

Integrity of Consultants Brings Quality Maintenance

Corruption Prevention Tips on Maintenance Projects

Building maintenance projects usually incur great expenses. Problems arising from supervision work will lead to corruption and malpractice, thus affecting the cost and quality of the project and even jeopardizing residents' safety.

The ICAC has dealt with many corruption cases about maintenance projects before. Not only would the relevant engineering consultants suffer financial loss, they would also lose their company reputation. As a consultant of a construction engineering company or a professional, what effective measures could you take to minimize the corruption risk which the company may face and maintain the honest reputation of the company?

This leaflet briefly explains the corruption opportunities and prevention measures in various procedures of maintenance projects as well as relevant legal provisions and ICAC services. The purpose is to help enhance construction engineering company management's and professionals' alertness to corruption to avoid committing an offence inadvertently by adopting effective measures to safeguard against and report corruption and malpractice.

Corruption Prone Areas and Preventive Measures

Invite tenders/Receive tenders

- take bribes for disclosing and altering the contents of the tenders received or accepting late tenders.
- set tender specifications conducive to bribing contractors or only invite them to tender and engage in collusion.

Corruption Prevention Tips

- set tender specifications and invite open tenders according to actual needs.
- document and properly keep the tenders received and refuse late tenders.

Tender assessment/Negotiation

- accept bribes for favouring the colluding contractor when assessing tenders.
- separate price negotiation or manipulation of contract contents after tender opening in order to seek private gains.

Corruption Prevention Tips

- select suitable contractors according to pre-determined objective assessment criteria and document the assessment results and justifications.
- clearly state the contract terms for assessing and monitoring the works progress and quality.

Supervision/Acceptance

- offer bribes for lax supervision over works in progress.
- accept bribes for accepting the subcontractor's incomplete or substandard works.

Corruption Prevention Tips

- strictly monitor the works progress and quality, record and follow up discrepancies.
- evaluate and accept works according to the standard and specifications stated in the contract.

Finance/Payment

- conspire to exaggerate or falsely report works expenses.
- advance or delay payments in order to make private gains.

Corruption Prevention Tips

- document project expenses in detail and keep relevant receipts and pictures for verification and inspection.
- collect/release works payment according to the works progress, contract terms and valid documentary records.

Stem Corruption Through Observing Rules and Regulations

To effectively prevent corruption and promote an integrity culture, engineering consultants' companies should formulate guidelines on acceptance of advantages and handling of conflicts of interest, as well as enhance the personal integrity of their staff. The guidelines may be promulgated in the form of code of conduct, standing order, notice or contract terms for staff's compliance. It is also necessary to raise their understanding about the Prevention of Bribery Ordinance so that they will stand vigilant against corruption and will neither offer nor accept bribes when dealing with customers.

Section 9 of the Prevention of Bribery Ordinance *

- Any agent (company employee) who, without the principal's (company) permission, uses his capacity to solicit or accept an advantage shall be guilty of an offence; offeror of an advantage shall also be guilty of an offence.

Example: A director of a construction consultants' company accepts a bribe from a proprietor of an engineering company as a reward for his lax supervision over a building renovation project.

- Any agent who uses a false, erroneous or incomplete receipt, account or other document to deceive his principal shall also be guilty of an offence.

Example: An engineering manager of an interior design company uses an inflated quotation to defraud company payment.

Penalty: Maximum fine of \$500,000 and imprisonment of seven years

** This leaflet only provides general guidance. In case of doubt, readers should refer to the laws or seek legal advice.*

Conflict of Interest

- When the private interests of an employee compete with the interests of his company, the employee should make a declaration to his company and avoid suspicion to show fairness. Although a conflict of interest situation or failure to make a declaration may not constitute an offence, the employee may be suspected and complained of abuse of power or favouritism.

Example: A construction engineering consultant recommends to his client his brother's company for undertaking a project without declaring their relationship to the client.

Reporting Corruption is the Best Strategy

In case anyone offers bribes to you or solicits bribes from you or you discover any corrupt behaviour, you should immediately report to the ICAC and never hesitate and endure it, or else you may become a victim of corruption, losing the maintenance works contract which you deserve or being required to make compensation for enduring inferior works or being accused of collusion. All information provided to the ICAC will be treated in strictest confidence. You may use any of the following means to report corruption:

In person: ICAC Report Centre, ICAC Building, 303 Java Road, North Point (24 hours) or any regional offices of the ICAC (Opening hours: 9:00 am – 7:00 pm on Monday to Friday; close on Saturdays, Sundays and public holidays)

By phone: 24-hour ICAC hotline 25 266 366

By mail: Hong Kong PO Box 1000

Integrated ICAC Services

ICAC will provide the following free services to consultants' companies according to their individual conditions and needs:

- **formulate code of ethics for staff** – including policy on acceptance of advantages in relation to work and guidelines for handling conflicts of interest
- **improve operational procedures** – enhance control systems and measures on tendering, management and financial arrangement of works contract
- **arrange staff training** – enhance their understanding about the relevant laws, corruption prevention awareness and handling skills
- **receive corruption reports and enquiries**

If you need the above services, please visit the ICAC Website (www.icac.org.hk) or call the ICAC corruption prevention hotline on building management: 2158 5920.