



Professional Integrity and Corruption Prevention in Testing & Certification



Hong Kong Business Ethics Development Centre
Independent Commission Against Corruption




Agenda

- Corruption Prone Areas
- Prevention of Bribery Ordinance
- Key to Integrity Management
- Services Provided by ICAC

Hong Kong Brand




Professional Integrity

Quality Assurance

High Efficiency

Corruption Prone Areas in the Testing & Certification Industry



Acceptance of advantage

- Fabricate test results / forge test reports
- Meddle with samples
- Expedite testing and certification process
- Manipulate procurement process (e.g. subcontract testing and certification, and related services)
- Guarantee a passing accreditation / certification result

Offer of advantage

- Obtain business



Corruption Prone Areas in the Testing & Certification Industry







Other areas of concern:

- Accept inappropriate entertainment from clients / contractors
- Leak out company's /clients' confidential information
- Mishandle conflict of interest
- Use false claim of reimbursement



3 Tests of Professional Integrity



-  Legal Test
-  Compliance Test
-  Sunshine Test

Prevention of Bribery Ordinance (PBO)

<p>Cover both public servants and private sector employees</p>	<p>Protect the interests of different stakeholders</p>
<p>Prevent abuse of trust between Agent and Principal</p>	<p>Ensure fair play</p>

S.9 of PBO

Both acceptor and offeror are criminally liable

Maximum penalty: 7 years' imprisonment & a fine of \$500,000

A
Agent
(Employee)

A
Without
Principal's
Approval

A
Solicit or
Accept any
Advantage

A
Act
In Relation to
Principal's
Business

Case Analysis

Agent	Capacity Test
Without Principal's Approval	Company' s Code of Conduct
Solicit or Accept an Advantage	Definition of Advantage
In Relation to Principal's Business	Official Dealings with Work Partners

S.9 of PBO

A
Agent
(Employee)

A
Without
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A
Solicit or
Accept any
Advantage

A
Act
In Relation to
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Business

?

What is the value of an advantage defined in PBO?

A) \$1,000

B) \$250

C) No Limit

D) \$500

?

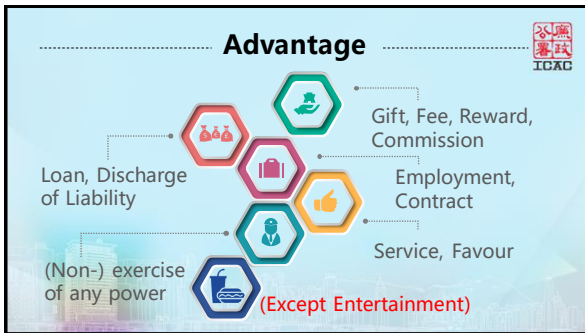
In the PBO, which of the following is excluded from "advantage"?

A) Entertainment

B) Loan

C) Discount

D) Service



Entertainment

- Food or drink provided for **immediate consumption** on the spot
- Any other connected entertainment connected with or provided at the same time

Frequent and lavish meals – “Sweetening” Process

Prevention of Bribery Ordinance (PBO)

Section 11 of Prevention of Bribery Ordinance

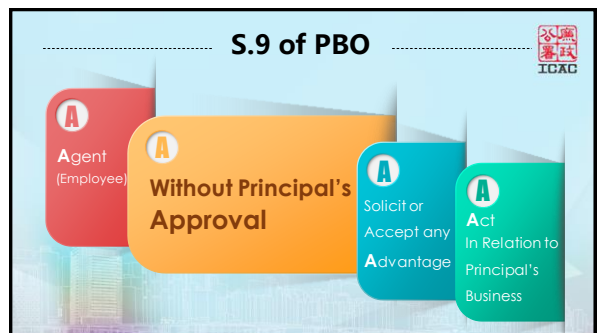
No defense to solicit/accept any advantage even if the recipient:

- did not actually have such power/ right to carry out the act;
- did not in fact do so; or
- had no intention to do so

Section 19 of Prevention of Bribery Ordinance

No defense to solicit / accept any advantage even if such advantage is **customary** in

- Customs in any profession, trade or calling



Principal's Approval

Usually in the form of “**Code of Conduct**” with handling guidelines & procedures on

- Advantages
- Entertainment
- Conflict of Interest

S.8 of PBO

Any person


Without lawful authority / reasonable excuse


While having dealings with any government department or public body

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

Maximum Penalty:
Imprisonment of 7 years and Fine of \$500,000

S.9(3) of PBO






An agent (Employee)


By using false / erroneous / defective receipts / accounts / documents

Intends to deceive his principal (Employer)

**Maximum Penalty:
Imprisonment of 7 years and Fine of \$500,000**

S.9(3) of PBO







Common S.9(3) malpractices


- Forging quotations of goods and services
- Falsifying attendance records
- Using false documents to deceive staff allowance/benefits

Video Discussion




 **Separate Business from the Personal**

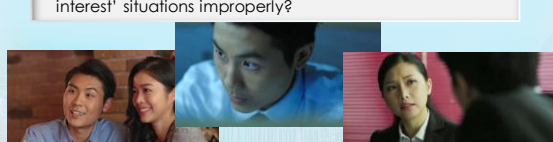
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Video Discussion



- Did Alex (the Procurement Manager) violate the PBO?
- What are possible consequences of turning a blind eye to an unlawful act?
- What are possible consequences of handling 'conflict of interest' situations improperly?





Conflict of Interest




It arises when the **private interest** of an employee competes or conflicts with **the interest of the company**

Private Interest?!






Company Interest?!



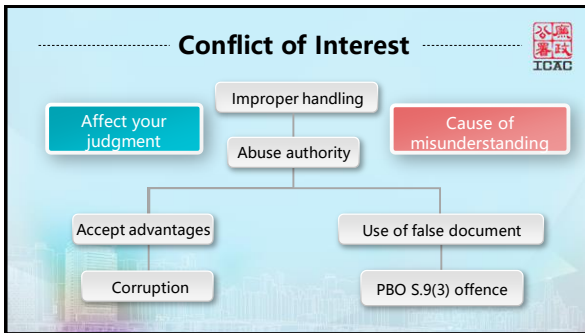
Conflict of Interest



What is 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



Conflict of Interest

How to handle?

- > **Avoid** any conflict of interest situation or the perception of such conflicts (e.g. misuse their position to pursue their own private interests)
- > When actual or potential conflict of interest arises, **declare** to the approving authority through the reporting channel using a standard form

3 Tests of Professional Integrity

- Legal Test** (Icon: Pitcher)
- Compliance Test** (Icon: Erlenmeyer flasks)
- Sunshine Test** (Icon: Test tubes)

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

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?

Putting Ethics into Practice

- 01 Abide by laws and rules
- 02 Stay alert
- 03 Reject dubious offers
- 04 Handle conflict of interest situations properly
- 05 Report corruption

Managing Staff Integrity

IGAC

- 2 Factors Leading to Integrity Problems
- 3 Corruption Risk Analysis
- 4 Tips on Integrity Management

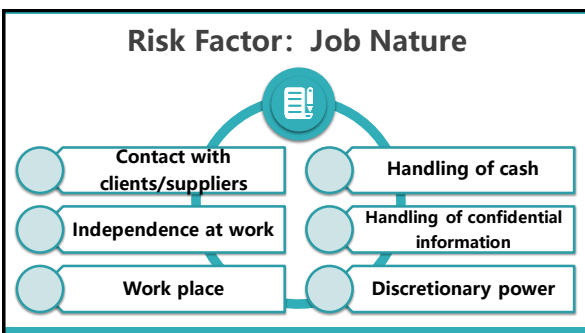
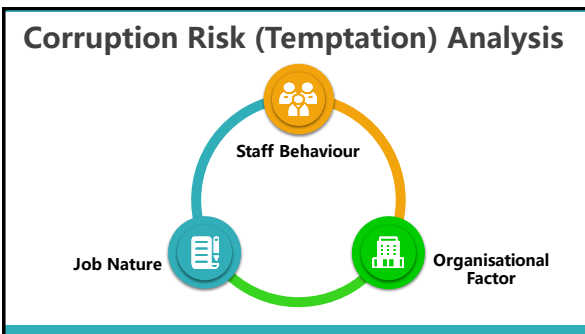
Factors Leading to Integrity Problems in Companies

Staff level



- Lack of knowledge
- Lack of fortitude or help
- Lack of integrity

Company level

- Lack of clear guidelines / procedures
- Ineffective communication
- Lax supervision



Integrity Management in Action

Ethical Leadership Cultivating a virtuous mind			Integrity Training Nurturing the good heart
Code of Conduct Defining the moral backbone			System Controls Boosting immunity against ethical risks

Report & Enquiries

In-person
Report Centre /
7 Regional
Offices

CONFIDENTIAL

24-hour Hotline
25 266 366

By mail
G.P.O Box 1000,
Hong Kong




Hong Kong Business Ethics Development Centre (HKBEDC)

Service Hotline: 2826 3288 **Email:** hkbedc@crd.icac.org.hk

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




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Declaration



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