



**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
- Guarantee a passing accreditation / certification result
- Manipulate procurement process (e.g. subcontract testing and certification, and related services)

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 (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

Prevention of Bribery Ordinance (POBO)



What is corruption?

S.9 of POBO



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 POBO



| | |
|---------------------------|-------------------|
| Agent | Principal |
| Employed by another | Employer |
| Acting for another person | That other Person |

"Trust" and "Loyalty"

S.9 of POBO

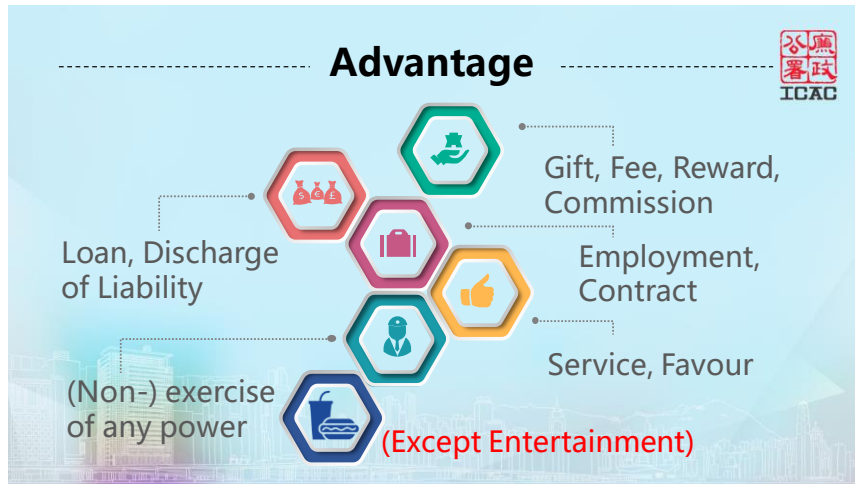


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Entertainment

- 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

The slide defines entertainment with a burger and drink icon. It lists two criteria: immediate consumption on the spot and any other connected entertainment provided at the same time. Below, three plates of food (dumplings, lobster, crab) are shown next to an equals sign and a pill icon, with the text 'Frequent and lavish meals – “Sweetening” Process'.

Prevention of Bribery Ordinance (POBO)

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

The slide details the POBO. It highlights Section 11, which states there is no defense to solicit or accept an advantage if the recipient lacks power, doesn't actually do it, or has no intention. It also highlights Section 19, which states there is no defense if the advantage is customary in a profession, trade, or calling. The ICAC logo is in the top right corner.

S.9 of POBO

The diagram illustrates the elements of Section 9 of the POBO. It consists of four overlapping colored boxes: a red box labeled 'Agent (Employee)', an orange box labeled 'Without Principal's Approval', a blue box labeled 'Solicit or Accept any Advantage', and a green box labeled 'Act In Relation to Principal's Business'. Each box has a white circle with the letter 'A' in the top left corner. The ICAC logo is in the top right corner.

Principal's Approval



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

- Advantages
- Entertainment
- Conflict of Interest



S.8 of POBO



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 POBO



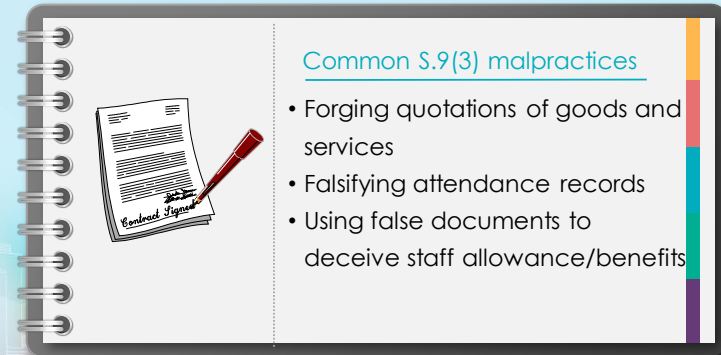
An agent (Employee)

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 POBO



Common S.9(3) malpractices

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

Conflict of Interest



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



Conflict of Interest

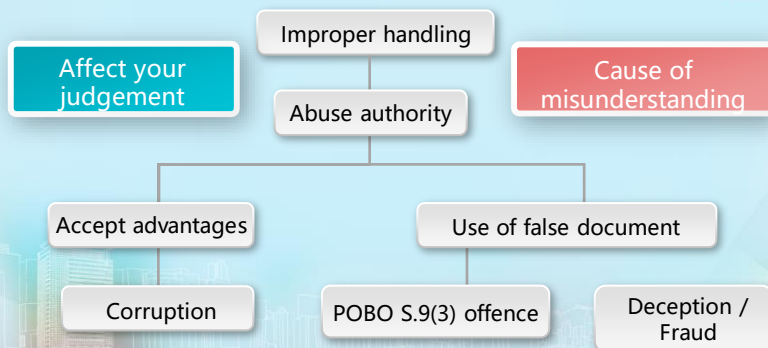


What is **private interest**?

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



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



Compliance Test



Sunshine 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

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


 ICAC

Dual Responsibility of Managers




 ICAC

Managing Staff Integrity



- 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

Corruption Risk (Temptation) Analysis



Risk Factor: Organisation



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



Hong Kong Business Ethics Development Centre (HKBEDC)



- ❖ **Staff training** - cultivating an ethical culture
- ❖ **System control** - minimizing corruption loopholes
- ❖ **Codes of conduct** – setting the ethical standards
- ❖ **Practical guides** – providing reference materials



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Hong Kong





初心依舊 永不變質
「世界在變，反貪不變。」
Times change. The mission continues.



Q & A

Disclaimer



This PowerPoint material aims at providing general 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 situation. 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 endeavour 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 ICAC Hong Kong Business Ethics Development Centre (www.hkbedc.icac.hk).