](http://www.hkbedc.icac.hk)  
[hkbedc@crd.icac.org.hk](mailto:hkbedc@crd.icac.org.hk)



# Services Provided by Hong Kong Business Ethics Development Centre

- Arranging training on business/professional ethics and corruption prevention
- Formulating/ reviewing codes of conduct
- Offering advice on system control
- Producing practical guides



# Online Resource on Business Ethics

Hong Kong Business Ethics Development Centre

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What's New

- Business Community Supports a Corruption-free Hong Kong
- 11 July 2017: The 27th Issue of "ICAC Post" Released
- 29 June 2017: ICAC's event: "Conference on Business Ethics for Listed Companies 2017" is now open for enrolment

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"Pull back before it's too late" - Micro Film



Website: [www.hkbedc.icac.hk](http://www.hkbedc.icac.hk)  
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# Disclaimer

- This Powerpoint material aims at providing guidance on the common corruption risks and preventive measures in the private sector and does not purport to deal with corruption issues that may arise in any given situations. Description and explanations of the legal requirements under the relevant Ordinances and the recommended practices are necessarily general and abbreviated to make this Powerpoint material easy to understand from the layman's angle. Users of this Powerpoint material should refer to the original legislations or seek ICAC's advice as and when necessary. While we endeavor to ensure the accuracy of the information in this Powerpoint, no statement, representation, warranty or guarantee, expressed or implied, is given by us as to the accuracy, completeness or appropriateness of such information for use in any particular circumstances. The ICAC is not responsible for any loss or damage whatsoever arising out of the use of this Powerpoint material or in connection with any information contained in this Powerpoint material. The copyright of this Powerpoint material is owned by the ICAC. The Powerpoint material may be reproduced for non-commercial use provided that the source of the material is identified and the copyright status acknowledged. For any enquiries, please contact Hong Kong Business Ethics Development Centre ([www.hkbedc.icac.hk](http://www.hkbedc.icac.hk))